

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

January 14, 2015 – 7:00 p.m.

BOARD OF DIRECTORS

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

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Teri Hart	Board Secretary/Administrative Assistant

OTHER ATTENDEES

George Babcock	Customer
Tom Gray	FOWD
Mike McRae	FOWD
Robert Matteoli	Non-customer
Neil Schild	SSWD
Kevin Thomas	SSWD
Judy Johnson	SJWD
Jason Mayorga	SJWD
Vicki Sacksteder	SJWD

AGENDA ITEMS

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

President Costa called the meeting to order at 7:00 p.m. President Costa presented Director Walters with an award of appreciation for serving as Board President in 2014.

I. PUBLIC FORUM

Mr. Mike McRae addressed the Board and announced that he is the FOWD Board President for 2015 and informed the Board that the new FOWD Board member for Division 3 is Tom Tafoya.

II. CONSENT CALENDAR

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

1. Minutes of the Board of Directors Meetings

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

1. Minutes of the Board of Directors Meeting December 10, 2014
2. Minutes of the Joint Board of Directors Meeting December 16, 2014

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

ACTION AND INFORMATIONAL ITEMS

III. OLD BUSINESS

1. Fiscal Year 2014-2015 Retail Budget

Ms. Lorance reported that at the last Board meeting separate motions were made for adopting the retail budget and rate structure. However, the District is required to adopt a resolution in order to adopt the budget and change the rate structure. Therefore, staff is requesting that Resolution 14-22 be considered for adoption. Ms. Lorance commented that legal counsel reviewed the resolution and a new red-lined version was provided to the Board at the meeting.

Director Walters moved to ratify the adoption of FY 2014-15 Retail Budget, Rates and Fees by adopting Resolution No. 14-22 approving FY 2014-2015 Retail Budget, Rates and Fees. Director Rich seconded the motion and it carried with 4 Aye votes and 1 No vote (Miller).

Director Miller voiced concern that the Barton Road Intertie Project was listed in the retail budget. He commented that the project should be considered for the wholesale budget. The Board discussed the issue briefly and President Costa referred the item to the Water Supply & Reliability Committee for review.

IV. COMMITTEE REPORTS

1. Public Information Committee (12/12/14)

Ms. Lorance reported that the committee met on December 12, 2014, and discussed the following:

- Financial and Operational Transparency (W & R)
- 2x2 Ad Hoc Committee Public Information Update (W & R)

- Other Public Information Matters
- Public Comment

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

Financial and Operational Transparency (W & R)

Ms. Lorance informed the Board that the committee discussed the best way to get information related to financials located in one place on the District's website so that the public can easily find the information. In addition the committee discussed the best way to provide more information to the public on what SJWD does, why we do it, and the benefit to each of the customers throughout the wholesale service area.

Ms. Lorance reported that the committee discussed the Executive Committee and suggested that some changes may be needed to transition to a different communication style; for instance, change the committee to an Ad Hoc committee and only meet when needed or hold an annual joint board workshop with the wholesale customer agencies after the SJWD Board has held their annual board workshop.

For information, no action requested.

2x2 Ad Hoc Committee Public Information Update (W & R)

Ms. Lorance informed the Board that the 2x2 Water Management Ad Hoc Committee will be discussing a recommendation from MMS to conduct a telephone survey. The survey will be conducted in both SJWD and SSWD service areas and is intended to find out what people know and what their views are related to a potential merger of agencies.

For information, no action requested.

Other Public Information Matters

Ms. Lorance informed the Board that staff has been corresponding with Princeton Reach Home Owners Association regarding their pond and had instructed them that they were not allowed to fill the pond with the fire hydrant. The HOA was provided with a quote for a new connection on the parcel where the pond is located; however, they elected to install a new pipe from the pond to a meter on an adjacent parcel – a violation of the District's ordinance. The HOA was billed penalties and water charges and a letter citing the ordinance was sent. The HOA paid the fees for the unauthorized connection and water usage. The connection remains locked off.

Ms. Lorance reported that she provided a brief water supply update to the committee where she mentioned that the water level at Folsom Lake had risen about 8 feet since December 1st and there was 333 TAF of water storage. She commented that currently Folsom Lake has approximately 440 TAF of water

storage, which is approximately 91% of the historical average and 45% of total; however, snow pack is below 50% at this time.

Ms. Lorange informed the Board that there was discussion regarding the expectation of fishery agencies requesting more water be released as Folsom fills up and the District's desire to keep adequate water storage. In addition, the committee discussed mailers on the retail water rate change.

Ms. Lorange reported that Ms. Motonaga provided additional information on SJWD debt service and a copy of the provided Bond Issuance to Bond Project Spending Reconciliation is attached to the committee meeting minutes.

2. 2x2 Water Management Ad Hoc Committee (12/18/14)

Director Costa reported that the committee met on December 18, 2014. He reported that the committee approved the previous minutes, discussed follow-up items from the Joint Board meeting, approved the MMS Strategies Phone Survey task order, and discussed upcoming tasks and meetings. The committee meeting minutes will be attached to the original board minutes.

Ms. Lorange commented that the survey questions will be sent to the Joint Boards and the wholesale customer agencies prior to the survey being conducted.

For information only; no action requested.

3. Finance Committee (1/13/15)

Director Costa reported that the committee met on January 13, 2015, and discussed the following:

- Review and Pay Bills (W/R)
- Legal Services Fees for 2015 (W & R)
- Sierra National Asphalt Paving Contract (W & R)
- Other Financial Matters
- Public Comment

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

Review and Pay Bills (W/R)

Director Costa reported that the committee reviewed bills and claims in the amount of \$4,555,478.47 and found them to be in order. Director Costa commented that the amount was greater than average due to a few larger payments. These included a payment on the Granite Bay Booster Pump Station and the Bond Payments.

Director Costa moved to approve Resolution 15-01. Vice President Tobin seconded the motion and it carried unanimously.

Legal Services Fees for 2015 (W & R)

President Costa reported that legal fees were increased \$5 per hour effective January 1, 2015 (less than a 2% increase). President Costa commented that they would like the Legal Affairs Committee to review the tasks being conducted by BKS.

The Finance Committee recommends the Legal Affairs Committee review the tasks conducted by BKS.

Sierra National Asphalt Paving Contract (W & R)

President Costa informed the Board that the annual contract with Sierra National Asphalt Paving (SNA) for asphalt patch paving is set to expire. Staff recommends the District exercise one of the renewal options in the contract. For budgeting purposes staff also recommends the renewal extend through June 30, 2016, to align the contract expiration date with the fiscal year.

President Costa moved to approve the annual asphalt patch paving contract renewal with Sierra National Asphalt Paving for \$149,850 and extend the contract date to June 30, 2016. Vice President Tobin seconded the motion and it carried unanimously.

Other Finance Matters (W/R)

President Costa reported that the conversion to the new Tyler software is running smoothly.

President Costa reported that candidates from the November election will receive a \$300 refund check since the election costs were less than the estimated amount.

V. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 FOWD Request for Meeting

Ms. Lorance informed the Board that Fair Oaks Water District (FOWD) requested that a 2x2 committee be set up between FOWD and SJWD directors. She explained that the informal purpose of the meetings would be to share unfiltered information and develop positive working relationships. Ms. Lorance's staff reported will be attached to the meeting minutes.

The Board discussed the creation of such a committee and each director provided comments, both pro and con. Director Rich and Director Walters volunteered to either sit on an ad hoc committee or meet informally with FOWD directors. The Board discussed whether the directors meet informally or as an ad hoc committee. President Costa instructed Directors Rich and Walters to meet informally with the FOWD directors and report back as appropriate.

1.2 Overview of 2014

Ms. Lorance conducted a presentation on an overview of 2014. A copy of the presentation will be attached to the meeting minutes. Ms. Lorance reviewed the drought situation and the 4-pronged approach to address the drought which included conservation, physical infrastructure and operational changes, political, and legal. In addition, she reviewed *Folsom Lake Reliability and Increased Public Information*.

Ms. Lorance reported that along with the drought activities, the District also maintained regular duties that were not associated with the drought, such as *Human Resources, Budget & Finance, Capital Improvements for Retail and Wholesale, and External Activities/Affairs*. She mentioned that there were also activities which involved regulation increases, safety compliance such as personal protective equipment (steel toed shoes, hearing protection, etc.), transition to wholesale customer agencies from family agencies, and groundwater pumping reimbursements.

Ms. Lorance reminded the Board that several Board workshops were held which covered the following topics:

- Pump Back Project w/SSWD
- Backstop Water Management and Shortage Supplies Plan
- BDCP
- Water Bond
- Folsom Operations
- COTP
- Financial Plans
- Wholesale and Retail Reserves

Ms. Lorance completed her presentation with a look at upcoming discussions for 2015 which include:

- Federal Drought Bill
- Human Resources Plan
- Water Supply Strategy
- Storage Discussions
- Folsom Reservoir Operations-Water Supply
- Merger
- Retail Rate Structure

For information, no action requested

1.3 USBR and DWR Coordinated Operation Agreement

Ms. Lorance informed the Board that a letter was sent to USBR requesting that USBR work with DWR to open the Coordinated Operation Agreement and start discussions. She commented that most of the CVP contractors have signed the letter.

1.4 Washington DC

Ms. Lorance reported that staff from the Cities of Folsom and Roseville, and SJWD will be meeting with congressional staff in Washington, D.C in early February. She explained that these meetings will provide more technical and detailed information relative to Folsom Lake. In addition, another trip is scheduled for the week of March 16th to meet with the elected officials.

Ms. Lorance commented that the trip in March is formatted to include Board members and Director Tobin has expressed her interest in attending. In addition, Cap-to-Cap will be April 18-23 and there are meetings scheduled prior to develop the issue papers. Ms. Lorance will attend the February meetings and Mr. Durkin will attend the March meetings. Ms. Lorance will provide the Board with the meeting topics at a later date.

For information, no action requested

1.5 Report Back Items

There were no items discussed.

1.6 Miscellaneous District Issues and Correspondence

There were no items discussed.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 257 Cascade Falls Drive

Mr. Durkin reported that the property owner of 257 Cascade Falls Drive, Folsom, is requesting an easement encroachment agreement for improvements on the property. Mr. Durkin provided a staff report which will be attached to the meeting minutes.

In response to Director Walter's question, Mr. Durkin informed the Board that the easement encroachment will be in perpetuity.

Director Walters moved to approve an easement encroachment request and direct staff to execute the necessary agreement with the property owner of 257 Cascade Falls Drive, Folsom. President Costa seconded the motion and it carried unanimously.

2.2 Folsom Pumping Plant

Mr. Durkin informed the Board that a leak was discovered at the Bureau's Folsom Pumping Plant, which is the pump station that pumps raw water to Folsom, Roseville and SJWD. He explained that water was leaking through the floor of the pump station so the Bureau called for an unplanned for outage on January 5th with approximately a week's notice. A leak in the pump header piping was located and temporarily plugged. An additional outage will be required in the future to make permanent repairs.

Mr. Durkin reported that the District was without service for a 36-hour period and was able to deliver water to customers utilizing approximately 18 MG of water storage from the Hinkle Reservoir.

Mr. Durkin commented that staff continues to work on water supply reliability projects so in the event of catastrophic pipe failure the District would have alternative supplies. Ms. Lorance commended Mr. Durkin and SJWD operations staff for doing an excellent job and with communicating with the wholesale customer agencies in order to be prepared in case the outage was longer or something went wrong. Mr. Durkin commented that communications with the Bureau has greatly improved since he started with the District, which also made this outage a success.

For information, no action requested

2.3 Report Back Items

There were no items discussed.

2.4 Miscellaneous District Issues and Correspondence

2.4.1 Response to Correspondence from CHWD on the Antelope Pump-Back Booster Pump Station Project

Mr. Durkin referred to the letter in the Board packet in which he responded to Citrus Heights Water District's (CHWD) letter of December 1, 2014. He explained that CHWD's letter was in regard to the Antelope Pump-Back Booster Pump Station Project. A copy of both letters will be attached to the meeting minutes. In addition, he expects to have additional discussions regarding the topic with the wholesale customer agencies.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

There were no items discussed.

3.2. Miscellaneous District Issues and Correspondence

There were no items discussed.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

No report.

5. DIRECTORS' REPORTS

5.1 SGA

Director Tobin reported that SGA meets February 12, 2015.

5.2 RWA

Director Tobin reported that RWA met January 8, 2015. She informed the Board that the Audit Report was accepted by the Board, they approved the RWA membership for Yuba City, the affiliate applications were approved, and they approved the 2015 Legislative and Regulatory Policy Principles.

Director Tobin reported that the Executive Committee was elected with Debra Sedwick (Del Paso Manor) as Chair and Spencer Short (City of Lincoln) as Vice Chair.

Director Tobin reported that the Powerhouse Science Center is expected to open in 2016. In addition, she commented that RWA launched the "Drought Champs" campaign this month to thank the region's customers for their outstanding drought response (22% reduction in August).

5.3 Executive Committee

Director Costa reported that the Executive Committee will be held as an ad hoc committee. Ms. Lorance suggested that it be removed from the Board agendas.

5.4 ACWA

5.4.1 Local/Federal Government/Region 4 - Pam Tobin

Director Tobin reported that a conference call meeting was held today and they reviewed the bills and discussed the position that ACWA was taking on each bill. In addition, she mentioned that ACWA is having the 2015 ACWA DC Conference on February 25-26, 2015.

5.4.2 Energy Committee - Ted Costa

No report.

5.4.3 JPIA - Bob Walters

President Walters reported that the Property Committee meets on January 19, 2015.

5.5 CVP Water Users Association

Director Costa reported that the next meeting is January 27, 2015.

5.6 Other Reports and Comments

5.6.1 2015 Director Committee Assignments

President Costa referred the Board to the committee assignment list and opened the topic for discussion. Director Rich commented that he would be willing to be assigned to more committees if necessary for coverage. President Costa requested that he start attending the SSWD Board meetings which occur once per month. In addition, President Costa appointed Director Rich as the second alternate to the 2x2 Water Management Ad Hoc Committee.

Director Walters reported that he attended his local HOA meeting and they spent half the meeting discussing conservation and the assistance provided by SJWD. He commented that it might be good to put such success stories into the WaterGram. President Costa referred the item to the Public Information Committee for discussion. Director Tobin commented that conservation needs to stay on the forefront and she added that the Drought Committee should be renamed since the group can provide valuable information.

Ms. Hart informed the Board that she will be sending an email regarding Form 700 and Form 470 which need to be filed with the FPPC by each Board member.

VI. UPCOMING EVENTS

1. 2015 ACWA DC Conference
February 25-26, 2015
Washington, DC
2. 2015 ACWA Legislative Symposium
March 4, 2015
Sacramento, CA
3. 2015 Water Education Foundation – Executive Briefing
March 25, 2015
Sacramento, CA

VII. ADJOURN

The meeting was adjourned at 9:05 p.m.

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

ATTEST:

TERI HART, Board Secretary

RESOLUTION NO. 14-22

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE RETAIL BUDGET, RATES AND FEES
FOR THE FISCAL YEAR 2014-2015**

WHEREAS, District staff has prepared a retail budget for the fiscal year 2014-2015 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2014-2015 retail budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including maintaining prudent reserves;

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

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

WHEREAS, the District's existing retail water service rates and fees are insufficient to pay the operating expenses of the District's retail water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest (including meeting the contractual debt coverage ratio requirements) on water system indebtedness, and to provide additional revenues for continuing capital improvements to the retail water supply system;

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

WHEREAS, the District has complied with Proposition 218's notice requirements by providing written notice of the public hearing to property owners and ratepayers and by holding public meetings and workshops to explain District costs and the possible restructuring and increasing of retail water service rates and fees and to receive protests and comments on the proposed restructuring and increase, and made 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;

WHEREAS, the District has held the noticed public hearing prior to the date of adoption of this Resolution, at which the Board received the protests and written and oral comments of District landowners and ratepayers concerning the proposed adjustment of retail water service rates and charges; and

WHEREAS, after the close of the public hearing the Board determined that there was not a majority protest to the District's proposed adjustment of retail water service rates and fees, that the District's retail water rates, retail capital facilities (connection) fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice need to be adjusted for fiscal year 2014-2015 to account for the increased costs for the District to provide such services, and therefore now desires to adopt the rates and charges set forth in Exhibit B to this resolution.

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

1. The Board of Directors finds that the retail budget as proposed by staff, and approved by the Board of Directors at the December 10, 2014, Board meeting, fairly and accurately represents the estimated expenses and revenues of the District for the fiscal year beginning on July 1, 2014 and ending on June 30, 2015, and that the budget adequately ensures that the District will be able to cover its expenses and maintain prudent reserves. On that basis, the Board hereby ratifies the previous adoption of the District's fiscal year 2014-2015 budget. A copy of the fiscal year 2014-2015 District budget is attached as "Exhibit A" and made a part of this Resolution.

2. The Board of Directors finds that the previously approved retail water rates, retail capital facilities (connection) fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice for fiscal year 2014-2015 are fair, equitable and ensure that the persons and entities receiving such services will pay the District's full costs of providing such services. On that basis, the Board hereby ratifies the previously adopted new uniform water rate structure, rates and fees for the 2014-2015 fiscal year. The fiscal year 2014-2015 retail water rates, retail capital facilities (connection) fees, and other fees and deposits are shown on "Exhibit B", which is attached to and made a part of this Resolution.

3. The General Manager and staff are directed to take all actions necessary to implement and follow the fiscal year 2014-2015 budget and to impose and collect the rates and fees shown in Exhibit B, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 14th day of January 2015, by the following vote:

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

ATTEST

ROBERT WALTERS
President, Board of Directors

TERI HART
Secretary, Board of Directors

San Juan Water District Granite Bay, California



SJWD Retail Budget

Fiscal Year 2014-2015

As of November 12, 2014

San Juan Water District

Fiscal Year 2014 – 2015 Retail Budget



Prepared by the Finance and Administrative Services Department
Under Direction of the General Manager and Assistant General Manager

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

--National Geographic



Mission

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



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

Elected Officials

Bob Walters, President/Director
Dave Peterson, Vice President/Director
Edward J. "Ted" Costa, Director
Kenneth H. Miller, Director
Pamela Tobin, Director

Appointed Officials

Shauna Lorance, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Kate Motonaga, Finance Project Manager
Tony Barela, Operations Manager
Greg Turner, Water Treatment Plant Superintendent
Judy Johnson, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager

Table of Contents

Letter of Transmittal	1
Budget Process	1
Budgetary Control and Budget Format	1
Budget Highlights	1
Strategic Goals and Priorities	2
Financial Policies and Funds	3
Wholesale Service Area Map (including SJWD Retail Service Area)	6
Organization Chart by Functional Area	7
Budget Narrative Layout	8
District-Wide Budget Information and Summaries	9
Budget Assumptions	9
District Reserves	10
Retail Budget	17
Functional Areas.....	23
Administration and General	23
Conservation	24
Customer Service	24
Engineering Services	24
Pumping and Telemetry	24
Transmission and Distribution	25
Budget Summary - Retail	26
Retail Budget Detail.....	28
Debt Service – Retail	31
Capital Improvement Program - Retail	32
CIP Process.....	32

Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

It is our pleasure to present to you the Fiscal Year 2014-2015 Budget for the San Juan Water District (“District”) for Retail. The budget format was updated substantially last year with additional improvements incorporated this year in the continuing effort to provide a user-friendly document that conveys the dedication as well as the accomplishments and goals of the District Board of Directors (“Board”) and staff.

Budget Process

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

The proposed budget is then reviewed to determine whether:

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

Budgetary Control and Budget Format

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

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

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

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

Budget Highlights

The recent drought has significantly affected the consumption for the Fiscal Year 2013-2014 and this is expected to have longer term effects through Fiscal Year 2014-2015. The overall economic climate and water conservation focus will again present

challenges to agencies throughout California, as well as the nation. Water agencies in particular are faced with maintaining and improving aging infrastructure at a time when declining revenues have been the result of the economy and conservation (both encouraged and due to weather). The District has remained proactive and shares the following budget highlights:

Revenues

- ☒ **Connection Fees:** With a recovering economy, development has begun to increase and connection revenues have been incorporated into the budget accordingly.

Expenses

- ☒ **Operating Costs:** While operating costs are estimated as a part of long-term financial planning, budgets are prepared based upon a variety of current factors discussed under Budget Assumptions. At budget planning time, budget versus actual performance is incorporated to reflect cost savings or increases as appropriate. Expenses may be based on stable or dynamic activities which affect the budgetary need (e.g. regular versus temporary personnel, normal operations, new or limited-term programs, etc.).
- ☒ **Debt Service:** These costs remain relatively stable in accordance with current debt service schedules as no new debt is planned.
- ☒ **Capital Improvement Program:** Any savings on particular capital projects are generally maintained within the capital reserve for those projects that cost more than expected, unless the Board of Directors determines otherwise.

Strategic Goals and Priorities

Water Supply Reliability

- Execute strategic projects to ensure reliability (dry year supplies, influence statewide solutions).
- Estimate minimum supply in all months, desired supply in all months and then assess what flexibility there is to participate in other opportunities.
- Clarify WSR objectives and develop policy guidelines regarding participation in other opportunities (e.g., shipping water south, cooperating with agencies outside the region).

State and Federal Activities

- Prioritize State, Federal and Community Actions.

Water Management and Shortage Supply

- Continue analyzing consolidation for water management.

Financial Policies and Funds

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

The District operates a single enterprise fund, which is segregated into non-operating activities, wholesale operations and retail operations which is reported as such in the Budget and Comprehensive Annual Financial Report. This fund is further segregated as designated by District Ordinance and Board of Directors.

Accounting System and Controls

Through Fiscal 2013-2014, the District utilized project cost accounting in the Microsoft Dynamics SL Solomon Professional 6.5 financial information system to record financial transactions throughout the year. At the end of the fiscal year, June 30, the District began preparation of a Comprehensive Annual Financial Report ("CAFR") containing financial statements and other financial and operational information. An independent auditing firm audits this report, as well as District records and documentation, each year and reports its findings to the Board. Beginning Fiscal 2014-2015, the District will be utilizing the Tyler Technology Incode v.X financial information system to record the financial transactions throughout the year.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to San Juan Water District for its annual budget for the fiscal year beginning July 1, 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

In addition, the District has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association for the 2011-2014 CAFR which is the seventh consecutive year for recent awards.

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

Sincerely,

Shauna Lorance
General Manager

Keith B. Durkin
Assistant General Manager

Kate Motonaga
Finance Project Manager

Profile

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

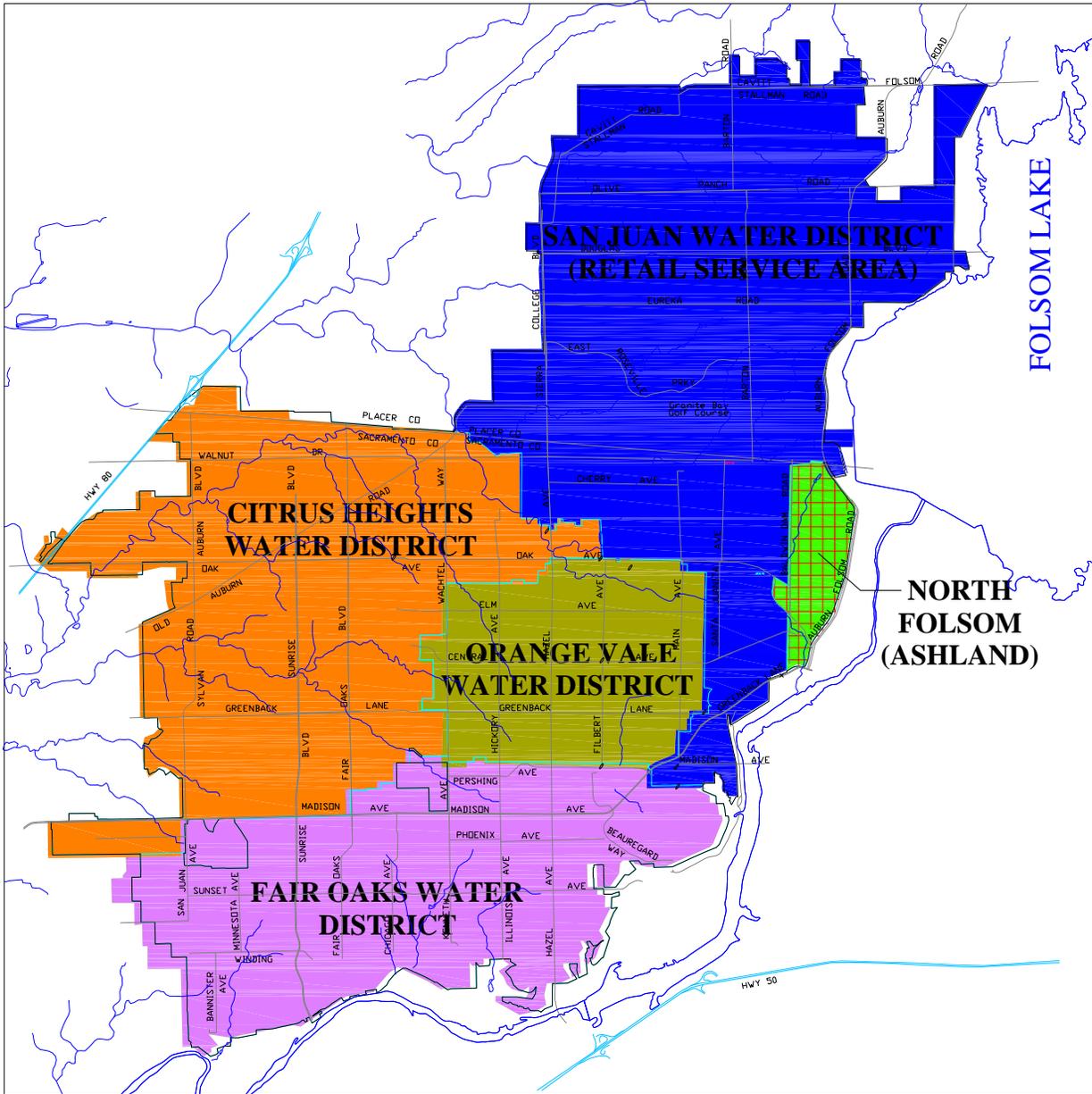
The District provides water on a wholesale and retail basis to an area of approximately 46 square miles for wholesale (which includes the retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of delivering water to the retail agencies under negotiated contracts; operating a surface water treatment plant and storage, transmission facilities; and providing the administrative support related to those activities. The Retail agency consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,348 active retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County) and providing the administrative, customer service, conservation and engineering support related to those activities.

The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water. The District completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation for Central Valley Project water resulting in a 40 year long-term contract. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the Fiscal Year 2010-2011 was 42,517 acre-feet and is anticipated to be 42,550 acre-feet for Fiscal Year 2011-2013, excluding pass through deliveries for Sacramento Suburban Water District.

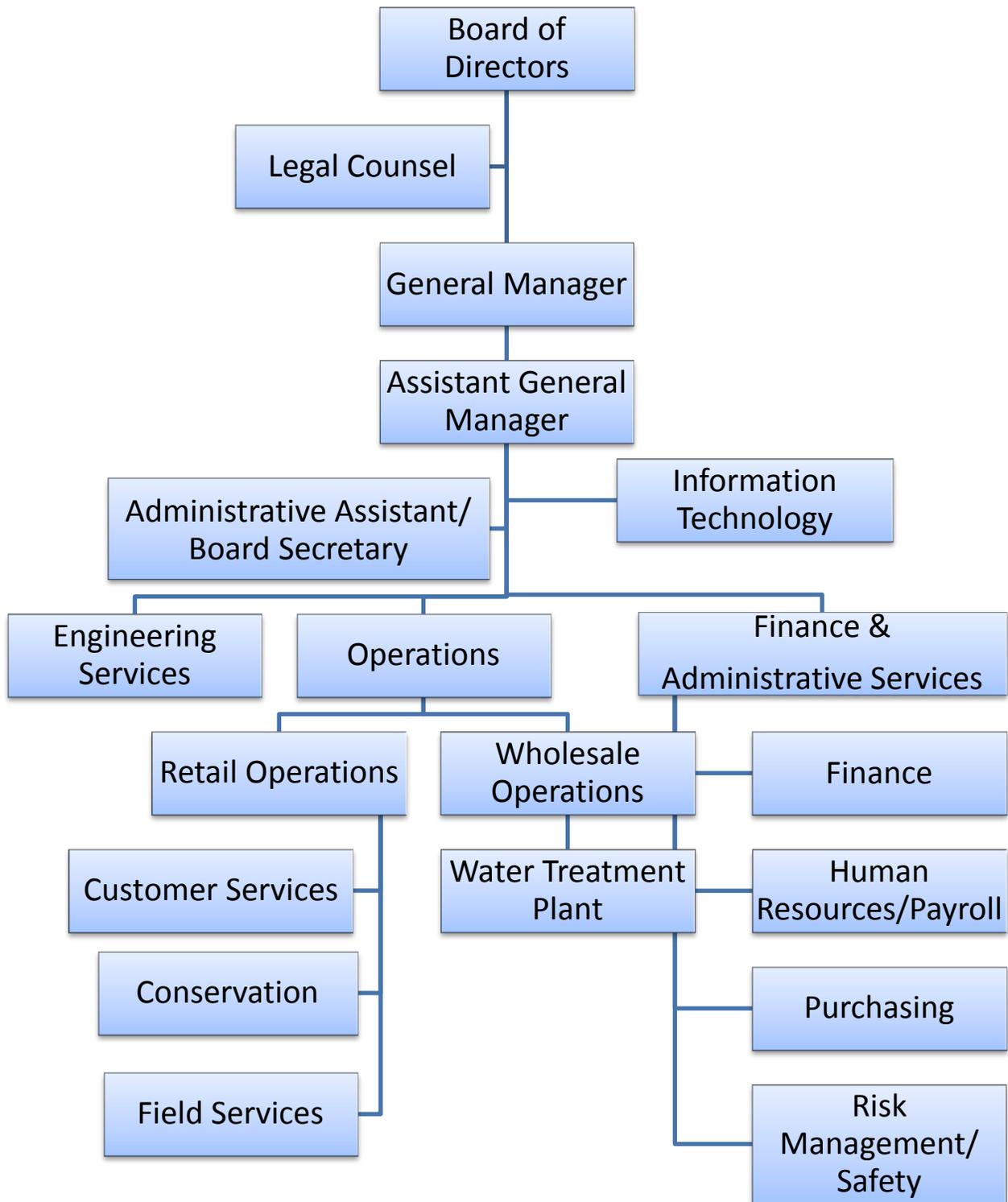
The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades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

With a reliable capacity of approximately 130 million gallons per day, the plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all District customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 214 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

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



Organization Chart by Functional Area



Budget Narrative Layout

Retail

Financial Policies

- *Budget Assumptions*
- *District Reserves*
- *Debt Service*
- *Water Rate Study and Financial Plan*

Operations

- *Capital Program*

District-Wide Budget Information and Summaries

Budget Assumptions

The following budget assumptions are proposed:

RETAIL

Revenues

Property Taxes

Assessed values contain an inflation factor for each county combined with growth or decline factors and overall expect a moderate increase. Property tax revenues are utilized to fund the capital improvement programs.

Connection Fees

New connections will be estimated by Engineering staff and budgeted accordingly.

Interest on Investments

The market remains low, but the District will seek investment opportunities in accordance with the *Investment Policy* as they arise. Income will be estimated at current market rates, currently approximately .5% and updated to reflect changes.

Retail Customer Base and Water Consumption

The customer base and water consumption included in the budget will reflect anticipated water deliveries as included in the Wholesale budget which would include any water loss.

Miscellaneous Fees

Fire service, late fees/penalties, and flow/pressure analysis revenues will be estimated by appropriate staff.

Grants

Grant monies for conservation programs will not be included.

Expenses

Cost of Water Supply

This cost comes directly from the Wholesale Water Rate Study/Financial Plan incorporating any adjustments for consumption and variation in water rates and will include water use charges, annual service charge and debt service charge.

Operations and Maintenance Costs

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

Cost of Living Allowance ("COLA")

COLA is included per Board policy and is currently estimated to be 1.4%.

Facilities Costs

Operations and maintenance costs for facilities will be allocated to the wholesale and retail operations based upon benefit received as they currently are.

District Reserves

In accordance with Board Resolutions, Board Motions, and/or District Ordinances, certain reserve funds have been established and are maintained.

RETAIL

The existing retail reserve funds are as follows:

Operating Reserve Fund

Description

The Retail Operating Reserve Fund provides working capital for retail operations, as well as provides readily available funds for unexpected needs and to accommodate modest variations between expected and actual water demands. The 2000 retail financial plan gradually built the operating reserve over the five-year planning period, beginning in 2001.

Designated Amount of Fund

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

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for working capital for day to day paying of bills, and for temporary operations of the District in the event of unforeseen events or irregular capital working needs. The creation and funding of this fund are within the authority of the Board of Directors. Staff has authority to utilize this fund as intended.

Restricted COP Debt Reserve Fund

Description

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

Designated Amount of Fund

The District's Ordinance still designates that the funds held in reserve are for the semi-annual payment principal and interest payment on the 1993 COPs. In practice, staff has determined the required amount for the Restricted COP Reserve Fund based on the COPs currently outstanding, and maintained the fund equal to the amount specifically noted in the COP Issuance documents as a required Reserve Fund. The 2012 Bonds do not have a required Reserve Fund.

Restrictions on Use of Funds

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

Restricted EDA Loan Debt Reserve Fund

Description

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

Required Amount of Fund

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

Restrictions on Use of Funds

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

Developer/Customer Deposits Reserve Fund

Description

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

Designated Amount of Fund

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

Restrictions on Use of Funds

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

Restricted Compensated Absence Reserve Fund

Description

This fund is used for the Compensated Absence Reserve Fund established to accumulate funds for accrued employees vacation and sick leave time.

Designated Amount of Fund

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

Restrictions on Use of Funds

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

Restricted PERS Rate Stabilization Reserve Fund

Description

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

Designated Amount of Fund

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

Restrictions on Use of Funds

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

Capital Improvement Reserve Fund

Description

The Retail Capital Improvement Reserve Fund was established to contain funds available for capital replacements, rehabilitation, upgrades, and improvements. The Retail Capital Improvement Reserve Fund consists of a number of different reserve funds for different purposes; the Kokila Reservoir Lining Replacement Fund, the Capital-Improvement Fund, the Capital Facilities Fees Fund, the Vehicle and Equipment Fund, and the Retail Emergency CIP Reserve Fund.

Designated Amount of Fund(s)

1. The **Kokila Reservoir Lining Replacement Fund** was established to accumulate funds for eventual replacement of the lining and cover of Kokila Reservoir. The replacement fund is funded annually in the amount of \$10,000.00 plus accrued interest earned on the existing fund balance. The life expectancy of the cover and lining (installed in July 1984) is 30 years.
2. The **Capital-Improvement Fund** was established *“to accumulate sufficient funds for use due to unforeseen and unexpected emergency expenditures for repair, replacement or rehabilitation of the District’s water pipeline systems and pumping stations.”* In practice, the Capital Improvement Fund is used for capital replacements, rehabilitation, upgrades, and improvements. The recommended amount fluctuates based on capital improvements planned and completed. The recommended amount of the Capital Improvement Fund is listed in the current Retail Financial Plan.
3. The **Capital Facilities Fees Fund** was established to accumulate Capital Facilities Fees collected to fund capital projects to replace, rehabilitate and upgrade District pumping stations, buildings, water pipeline systems and other water related systems components in the retail service area resulting from additional water services. The basis for the current Capital Facilities Fee was developed as part of the 2006 Retail Financial Plan and Water Rate Study. It consists of both a system buy-in component and a future facilities incremental (expansion) cost component. The amount in the fund is determined based on fees received and funds expended on capital projects.

4. The **Vehicle and Equipment Fund** was established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis. There is no designated amount for this fund.
5. The **Retail Emergency CIP Reserve Fund** was established to build up a reserve to pay for improvements necessary to provide a water supply to the retail service area in times of emergencies. The reserve fund is funded through planned contributions as designated by the Board of Directors.

Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for planned capital replacements, rehabilitation, upgrades and improvements. The use of the fund is within the authority of the Board of Directors and deposits and withdrawals are budgeted annually for planned capital projects.

THIS PAGE
INTENTIONALLY LEFT BLANK

Resolution – Retail

RESOLUTION NO. 14-22

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE RETAIL BUDGET, RATES AND FEES
FOR THE FISCAL YEAR 2014-2015**

WHEREAS, District staff has prepared a retail budget for the fiscal year 2014-2015 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2014-2015 retail budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including maintaining prudent reserves;

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

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

WHEREAS, the District's existing retail water service rates and fees are insufficient to pay the operating expenses of the District's retail water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest (including meeting the contractual debt coverage ratio requirements) on water system indebtedness, and to provide additional revenues for continuing capital improvements to the retail water supply system;

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

WHEREAS, the District has complied with Proposition 218's notice requirements by providing written notice of the public hearing to property owners and ratepayers and by holding public meetings and workshops to explain District costs and the possible restructuring and increasing of retail water service rates and fees and to receive protests and comments on the proposed restructuring and increase, and made 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;

WHEREAS, the District held the noticed public hearing required by Proposition 218 on November 12, 2014, at which the Board received the protests and written and oral comments of District landowners and ratepayers concerning the proposed adjustment of retail water service rates and charges;

WHEREAS, after the close of the public hearing the Board determined that there was not a majority protest to the District's proposed adjustment of retail water service rates and fees, that the District's retail water rates, retail capital facilities (connection) fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice need to be adjusted for fiscal year 2014-2015 to account for the increased costs for the District to provide such services, and therefore now desires to adopt the rates and charges set forth in Exhibit B to this resolution; and

WHEREAS, at its December 10, 2014, regular meeting, the Board determined and approved the uniform rate structure described in the Rate Study as the most fair and appropriate rate structure for District water service.

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

1. The Board of Directors finds that the retail budget as proposed by staff, and approved by the Board of Directors at the December 10, 2014, Board meeting, fairly and accurately represents the estimated expenses and revenues of the District for the fiscal year beginning on July 1, 2014 and ending on June 30, 2015, and that the budget adequately ensures that the District will be able to cover its expenses and maintain prudent reserves. On that basis, the Board hereby ratifies the previous adoption of the District's fiscal year 2014-2015 budget. A copy of the fiscal year 2014-2015 District budget is attached as "Exhibit A" and made a part of this Resolution.

2. The Board of Directors finds that the previously approved retail water rates, retail capital facilities (connection) fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice for fiscal year 2014-2015 are fair, equitable and ensure that the persons and entities receiving such services will pay the District's full costs of providing such services. On that basis, the Board hereby ratifies the previously adopted new uniform water rate structure, rates and fees for the 2014-2015 fiscal year. The fiscal year 2014-2015 retail water rates, retail capital facilities (connection) fees, and other fees and deposits are shown on "Exhibit B", which is attached to and made a part of this Resolution.

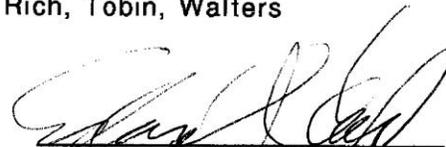
3. The General Manager and staff are directed to take all actions necessary to implement and follow the fiscal year 2014-2015 budget and to impose and collect the rates and fees shown in Exhibit B, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 14th day of January 2015, by the following vote:

AYES: DIRECTORS: Costa, Rich, Tobin, Walters
NOES: DIRECTORS: Miller
ABSENT: DIRECTORS:

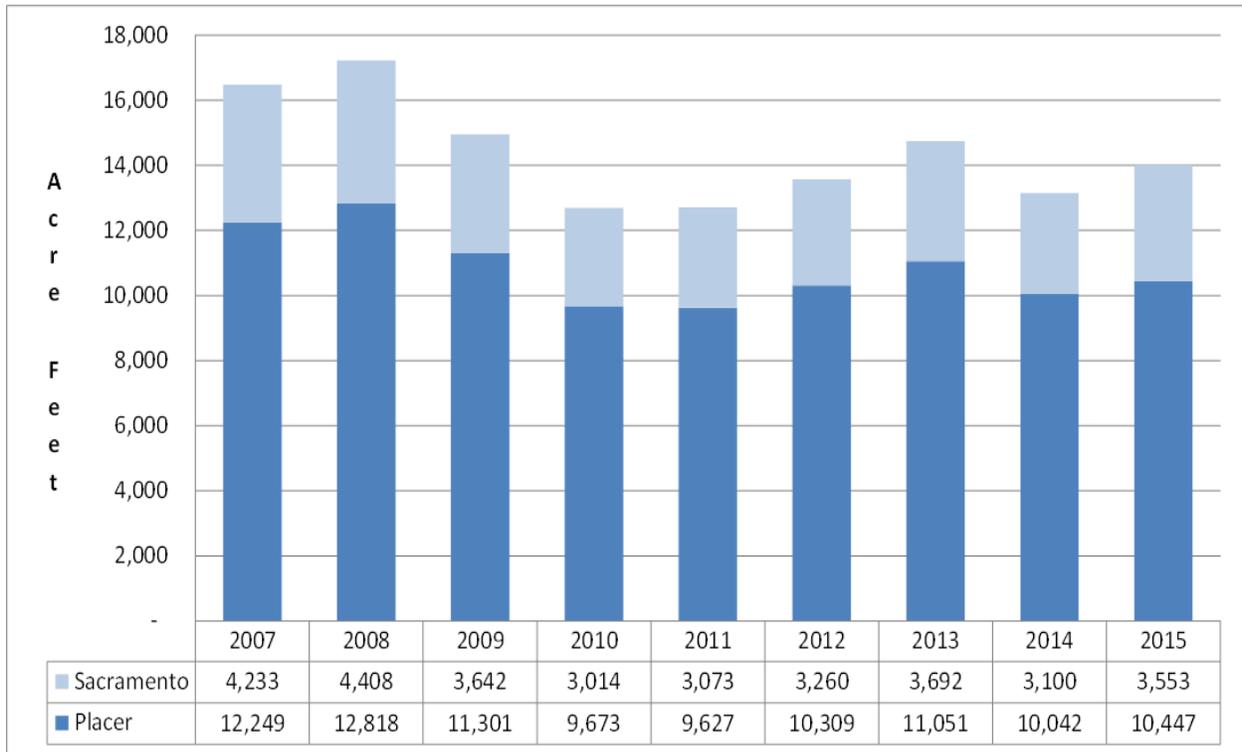
ATTEST


TERI HART
Secretary, Board of Directors


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

Retail Budget

Annual retail water use is presented in the following table for calendar years 2007 through 2015 to demonstrate historical and projected water use.



Metered rates for 2014 and 2015 using the current rate structure and the proposed 2015 Retail rate increase are presented next.

Residential Metered Rates

Calendar Year 2014

(Billed Based On # Of Days In Read Period)

Meter Size	Daily Base Charge (Fixed)	Plus: Consumption/Unit*		
		0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$1.20	\$0.46	\$0.77	\$0.54
1 1/2"	\$3.19	\$0.46	\$0.77	\$0.54
2"	\$5.10	\$0.46	\$0.77	\$0.54

Non-Residential/Commercial Metered Rates

(Billed Based On Read Period)

Meter Size	Daily Base Charge (Fixed)	Plus: Consumption/Unit*
Up to 1"	\$1.20	\$0.66
1 1/2"	\$3.19	\$0.66
2"	\$5.10	\$0.66
3"	\$10.14	\$0.66
4"	\$15.80	\$0.66
6"	\$31.59	\$0.66
8"	\$56.79	\$0.66
10"	\$91.45	\$0.66
12"	\$135.60	\$0.66
Fire District	\$6.15	\$0.66

* 1 unit = 100 cubic feet = 748 gallons

Effective 1/1/2014, rate increase of 2%.

Rates are effective January 1 - December 31.

Commercial - Other (Billed Based On # Of Days In Read Period)

Private Fire Line Rates

Meter Size	Daily Base Charge (Fixed)
4"	\$0.46
6"	\$0.68
8"	\$0.92
10"	\$1.09

Effective 1/1/2014, rate increase of 2%.

Residential Metered Rates

Calendar Year 2015 with 3% increase

(Billed Based On # Of Days In Read Period)

Meter Size	Daily Base Charge	Plus: Consumption/Unit*		
		0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$1.23	\$0.47	\$0.79	\$0.56
1 1/2"	\$3.29	\$0.47	\$0.79	\$0.56
2"	\$5.25	\$0.47	\$0.79	\$0.56

Non-Residential/Commercial Metered Rates

(Billed Based On Read Period)

Meter Size	Daily Base	Plus:
Up to 1"	\$1.23	\$0.68
1 1/2"	\$3.29	\$0.68
2"	\$5.25	\$0.68
3"	\$10.45	\$0.68
4"	\$16.28	\$0.68
6"	\$32.53	\$0.68
8"	\$58.49	\$0.68
10"	\$94.19	\$0.68
12"	\$139.66	\$0.68
Fire District	\$6.33	\$0.68

* 1 unit = 100 cubic feet = 748 gallons

Effective 1/1/2015, rate increase of 3%.

Rates are effective January 1 - December 31.

Commercial - Other (Billed Based On # Of Days In Read Period)

Private Fire Line Rates

Meter Size	Daily Base Charge (Fixed)
4"	\$0.47
6"	\$0.70
8"	\$0.94
10"	\$1.13

Effective 1/1/2015, rate increase of 3%.

The 2014 study included drought projections anticipated for the Fiscal Year 2014-2015 at various Drought Stages. The high potential for continued drought will continue to effect water consumption. Another purpose of the retail water rate study was to evaluate rates at various reduced water consumption levels based on drought stages.

Drought Water Usage Charges (\$/CCF)

Residential

Calendar Year 2015 with 3% increase	<i>Stage 3 (Stage 1 and 2 have no changes)</i>		
(Billed Based On # Of Days In Read Period)	11% - 25% use reduction		
	Plus: Consumption/Unit*		
Meter Size	0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$0.51	\$0.85	\$0.73
1 1/2"	\$0.51	\$0.85	\$0.73
2"	\$0.51	\$0.85	\$0.73

Non-Residential/Commercial

(Billed Based On Read Period)

Meter Size	Plus:
Up to 1"	\$0.73
1 1/2"	\$0.73
2"	\$0.73
3"	\$0.73
4"	\$0.73
6"	\$0.73
8"	\$0.73
10"	\$0.73
12"	\$0.73
Fire District	\$0.73

Calendar Year 2015 with 3% increase	<i>Stage 4</i>		
(Billed Based On # Of Days In Read Period)	26% - 50% use reduction		
	Plus: Consumption/Unit*		
Meter Size	0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$0.60	\$1.00	\$1.50
1 1/2"	\$0.60	\$1.00	\$1.50
2"	\$0.60	\$1.00	\$1.50

Non-Residential/Commercial

(Billed Based On Read Period)

Meter Size	Plus:
Up to 1"	\$0.86
1 1/2"	\$0.86
2"	\$0.86
3"	\$0.86
4"	\$0.86
6"	\$0.86
8"	\$0.86
10"	\$0.86
12"	\$0.86
Fire District	\$0.86

Calendar Year 2015 with 3% increase	<u>Stage 5</u>		
(Billed Based On # Of Days In Read Period)	>50% use reduction		
	Plus: Consumption/Unit*		
Meter Size	0 to 20 ccf	21 to 200 ccf	201+ ccf
Up to 1"	\$0.74	\$1.23	\$2.46
1 1/2"	\$0.74	\$1.23	\$2.46
2"	\$0.74	\$1.23	\$2.46
Non-Residential/Commercial (Billed Based On Read Period)			
Meter Size	Plus:		
Up to 1"	\$1.06		
1 1/2"	\$1.06		
2"	\$1.06		
3"	\$1.06		
4"	\$1.06		
6"	\$1.06		
8"	\$1.06		
10"	\$1.06		
12"	\$1.06		
Fire District	\$1.06		

It was recommended as a result of a previous study to prepare an updated connection fee study in the future, this is still to be completed but until that time this fee is increased by 2.30% as indexed to the 20 Cities Construction Cost Index ("CCI") which will be effective for Calendar Year 2015:

Calculation:

CC Index @ March 2014	9,701.96
CC Index @ March 2013	9,483.70
	218.26
Difference	2.30%
% Change	

Note: these fees are indexed utilizing the 20 Cities Construction Cost Index (CCI) as recommended in the Financial Plan.

FY New Connections (Retail Component only):

Fiscal Year 2013 Estimate	150
1/2 2014	75
1/2 2015	75
FY Estimate	\$2,105,025

San Juan Water District
Fiscal Year 2014 - 2015 Budget

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

<i>Retail Connection Fees</i>						
Meter Size	Calendar Year 2014			Calendar Year 2015		
	Retail Component	Wholesale Component	Total Combined	Retail Component	Wholesale Component	Total Combined
3/4" Meter	\$14,195	\$372	\$14,567	\$14,521	\$381	\$14,902
Up to 1" Meter	\$14,195	\$619	\$14,814	\$14,521	\$633	\$15,154
1 1/2" Meter	\$28,389	\$1,240	\$29,629	\$29,042	\$1,269	\$30,311
2" Meter	\$45,423	\$1,983	\$47,406	\$46,468	\$2,029	\$48,497
3" Meter	\$90,847	\$3,964	\$94,811	\$92,936	\$4,055	\$96,991
4" Meter	\$140,981	\$6,196	\$147,177	\$144,224	\$6,339	\$150,563
6" Meter	\$283,896	\$15,489	\$299,385	\$290,426	\$15,845	\$306,271
8" Meter	\$511,024	\$22,305	\$533,329	\$522,778	\$22,818	\$545,596
10" Meter	\$823,316	\$35,936	\$859,252	\$842,252	\$36,763	\$879,015
12" Meter	\$1,220,778	\$53,285	\$1,274,063	\$1,248,856	\$54,511	\$1,303,367
<i>Rates from Public/Customer Service/Rates/Connection Fees</i>						

Functional Areas

Administration and General

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

Office of the General Manager is responsible for the overall administration of the District including: implementing District policies; developing and maintaining responsive District programs and services; providing leadership and motivation to District staff; maintaining and planning for fiscal integrity; promoting excellent customer service; maintaining strong relationships with local and regional regulatory and peer governmental agencies; providing direct support to the Board of Directors. Major initiatives for the next year include: increasing water supply reliability in the retail service area; District structure and succession planning; and District efficiency measures.

Finance is responsible for all financial operations in the District, including: financial planning and forecasting, budget development, accounting and fiscal administration, debt issuance and management, financial reports and annual audit, and water rates and charges analysis. Major initiatives for the coming year include: development of *Equipment and Vehicle Fee Schedule*; implementation of a new financial information system; and monthly reporting on department budgets.

General Services includes buildings, grounds, equipment and vehicle maintenance. A major initiative for the coming year is development of the *Equipment and Vehicle Replacement Policy*.

Human Resources provides support in recruitment, selection, development and retention of a talented workforce. This includes payroll and benefits administration. Major initiatives include monitoring legislation affecting the workplace and ensure compliance, and continue to promote a culture of excellent customer service.

Information Technology manages and supports all aspects of the District's information technology systems, including data and voice communications hardware and software, as well as implementation of the District's Information Technology (IT) Master Plan. Major initiatives for the next year will be implementation of a new financial information system and the completion of network improvements including wireless networking.

Purchasing facilitates and coordinates: bidding and requests for proposals; acquisition of equipment, materials, services and supplies; contracts; and insurance certifications. Major initiatives for the next year will be completion of a Purchasing Manual to assist staff with purchasing procedures and questions.

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

Conservation

The Conservation Department provides free services to assist customers with increasing their water efficiency. The district partners with federal, state and local entities to fund various water-efficient rebate programs. Conservation monitors all grant programs and prepares status reports to the issuing entity as required. The department's highly-trained staff provides workshops to educate customers about water efficient practices and provides leak detection assistance. Staff participates in regional efforts to promote the efficient use of water. Because Conservation is in constant close contact with retail customers, the department plays a major role in the District's water efficiency outreach efforts. Conservation is involved in the development of "how to" and videos, media interviews to promote events, and other water efficiency programs, such as 20 x 2020. This Department is fully compliant with Best Management Practices and reporting requirements.

Customer Service

This department provides friendly, personal customer service to the District's 10,500 Retail connections including numerous billing and payment options while ensuring compliance with Government Codes on billing and notices, Red Flag Rules and the Payment Card Industry Data Security Standards. Because Customer Service is in constant close contact with retail customers, the department plays a major role in the District's public relations and outreach efforts. Customer Service strategizes with our public affairs experts in developing all of our outreach efforts, including the WaterGram, our website, videos, Consumer Confidence Report, special mailers, and water efficiency programs, such as 20 x 2020. Customer Service provides administrative assistance with the annual backflow device testing; and reports water use and connection data internally and to various federal, state, and local entities; and prepares customer correspondence. Customer service also encompasses meter reading and service box identification and clearance.

Engineering Services

In general, this Department is responsible for planning, designing and managing Retail capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component. Engineering is also responsible for review, approval, management, and inspection of new development funded distribution system improvement projects.

Pumping and Telemetry

This area performs activities related to the District's 5 pumping sites and ensures adequate water pressure and storage is maintained throughout the District's Retail service area.). The Distribution System is comprised of 5 pumping sites which contain 9 pump stations and has a total of 9 pressure zones, one of which is a gravity supplied zone. In addition, there is the Los Lagos Tank Site which has the storage capacity of 1.65 MG, Mooney Hydro pneumatic tank site which has the storage capacity of 0.50MG and Kokila Reservoir, which is a hypalon covered in-ground storage facility with the capacity of 4.56 MG. These sites ensure adequate water pressure and storage is maintained throughout the District's Retail service area.

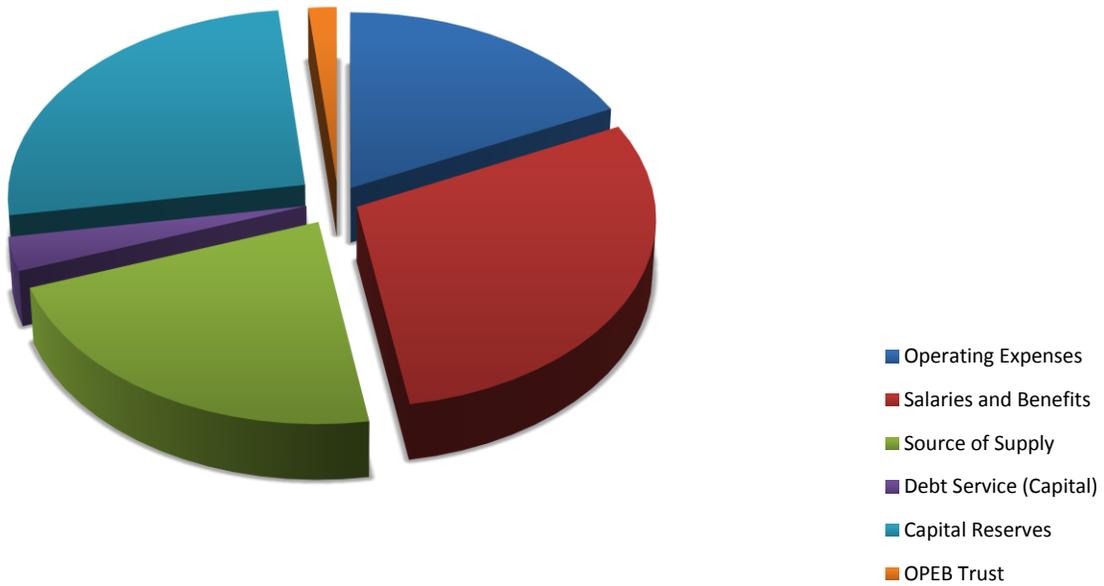
Transmission and Distribution

This area performs activities related to the maintenance and operation of Retail mains, distribution pipelines, fire hydrants, water services and other appurtenances. This includes pipelines 200 miles in length ranging in size from 1” to 90” in diameter and 10,500 customer water services.

Budget Summary - Retail

Category	Actual FY 12-13	Estimated FY 13-14	Budgeted FY 14-15	Change From	
				FY 13-14 Estimated Amount	Percent
<i>Operating</i>					
<u>Revenues:</u>					
Water Sales	\$ 8,542,597	\$ 8,698,598	\$ 8,731,309	\$ 32,711	7.28%
Other (See Detail)	206,639	152,270	211,731	59,461	2.14%
Operating Revenues	\$ 8,749,236	\$ 8,682,250	\$ 8,943,040	\$ 260,790	7.16%
<u>Expenses:</u>					
Administrative & General	\$ 924,322	\$ 1,100,779	\$ 1,062,860	\$ (37,919)	-1.00%
Conservation	388,883	447,298	551,824	104,526	13.90%
Engineering	206,788	215,459	319,673	104,214	9.46%
Pumping & Telemetry	550,818	408,967	666,541	257,574	10.37%
Source of Supply	2,698,230	2,460,208	2,216,330	(243,878)	11.09%
Transmission/Distribution	1,829,578	1,053,797	1,658,155	604,358	3.80%
Customer Service	697,301	492,485	660,634	168,149	8.50%
OPEB	153,754	168,000	168,000	0	20.00%
Operating Expenses	7,449,674	7,185,448	7,304,017	118,569	7.57%
Net Income/(Loss)-Operations	\$ 1,299,562	\$ 1,496,802	\$ 1,639,023	\$ 142,221	5.27%
<i>Non-Operating</i>					
<u>Revenues:</u>					
Interest/Investment Income	\$ -	\$ -	\$ 7,300	\$ 7,300	-16.67%
Retail Connections	32,321	1,057,014	2,105,025	1,048,011	81.00%
Taxes & Assessments	803,087	828,775	819,060	(9,715)	0.00%
Other (See Detail)	(2,777)	-	5,000	5,000	-50.00%
<u>Expenses:</u>					
2012 Refund (interest)	191,905	-	249,876	249,876	-100.00%
2009 COPs (interest)	614,763	227,681	946,307	718,626	-62.96%
EDA Loan (interest)	6,476	6,476	6,476	-	0.00%
CEC (interest)	-	-	-	-	0.00%
Other (See Detail)	-	3,000	3,000	-	-50.00%
Net Non-Operating	19,486	1,683,245	1,730,725	47,481	154.32%
Capital Contributions	-	-	-	-	0.00%
Net Available Income	1,319,048	3,180,047	3,369,748	189,701	52.61%
<i>Debt Service Principal</i>					
2012 Refunding Bonds	381,015	192,019	249,876	57,857	-133.02%
2009 COPs	3,600	233,303	233,303	-	6380.64%
EDA Loan	22,487	23,611	23,611	-	0.00%
CEC Loan	-	(1)	-	1	0.00%
Net Available for Distribution	911,946	2,731,114	2,862,958	131,843	111.19%
<u>Transfers from/(to) Reserves</u>					
Out: Kokila Reservoir	\$ (10,000)	\$ -	\$ (9,546)	\$ 9,546	0.00%
Out: Retail Reserves	(769,625)	(1,674,100)	(748,387)	(925,713)	159.91%
Out: Connection Reserves	(32,321)	(1,057,014)	(2,105,025)	1,048,011	81.00%
Out: PERS Stabilization	(100,000)	(1)	-	(1)	-100.00%
Total Transfers	\$ (911,946)	\$ (2,731,114)	\$ (2,862,958)	\$ 131,843	111.19%
Ending Available Income	\$ -	\$ -	\$ -	\$ (0)	0.00%

FY 2014-2015 Draft Retail Budget



Retail Budget Detail

	FY 11 -12 06/30/2012 Actual	FY 12-13 06/30/2013 Actual	FY 13-14 Prelim Actual	FY 14-15 06/30/15 Budget
REVENUE:				
WATER REVENUE:				
RESIDENTIAL METERED	7,058,136	7,432,486	7,569,777	7,632,053
COMMERCIAL METERED	1,025,042	1,110,112	1,128,821	1,099,256
HINKLE PUMPING SURCHARGE	118,859	0		92,831
METER RENTAL/PERMITS/CONST WTR	6,294	1,670	12,004	5,000
PCWA	2,170	0		0
RECONNECTS & PENALTIES	0	0	4,480	4,500
TOTAL WATER REVENUES	8,210,502	8,544,267	8,715,082	8,833,640
OTHER REVENUE:				
PUMPING SURCHARGE		82,931	51,065	25,000
BACKFLOW RE-TESTING	650	2,400	2,100	2,500
ANNEXATION	4,870	0	0	0
COST RECOVERY	0	453	1,063	0
FIRE SERVICE	26,474	27,014	27,986	26,000
LATE FEE	41,630	43,550	37,320	35,000
ENGINEERING SERVICE FEES	3,700	7,200	15,600	20,000
INTEREST REVENUE	137	900	234	900
GRANTS	101,504	40,520	418	0
MEDICARE PART D SUBSID	9,423	0		0
MANDATED COSTS REIMBURSEMENT	0	0		0
TOTAL OTHER REVENUE	188,388	204,969	135,786	109,400
TOTAL REVENUE	8,398,890	8,749,236	8,850,868	8,943,040
EXPENSES:				
SOURCE OF SUPPLY:				
PURCHASE TREATMENT WATER RSA	2,215,722	2,348,230	2,110,208	1,571,030
CAPITAL CONTRIBUTIONS	350,000	350,000	350,000	645,300
	2,565,722	2,698,230	2,460,208	2,216,330
PUMPING & TELEMETRY:				
SALARIES & FBS	142,247	166,522	111,624	194,191
ENERGY	466,364	340,940	254,992	420,000
MATERIALS	9,077	11,724		8,240
PUMP SYSTEMS	0	17,252	23,122	26,780
HARDWARE/SOFTWARE MAINTENANCE	0	7,903	14,739	11,330
AIR QUALITY PERMITS	4,094	3,968	4,491	6,000
EQUIPMENT MAINTENANCE		2,063		
PROFESSIONAL AND OUTSIDE SERV.		446		
	621,783	550,818	408,967	666,541
TRANSMISSION & DISTRIBUTION:				
SALARIES & FBS	1,225,836	1,434,093	836,588	1,283,590
MEETINGS, EDUCATION & TRAINING	12,924	17,051	12,545	17,000
OFFICE EQUIP/SOFTWARE/MAINT	3,680	17,786	11,928	0
TELEPHONE/CELL PHONES	0	3,971	1,478	3,600
REGULATORY COMPLIANCE	21,852	24,847	23,716	30,000
PERMITS, MATERIALS & SUPPLIES	3,915	106,389	76,796	61,800
COUNTY ENCROACHMENT PERMITS	0	0		0
PROFESSIONAL/OUTSIDE SERVICES	290,350	118,031		162,740
SPOILS PROCESSING MATERIALS/VENDC	2,341	711		0
MATERIALS RESERVOIR/SUPPLIES	6,226	(164)		0
ENERGY	1,021	1,393		1,575
VEHICLE MAINTENANCE	99,502	100,287	78,437	87,550
EQUIPMENT MAINTENANCE	18,227	5,182	12,310	10,300
	1,685,874	1,829,578	1,053,797	1,658,155

San Juan Water District
Fiscal Year 2014 - 2015 Budget

	FY 11 -12 06/30/2012 Actual	FY 12-13 06/30/2013 Actual	FY 13-14 Prelim Actual	FY 14-15 06/30/15 Budget
CUSTOMER SERVICE:				
SALARIES & FBS	493,863	507,557	311,842	450,172
OFFICE SUPPLIES	532	1,087	352	500
TELEPHONE/CELL PHONES	0	1,209	899	1,200
EDUCATION REIMBURSEMENT	678	1,155	50	3,700
POSTAGE	25,615	26,576	31,124	27,604
BILLING SERVICES	74,124	94,109	84,742	92,391
PROFESSIONAL SERVICES	0	1,793	(1,974)	2,575
BANK SERVICE/COLLECTION CHARGES	28,663	25,749	31,229	32,133
ACCOUNTS RECEIVABLE PROCESSING	9,983	8,727	1,797	10,175
SOFTWARE/HWD MAINTENANCE	44,288	29,320	32,324	37,183
EQUIPMENT MAINTENANCE	3,415	20	100	3,000
	681,163	697,301	492,485	660,634
CONSERVATION:				
SALARY/FBS	301,408	279,432	286,552	290,574
CONSERVATION ED/TRAINING	1,174	2,786		2,750
MATERIALS AND SUPPLIES	0	606		4,500
CONSERVATION SUPPLIES & PRINTG	1,366	181		3,500
POSTAGE & SHIPPING	24			4,000
VEHICLE MAINTENANCE	0	265		4,700
ASSOCIATION DUES & PERIODICALS	13,170	20,117	17,051	17,400
CONSERVATION PROGRAMS	111,296	83,230	201,781	221,900
CONSERVATION TELEPHONE EXPENSE	2,456	2,267	1,913	2,500
CONFERENCES & CONVENTIONS	1,449			0
CUWCC DUES & FEES	60			0
	432,403	388,883	507,298	551,824
ENGINEERING:				
ENGINEERING CELLULAR PHONE EXP	1,510	1,314	1,100	2,000
ENGINEERING SALARY/FBS	269,705	181,187	192,239	230,010
ENGINEERING OFFICE SUPPLIES/PRINTI	1,558	1,583	2,118	3,960
ENGINEERING OUTSIDE SERVICES	0	3,838	2,021	61,500
ENGINEERING EQUIPT MAINTENANCE	4,260	3,732	3,886	1,288
ENGINEERING MEMBERSHIP/CERT	589	238	244	952
ENGINEERING SUBS/BOOKS/TAPES	632	566		650
FURN/EQUIPMENT	1,434	210		2,163
ENGINEERING COMPUTER SOFTWARE	6,810	13,939	13,599	7,500
ENGINEERING EDUC/TRAIN	338	180	252	9,650
	286,836	206,788	215,459	319,673
ADMINISTRATION & GENERAL:				
SALARIES & FBS ADMINISTRATIVE	558,777	579,114	623,291	654,527
OFFICE SUPPLIES & PRINTING	6,277	7,679	11,225	8,240
POSTAGE	9,030	9,348	7,816	8,240
PUBLIC OUTREACH ACTIVITIES	81,324	62,109	76,290	51,610
AD/PUBLICATIONS/NOTICES	21	3,871		500
OFFICE EQUIP & COMPUTER MAINT	30,869	7,793	11,949	30,900
MEMBERSHIP/CERTIF RENEWAL	19,900	20,015	34,318	20,000
SUBSCRIPTIONS-BOOKS-TAPES	1,492	726	593	800
BANK & COLLECTION SVC EXPENSE	11,187	13,203	20,345	10,815
STAFF EXPENSE	3,960	4,857		4,223
SAFETY TRAINING/TEST/DATCO	8,659	2,378		9,785
MEETINGS & CONVENTIONS	13,601	15,525		13,500
PROFESSIONAL SERVICES	39,783	41,207	98,428	40,000
TELEPHONE	17,948	13,347	11,778	15,000
UTILITIES-SEWER-DISPOSAL-SL	4,104	3,624		4,300
INSURANCE-LIABILITY & PROPERTY	48,434	81,577	75,182	48,000
INSURANCE-DAMAGE PAYMENTS	0	310		500
RETIREE BENEFIT, HEALTH INS	113,056	117,677	100,114	133,175

San Juan Water District
Fiscal Year 2014 - 2015 Budget

	FY 11 -12 06/30/2012	FY 12-13 06/30/2013	FY 13-14 Prelim	FY 14-15 06/30/15
	Actual	Actual	Actual	Budget
BUILDING & GROUNDS MAINTENANCE	5,842	22,052		1,000
ENERGY COST	3,715	3,580	7,186	4,200
SECURITY MONITORING	741	482	523	800
OTHER MAINTENANCE	28,354	17,851	10,789	25,750
MATERIALS	0	0		0
HAZARDOUS WASTE/ALL CATEGORIES	608	1,990		2,000
MAINTENANCE-VEHICLE	1,925	1,651		1,030
RADIOS	48	0		0
MATERIALS AND SUPPLIES	12,271	2,051		11,330
SMALL TOOLS & REPLACEMENT	6,246	4,339		4,635
SAFETY EQUIPMENT	10,621	3,207		0
ELECTIONS EXPENSE	0	36,109		35,000
LEGAL PROFESSIONAL EXPENSE	30,993	32,843	28,878	40,000
DIRECTORS	29,604	30,224	17,148	28,000
ADMIN/GEN APPLD COST (CREDIT)	(196,169)	(216,415)	(35,072)	(145,000)
	903,222	924,322	1,100,779	1,062,860
OPEB	126,166	153,754	168,000	168,000
TOTAL EXPENSES	7,303,169	7,449,674	6,406,993	7,304,017
NET OPERATING INCOME/(LOSS)	1,095,721	1,299,562	2,443,875	1,639,023
NON-OPERATING: REVENUE:				
DISCOUNTS EARNED	419			0
SALE OF SURPLUS	(17,915)			0
EXPENSE RECOVERY	24,332	(2,777)		5,000
INTEREST REVENUE	0	0		7,300
TAXES & ASSESSMENTS M & O	780,565	803,087	828,775	819,060
PRIOR YEAR REVENUE	(8,257)			0
CONNECTION FEES/RETAIL	161,906	212,957	1,057,014	2,105,025
TAPPING & CONNECTION	5,530	(180,636)		0
SPEC DIST CAVITT STALLMAN 40 YR	1,074	1,074		1,000
NONOPERATING REVENUE	965,150	833,705	1,885,789	2,937,385
EXPENSES:				
C.O.P. INTEREST EXPENSE		877,483	707,999	1,202,660
LOAN INTEREST EXPENSE	7,601			6,476
COP AMORTIZATIONS	0	(33,976)	(27,054)	(27,226)
SALES TAX	0	2,268	12	3,000
PRELIMINARY PROJECT/STUDIES	7,500			0
NONOPERATING EXPENSES	15,101	845,775	680,957	1,184,910
CAPITAL CONTRIBUTIONS REVENUE			0	0
DEBT SERVICE PRINCIPAL	456,141			448,933
NET PRIOR TO DEPRECIATION	1,589,629	1,287,492	3,648,706	2,942,564
DEPRECIATION & AMORTIZATION	(1,496,908)	1,458,684	1,439,763	1,425,000
NET AFTER DEPRECIATION	92,721	2,746,176	5,088,469	4,367,564

Debt Service – Retail

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

Retail Debt Service	Direct			Annual Debt Service Charge		
	Principal	Interest	Total	Principal	Interest	Total
2012 Refunding Bond Payments						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 81,171	\$ 105,628	\$ 186,799
Direct Obligation	\$ 110,849	\$ 144,248	\$ 255,097			
Total 2012 Refunding Pymts	\$ 110,849	\$ 144,248	\$ 255,097	\$ 81,171	\$ 105,628	\$ 186,799
2009 COP Payments:						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 83,903	\$ 340,322	\$ 424,225
Direct Obligation	149,400	605,986	755,386			
Total 2009 COP Payments	\$ 149,400	\$ 605,986	\$ 755,386	\$ 83,903	\$ 340,322	\$ 424,225
California Energy Commission Loan	0	0	-			
Economic Development Loan	23,611	6,476	30,087			
Total Debt Service Payments	\$ 283,860	\$ 756,710	\$ 1,040,570	\$ 165,074	\$ 445,950	\$ 611,023
Combined Debt Service				Principal	Interest	Total
2012 Refunding Bond Payments				\$ 192,019	\$ 249,876	\$ 441,895
2009 Certificates of Participation				233,303	946,307	1,179,610
California Energy Commission Loan (paid off June 2012)				0	0	0
Economic Development Loan				23,611	6,476	30,087
Total Debt Service Payments (including Annual Debt Service Charge)				\$ 448,933	\$ 1,202,660	\$ 1,651,593

Capital Improvement Program - Retail

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

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

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

CIP Process

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

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

CIP projects are categorized as follows:

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

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

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

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

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

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

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

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

CIP Budget – Retail

	2014-2015		
	General	COPs	Connections
Funding Sources:			
Estimated Beginning Balance	\$ 3,040,775	\$ 2,779,391	\$ 2,714,103
Estimated Revenue and Transfers	559,641		2,107,506
Estimated Funds Available for CIP Projects	\$ 3,600,416	\$ 2,779,391	\$ 4,821,609
Projects:			
District-Wide			
Information Sign Board with Informational Display	\$ 5,000		
Building-Storage Roof/Walls			
Office Equipment and Furniture Replacemnt	31,000		
	\$ 36,000	\$ -	\$ -
Field Services			
Vehicle Replacement	90,000		
Security System Improvements	75,000		
Commercial/Residential Meters	190,000		
Small machine replacements			
Distribution System Improvements		123,000	
Mainline Replacements-general			
Mainline Replacements-Auburn-Folsom			150,000
Mainline Replacements-Erwin Avenue			179,000
Mainline Replacements-Peerless Avenue			257,000
Mainline Replacements-Sierra/Douglas			-
Mainline Replacements-Telegraph Avenue			73,000
Mainline Replacements-Oak/Cardwell			335,000
Mainline Replacements-Main			
Transmission Pipelines-AFR North	500,000		
Transmission Pipelines-Twin Rocks			
Transmission Pipelines-Eureka			
Water Supply Reliability - Barton Rd		620,000	
Water Supply Reliability - Kokila and Twin Rocks			
Water Supply Reliability - antelope Pump Back			
Pressure Reducing Station-Oak Ave	200,000		
Pressure Reducing Station-Eureka			
Pressure Reducing Station-Bacon/Sierra			
Pressure Reducing Station-Park Place	13,609	21,391	
Pressure Reducing Station-Canyon Falls			
Pump Station-Upper Granite Bay		2,015,000	
Pump Station-Lower Granite Bay			3,500,000
Pump Station-Bacon/Sierra recondition			
Update OITs and & PLC Prgramming	9,000		
ARC Flash Assessemnt and Improvements	-		
Pump/Motor R&R	50,000		
Wholesale Meters-Retail Share of Project			
Wholesale Meters-Retail Share of repairs	336,200		
	1,463,809	2,779,391	4,494,000
Total Projects	1,499,809	2,779,391	4,494,000
Estimated Ending Balance	\$ 2,100,607	\$ 0	\$ 327,609

Cost Allocation Plan

The San Juan Water District is organized as a community services district with both wholesale and retail operations. Upon establishment, it was determined to be most cost effective for these two separate operations to share some facilities and employees in order to minimize costs. While sharing some resources, the revenues and expenses are recorded in a separate set of accounts for each for financial accounting and reporting purposes. Cash is maintained in pooled accounts in order to maximize interest and investment earnings opportunities while separately accounted for with respect to each component of cash reserves.

Due to the size and nature of all District operations, established allocation methods are relatively simple lacking the complexity that would require additional staff time to maintain. Allocations are updated as changes occur in the bases or operating factors. Costs are allocated to Wholesale and Retail using several methods:

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

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

Labor

As mentioned previously, some employees are shared by Wholesale and Retail to maximize efficiency and eliminate the need for redundant positions thereby minimizing any idle time. The table provided next lists all District positions and their respective budgeted assignment to Wholesale or Retail activities for both operations and capital projects. Employees code time to reflect actual work activity, which can vary from year-to-year depending upon weather conditions, capital projects, legislative and regulatory changes, etc. However, this reflects the overall assignment for each and a basis for other cost assignments.

**Public Information Committee Meeting Minutes
San Juan Water District
December 12, 2014
11:00 a.m.**

Attendees: Ken Miller, Chair
Pam Tobin, Member
Shauna Lorance, General Manager
Judy Johnson, Customer Service Manager
Kate Motonaga, Finance Manager
Teri Hart, Board Secretary/Administrative Assistant
Lucy Eidam Crocker, Crocker and Crocker
Christine Braziel, Crocker and Crocker

Topics: Financial and Operational Transparency (W & R)
2x2 Ad Hoc Committee Public Information Update (W & R)
Other Public Information Matters
Public Comment

1. Financial and Operational Transparency (W & R)

Ms. Lorance informed the committee that the intent of this agenda item is to provide more information to the public on what SJWD does, why we do it, and the benefit to each of the customers throughout the wholesale service area. Ms. Lorance had discussed with Crocker & Crocker about taking a proactive approach to media and outreach, correct misinformation and share stories of San Juan's successes.

Ms. Lorance explained that staff is requesting direction from the committee and Board regarding the level and style of information to provide to the public. While SJWD has not received many customer calls, Ms. Eidam Crocker had heard other opinion leaders have referenced the articles.

Ms. Eidam Crocker commented that it is important to provide factual information in a proactive manner. She recommends that the SJWD website be updated so that the location of financial information is more easily located. Ms. Eidam Crocker commented that additional information could be provided through wholesale mailers, Speakers' Bureau presentations, and through eblasts, fact sheets, news releases and media follow up.

In response to Director Miller's question, Ms. Eidam Crocker responded that Ms. Braziel reviewed both articles and created a list which was sent to SJWD staff to have answered regarding the validity of the statements made in the article that should be corrected or clarified. Once completed, a fact sheet and FAQ will be posted to the website. Director Miller requested that the Board review the fact sheet and FAQs before it is released.

The committee discussed the possibility of sending out a wholesale mailer regarding information about SJWD. Ms. Lorance explained that this could clarify recent topics in the media. In response to Director Miller's request for an example, Ms. Lorance responded that the 15% salary increase was not explained in the article. It did not take into account changes to PERS contributions from SJWD to employees and resulted in no net increase for employees. Director Miller stated that, additionally, employees are responsible for covering any future increases to the employee-paid portion into PERS.

Director Miller requested that staff confirm that the 174 districts mentioned in the article are all water districts and to see what kind of increases they received. Ms. Braziel responded that they have been comparing the data to other agencies in the region as well as to wholesale agencies.

The committee discussed being more proactive with press releases and mailers. Director Tobin commented that she supports having a mailer styled similar to the one developed for Cap-to-Cap. Ms. Lorance commented that a mailer going out twice a year to wholesale should be considered. Director Miller suggested that information be presented which shows the actual dollar amount to wholesale and retail customers and not just percentages when discussing rate increases. Ms. Lorance informed the committee that this increase in work will require an adjustment to Crocker & Crocker's scope of work and she will work with Crocker & Crocker on the budget.

The committee discussed the Executive Committee and suggested that some changes may be needed to transition to a different communication style; for instance, change the committee to an Ad Hoc committee and only meet when needed or hold an annual joint board workshop with the wholesale customer agencies after the SJWD Board has held their annual board workshop.

For information, no action requested.

2. 2x2 Ad Hoc Committee Public Information Update (W & R)

Ms. Lorance informed the committee that the 2x2 Water Management Ad Hoc Committee will be discussing a recommendation from MMS to conduct a telephone survey. The survey will be conducted in both SJWD and SSWD service areas and is intended to find out what people know and what their views are related to a potential merger of agencies.

For information, no action requested.

3. Other Public Information Matters

Ms. Lorance informed the committee that staff has been corresponding with Princeton Reach Home Owners Association regarding their pond and had instructed them that they were not allowed to fill the pond with the fire hydrant. Ms. Johnson commented that staff gave the HOA a quote for a new connection on the parcel where the pond is located; however, they elected to install a new pipe from the pond to a meter on an adjacent parcel – a violation of the District's ordinance. In

September, staff noticed the pond was filling and found the unauthorized connection. The HOA was advised of the unauthorized connection. The HOA was billed penalties and water charges and a letter citing the ordinance was sent. The HOA paid the fees for the unauthorized connection and water usage. The connection remains locked off.

Ms. Lorange provided a brief water supply update. She mentioned that the water level at Folsom Lake has risen about 8 feet since December 1st and there is 333 TAF of water storage.

In response to Director Tobin's comment, Ms. Lorange explained that as the reservoir fills it is expected that the fishery agencies will request that the regulations not continue to be relaxed. In addition, Ms. Lorange commented that USBR is pushing to keep storage; however, as there is more water in storage there will be more requests to release the water. Ms. Lorange will keep the committee informed on this issue.

Ms. Johnson inquired if a separate mailer needs to be sent out since the retail water rate changed to a uniform rate. Ms. Lorange suggested that billing insert be dedicated to explaining the rate structure after the Board adopts the rate resolution in January. Director Tobin mentioned a potential new low income assistance program for water bills that the Governor favors. Ms. Lorange commented that staff will follow developments on the program.

Ms. Motonaga commented that she was requested at the last Board meeting to provide additional information on SJWD debt service. A copy of the provided *Bond Issuance to Bond Project Spending Reconciliation* will be attached to the meeting minutes.

For information, no action requested.

3.1 Next Meeting Date

The next committee meeting will be scheduled as requested.

4. Public Comment

There was no public comment.

The meeting adjourned at 12:30 pm.

BOND ISSUANCE TO BOND PROJECT SPENDING RECONCILIATION

Sources

Certificate Proceedes	\$30,510,000
	30,510,000

Uses

Acquisition Fund (Projects)	\$27,500,000
Reserve Fund	2,911,170
Issuance Expenses - Net Premium	98,829
	3,010,000
	\$30,510,000

Acquisition Fund (Projects)

Wholesale (incl. Wholesale Customer Agencies)	\$17,600,000
SJWD - Retail	9,900,000
	27,500,000

Debt Obligation Allocation

SJWD - Retail Acquisition	\$9,900,000
Wholesale Acquisition	
SJWD - Wholesale	5,267,524
SJWD - Retail	925,345
CHWD	5,607,686
FOWD	3,490,006
OVWC	1,762,511
Folsom	546,929
Wholesale (incl. Wholesale Customer Agencies)	17,600,000

Reserve and Expenses Allocation

SJWD - Wholesale	900,866
SJWD - Retail	158,255
CHWD	959,042
FOWD	596,870
OVWC	301,429
Folsom	93,537
Wholesale (incl. Wholesale Customer Agencies)	3,010,000

Total Acquisition Fund Debt Obligation Portion	30,510,000
--	------------

San Juan Water District
2009 Bond Project and Expenditure Summary
(as of June 30, 2014)

Wholesale

Bond Amount	17,600,000
Projects	
Raw Water Pipelines	(12,249,065)
WTP Hydraulic Improvements	(2,580,730)
Solar	(2,770,205)
Balance	<u>-</u>

Retail

Bond Amount	9,900,000
Projects	
Lower Granite Bay Pump Station*	-
Upper Granite Bay Pump Station	(116,249)
Pump Station AFR to WTP	(7,218)
Pipelines	(2,700,868)
Steel Line Replacements	(263,800)
Pressure Reducing Stations	(979)
Solar	(2,359,841)
Retail Share of Wholesale Meter Proj.	(925,068)
Fair Oaks 40 Rehab	(167,325)
LGA ERP Supply Phase 1	(579,262)
Balance	<u>2,779,390</u>

**Expenditures in FY 2014/2015*

OUTSTANDING DEBT OBLIGATION RECONCILIATION BY AGENCY

Debt Service at Debt Issuance						
	2012 Bonds		2009 Bonds		Combined Bonds	
	Combined		Combined		Combined	
Issued		\$15,900,000		\$30,510,000		\$46,410,000
SJWD - WS	46.49%	\$7,392,134	20.22%	\$6,168,390	29.22%	\$13,560,524
SJWD - RTL	39.20%	6,232,866	36.00%	10,983,600	37.10%	17,216,466
CHWD	14.31%	2,275,000	21.52%	6,566,728	19.05%	\$8,841,728
FOWD	0.00%		13.40%	4,086,876	8.81%	\$4,086,876
OVWC	0.00%		6.76%	2,063,940	4.45%	\$2,063,940
Folsom	0.00%		2.10%	640,466	1.38%	\$640,466
	100.00%	\$15,900,000	100.00%	\$30,510,000	100.00%	\$46,410,000

Debt Service at February 2 2014						
	2012 Bonds		2009 Bonds		Combined Bonds	
	Combined		Combined		Combined	
Outstanding		\$13,990,000		\$29,670,000		\$43,660,000
SJWD - WS	46.15%	\$6,456,744	19.77%	\$5,865,990	28.22%	\$12,322,734
SJWD - RTL	38.87%	5,438,256	36.45%	10,813,772	37.22%	16,252,028
CHWD	14.97%	2,095,000	21.52%	6,385,933	19.42%	\$8,480,933
FOWD	0.00%		13.40%	3,974,356	9.10%	\$3,974,356
OVWC	0.00%		6.76%	2,007,116	4.60%	\$2,007,116
Folsom	0.00%		2.10%	622,833	1.43%	\$622,833
	100.00%	\$13,990,000	100.00%	\$29,670,000	100.00%	\$43,660,000

Debt Service at February 2, 2015						
	2012 Bonds		2009 Bonds		Combined Bonds	
	Combined		Combined		Combined	
Outstanding		\$13,500,000		\$29,255,000		\$42,755,000
SJWD - WS	46.14%	\$6,228,763	19.54%	\$5,716,590	27.94%	\$11,945,353
SJWD - RTL	38.86%	\$5,246,237	36.68%	10,729,869	37.37%	15,976,106
CHWD	15.00%	2,025,000	21.52%	6,296,612	19.46%	\$8,321,612
FOWD	0.00%		13.40%	3,918,766	9.17%	\$3,918,766
OVWC	0.00%		6.76%	1,979,042	4.63%	\$1,979,042
Folsom	0.00%		2.10%	614,121	1.44%	\$614,121
	100.00%	\$13,500,000	100.00%	\$29,255,000	100.00%	\$42,755,000

We make all of the payments, for all of the agencies, on the 2009 Bonds.

The Wholesale customer agencies are billed for their portion of the Debt Service

We only make our portional payment for the 2012 Bonds

Citrus Heights makes their payment directly.

2x2 Water Management Ad Hoc Committee

Sacramento Suburban Water District

Thursday, December 18, 2014

10:30 a.m.

Committee Members: Ted Costa, San Juan Water District (SJWD) Director, Chair
Neil Schild, Sacramento Suburban Water District (SSWD) Director
Bob Walters, SJWD Director
Kevin Thomas, SSWD Director

District Staff: Rob Roscoe, SSWD General Manager
Shauna Lorange, SJWD General Manager
Dan York, SSWD Assistant General Manager
Christine Bosley, SSWD Executive Assistant

Members of the Public: Michelle Smira-Brattmiller, Committee Consultant, MMS Strategies
Dan Bills, SSWD Finance Director
Dave Simpson, Orange Vale Water Company (OVJWC)
Bob Churchill, Citrus Heights Water District (CHWD)
Al Dains, CHWD
Judy Albietz, CHWD
Debra Sedwick, Del Paso Manor Water District (DPMWD)
Greg Young, Tully & Young
William Eubanks, SSWD Ratepayer

Call to Order

Chair Costa called the meeting to order at 10:30 a.m. It was noted that Bob Wichert, new SSWD Committee member, was absent; Kevin Thomas was present and served as alternate.

Public Comment

None.

Items for Discussion and Action

1. Approve Minutes of November 20, 2014 Committee Meeting

Bob Walters moved to approve the November 20, 2014 Committee Notes; Kevin Thomas seconded. The motion passed unanimously.

2. Discuss Follow-up Items from Joint Board Meeting

Neil Schild stated he had a number of comments for Committee consultant John O'Farrell regarding the draft report and requested staff set up an appointment. Dan Bills will schedule the appointment.

William Eubanks commented that his concern is that ratepayers be kept informed. Mr. Eubanks stated that SSWD has very open process and he is concerned with the creation of too large of an organization, with its additional bureaucracy, and the potential to lose touch with customers. Mr. Eubanks feels that Chair Costa's idea to meet at Citrus Heights Council

Chambers and then broadcast the meeting was an excellent idea. He suggests focusing on water supply reliability issues and also using a professional moderator with the two general managers answering questions. Mr. Eubanks feels that by taking this extra step it couldn't be said later that the public wasn't notified.

Mr. Eubanks is also concerned with the legislation that must be passed in order to provide a more representative Board.

Director Schild agrees with Mr. Eubanks' comments regarding a meeting at Citrus Heights Council Chambers.

Shauna Lorance commented that one of the follow-up items from the joint Board meeting was the question of legal representation at the joint Board and Committee meetings. Chair Costa commented that he wants legal counsel to ensure that the procedure of outreach and transparency is done correctly. Director Walters stated that he doesn't see a compelling reason to have an attorney at every meeting and suggested having legal counsel review the process and provide an analysis. There was discussion regarding whether each agency would hire outside legal counsel or if the Committee would hire its own legal counsel. After deliberation, it was decided that, until each District has its own outside legal counsel, Bartkiewicz, Kronick, and Shanahan (BKS) would be asked to review the Committee's outreach efforts and render an opinion.

3. Approve MMS Strategies Phone Survey Task Order

Michelle Smira-Brattmiller of MMS Strategies stated they will provide a coordinated outreach plan prior to the next Committee meeting for Committee members' review. Regarding larger facilities for outreach efforts, MMS Strategies has also received offers from the cities of Roseville and Folsom, and they will continue to look at other options as well. She went on to say that Supervisor Susan Peter's office has offered her "Coffee Meetings" as a potential venue and there was discussion of contacting schools, the Sacramento Sheriff's Department community meetings and using the Fair Oaks Water District building as other potential outreach avenues.

There was also discussion on the telephone surveys which included:

- How they would be conducted
- Types of questions
- Number of people surveyed/Margins of error
- How areas of ratepayers are identified
- Days of week and hours of day surveys will be conducted

Once the raw data of the surveys has been collected, a final report will be generated and presented to the Committee in February. Both Districts will have links on their websites to a common website which will provide the outreach information to maintain consistency.

It is expected that the survey will include 500 – 600 participants with an expected margin of error rate of approximately 4-5%. Chair Costa stated he would like a copy of the raw data. Ms. Smira-Brattmiller replied she would forward the data to him once she receives it.

Director Thomas questioned whether emails would be sent to ratepayers as well. Ms. Smira-Brattmiller indicated emails would be sent but not in the form of a poll, rather they would be used as an additional means to gather other questions ratepayers may have. A mailer might also be sent which will provide information on upcoming events and to direct ratepayers to the two district websites to gain more information. The logistics and costs of a direct mail piece were discussed.

Director Walters stated his concern that survey questions not be leading. Ms. Smira-Brattmiller assured him they would not be leading as they are not intended to illicit a certain response. Some ideas on questions were discussed along with examples of how questions might be posed. Chair Costa confirmed again that the survey would include no less than 300 people polled.

Debra Sedwick questioned whether neighboring district's customers would be contacted for the survey, causing confusion for those neighboring district's ratepayers. Ms. Smira-Brattmiller explained that the survey will be conducted based on address and other district's customers would not be contacted for the survey. Ms. Lorance commented that it might be a good idea to contact neighboring districts and let them know of the survey in case customers in those districts hear about it.

Director Schild stated his concern that the contract for the survey company did not detail the particulars of the survey. Ms. Lorance explained the first order of business was to hire the firm that will conduct the survey and then the questions would be developed. Ms. Lorance asked whether the Committee would be comfortable with staff approving those questions before they go out. Ms. Lorance did confirm that Committee members will receive the questions in advance of the survey along with the date the survey will start.

Director Walters made a motion to grant staff the authority to sign the work order after amending the contract to reflect the minimum number of phone calls required and areas to be covered. Staff is to then provide the questions to the Committee members at least 24 hours in advance of the survey, as well as the date the survey will start. Director Thomas seconded.

Chair Costa then called for public comment.

Bob Churchill posed a question with regard to the validity of the survey results as there are three areas to consider – SSWD, SJWD Retail and SJWD Wholesale - with two-thirds of the population residing in the SJWD Wholesale area boundary. He believes the questions would have to be different for the different areas. Mr. Churchill also stated the questions in the survey need to be summarized by the wholesale agencies' boundaries so the agencies are able to pick out the questions relevant to their district.

Al Dains questioned if there had been outreach to the Chamber of Commerce. Ms. Smira-Brattmiller replied that she had been in touch with them and will be meeting with them again. Ms. Smira-Brattmiller stated she has also spoken with Sac Metro Chamber and has met with Fair Oaks, Folsom and Roseville.

The motion carried by unanimous vote.

4. Discuss Upcoming Tasks & Meetings

Ms. Lorange stated there will be a slight delay in completing the final report, therefore, it will not be completed by January. However, a formal outreach schedule will be prepared with additional review time as requested.

Chair Costa commented that, if a televised outreach event does take place, the Boards should take note of Mr. Eubanks' previous comments and have both full Boards meet prior to the event to determine a procedure on how the event is to be conducted. Ms. Lorange stated she would ensure it is added to the public information plan which will be brought back before the Committee.

Chair Costa made a comment with regard to the low amount budgeted for the consultant, John O'Farrell, and the great deal of work he has done. Ms. Lorange stated this had been discussed with regard to where the Phase 2A study ends and the Phase 2B study will begin and that this topic may need to come before the Committee.

Director Walters asked if timelines could be added to the chart that had been presented. Ms. Lorange replied they could be added; however, they would be estimations only.

Chair Costa called for final comments; there were none.

Adjournment

Chair Costa adjourned the meeting at 11:42 a.m.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District

Finance Committee Meeting Minutes
San Juan Water District
January 13, 2015
4:00 p.m.

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

District Staff: Shauna Lorange, General Manager
Keith Durkin, Assistant General Manager
Kate Motonaga, Finance Manager

Topics: Review and Pay Bills (W & R)
Legal Services Fees for 2015 (W & R)
Sierra National Asphalt Paving Contract (W & R)
Other Finance Matters (W & R)
Public Comment

1. Review and Pay Bills (W & R)

The committee reviewed the presented bills and claims. In accordance with recommended practices, the committee specifically reviews any credit card charges and reimbursements for the General Manager, Assistant General Manager, Finance and Administrative Services Manager, and the Board Secretary. The reviewed bills and claims were found to be in order. Ms. Motonaga noted that the amount was great than average due to a few larger payments. These included a payment of \$1,098,138.92 on the Granite Bay Booster Pump Station and \$1,753,077.39 in Bond Payments.

Staff update: the total amount of bills and claims provided for approval for December payables is \$4,553,650.99.

The Finance Committee recommends approval of Resolution 15-01.

2. Legal Services Fees for 2015 (W & R)

Ms. Lorange provided the committee with a letter from Bartkiewicz, Kronick & Shanahan (BKS) which indicates that their legal fees were increased \$5 per hour effective January 1, 2015 (less than a 2% increase). The committee discussed the increase and would like the Legal Affairs Committee to review the tasks being conducted by BKS.

The Finance Committee recommends the Legal Affairs Committee review the tasks conducted by BKS.

3. Sierra National Asphalt Paving Contract (W & R)

Mr. Durkin informed the committee that the annual contract with Sierra National Asphalt Paving (SNA) for Asphalt Patch Paving is set to expire. Staff has been very satisfied with the quality of work and responsiveness of SNA and recommends the District exercise one of the renewal options in their contract. For

budgeting purposes staff also recommends the renewal extend through June 30, 2016, to align the contract expiration date with the fiscal year.

The committee discussed the asphalt paving requirements and terms for the contract extension with SNA.

The Finance Committee recommends consideration of a motion to approve the annual asphalt patch paving contract renewal with Sierra National Asphalt Paving for \$149,850 and extend the contract date to June 30, 2016.

4. Other Finance Matters (W/R)

Ms. Motonaga informed the committee that this week's payroll will be run through the new Tyler software. She explained that two parallel payroll runs were previously conducted to verify that the new software captured the payroll data correctly. In addition, the Tyler consultant is on the premises during this process. Furthermore, Ms. Motonaga informed the committee that the financials are going well for FY 2014 with information correct through October 2014.

Ms. Motonaga reported that the auditors will be on site conducting the annual audit the week of January 26th.

5. Public Comment

There were no public comments.

The meeting was adjourned at 4:39 p.m.

San Juan Water District

**RESOLUTION 15-01
PAYMENT OF BILLS AND CLAIMS**

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$4,555,478.47; and

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

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

1. The bills and claims attached hereto totaling \$4,555,478.47 are hereby approved.
2. That the depository be and the same is hereby authorized to pay said bills and claims in the total sum of \$4,555,478.47 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 14th day of January 2015, by the following vote:

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

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

TERI HART
Secretary, Board of Directors



Check Register 2015-01-14

Vendor Number	Vendor Name	Payment Date	Payment Type	Payment Amount	Number
Bank Code: APBNK-APBNK					
01024	ACCOMTEMP	01/14/2015	Regular	18056.65	48085
	Void	01/14/2015	Regular	0	48086
01034	ADVANCED UTILITY SYSTEMS	01/14/2015	Regular	30781.84	48087
01039	AFLAC	01/14/2015	Regular	1090.46	48088
01041	Afman Supply - Todd	01/14/2015	Regular	635.97	48089
01055	ALAN DIVERS	01/14/2015	Regular	2710	48090
01068	ALPHA DES - Glenn Walker	01/14/2015	Regular	968	48091
01073	AMARJEET SINGH GARCHA	01/14/2015	Regular	1500	48092
01090	American Water Works Assoc	01/14/2015	Regular	884	48093
02463	AnswerNet	01/14/2015	Regular	191.35	48094
03093	Art Starkovich	01/14/2015	Regular	300	48095
01027	Association of California Water Agencies	01/14/2015	Regular	50	48096
01138	AT&T	01/14/2015	Regular	163.8	48097
01182	BARTKIEWICZ,KRONICK & SHANAHAN	01/14/2015	Regular	12536.1	48098
01200	BERCO REDWOOD INC.	01/14/2015	Regular	523.9	48099
01215	BOB WALTERS	01/14/2015	Regular	300	48100
01219	BORGES & MAHONEY, COMPANY	01/14/2015	Regular	4111.42	48101
01234	BRYCE CONSULTING INC	01/14/2015	Regular	2250.4	48102
03055	BZ Service Station Maintenance Inc.	01/14/2015	Regular	1150	48103
03104	Capital Datacorp	01/14/2015	Regular	897.41	48104
03094	Charles Rose	01/14/2015	Regular	300	48105
01372	CITY OF FOLSOM	01/14/2015	Regular	2384.24	48106
01373	CITY OF ROSEVILLE	01/14/2015	Regular	3091.46	48107
01375	CITY OF SACRAMENTO	01/14/2015	Regular	3380.5	48108
01411	CONSOLIDATED COMMUNICATIONS	01/14/2015	Regular	1558.25	48109
01420	CORT FURNITURE RENTAL	01/14/2015	Regular	124.32	48110
C	County of Placer Engineering & Surveying	01/14/2015	Regular	250	48111
01423	COUNTY OF SACRAMENTO	01/14/2015	Regular	122.77	48112
01425	COUNTY OF SACRAMENTO VOTER	01/14/2015	Regular	65913.96	48113
03092	Dan Rich	01/14/2015	Regular	300	48114
01472	DAWSON OIL CO	01/14/2015	Regular	4380.84	48115
01478	DELL MARKETING LP	01/14/2015	Regular	4182.72	48116
01483	DENISE HYDE-VEITH	01/14/2015	Regular	199.61	48117
01266	DERICCO ENTERPRISES	01/14/2015	Regular	576.2	48118
01494	DEWEY SERVICES INC	01/14/2015	Regular	164	48119
01509	DOMENICHELLI & ASSOCIATES INC	01/14/2015	Regular	7494.72	48120
01550	El Dorado Roofing, Inc.	01/14/2015	Regular	225	48121
01630	FM GRAPHICS, INC.	01/14/2015	Regular	446.42	48122
01631	FOLSOM CHEVEROLET INC.	01/14/2015	Regular	194.24	48123
01634	FOLSOM LAKE FORD	01/14/2015	Regular	230	48124
03089	Fulton, Jonathan	01/14/2015	Regular	241.87	48125
01657	GALIC DISBURSING COMPANY	01/14/2015	Regular	400	48126
03107	Gary & Judy Mangrum Trust	01/14/2015	Regular	34.63	48127
03099	Gerald Martin	01/14/2015	Regular	103.79	48128
01681	GOLDEN STATE FLOW MEASUREMENTS	01/14/2015	Regular	1158.81	48129
03102	Gordon, Jeff	01/14/2015	Regular	82.88	48130
01687	Grainger, Inc.	01/14/2015	Regular	1097.34	48131
01741	HDR ENGINEERING, INC.	01/14/2015	Regular	6213	48132
01796	INSOMNIAC PRODUCTIONS INC	01/14/2015	Regular	258	48133
01939	L. N. Curtis & Sons	01/14/2015	Regular	1205.88	48134
03103	Logan, Adam	01/14/2015	Regular	87.96	48135
01995	MARCIA FRITZ	01/14/2015	Regular	300	48136
02003	MARTIN COMPRESSOR SERVICE	01/14/2015	Regular	231.44	48137
03095	Martin Hanneman	01/14/2015	Regular	300	48138
02021	MCCLURE, GEORGE TOM	01/14/2015	Regular	193.49	48139
C	MCI WORLDCOM	01/14/2015	Regular	76.05	48140
02027	MCMMASTER-CARR SUPPLY COMPANY	01/14/2015	Regular	657.22	48141
	Void	01/14/2015	Regular	0	48142
03100	Michelle Smira Brattmiller	01/14/2015	Regular	1017.13	48143
01916	Miller, Ken	01/14/2015	Regular	33.6	48144

02093	NDS SOLUTIONS INC	01/14/2015	Regular	526.38	48145
02129	OCCU-MED, LTD	01/14/2015	Regular	457.5	48146
02131	OFFICE DEPOT BUS SERV DIV	01/14/2015	Regular	2071.28	48147
	Void	01/14/2015	Regular	0	48148
02134	OFFICE TEAM	01/14/2015	Regular	5247.97	48149
02143	ORR~SHAY	01/14/2015	Regular	178.19	48150
	P G & E	01/14/2015	Regular	7444.95	48151
	Void	01/14/2015	Regular	0	48152
02150	Pace Supply Corp	01/14/2015	Regular	2293.53	48153
03026	PFM Asset Management	01/14/2015	Regular	862.84	48154
02206	PLACER CO CLERK-RECORDER	01/14/2015	Regular	19135	48155
02219	PLACER COUNTY TAX COLLECTOR	01/14/2015	Regular	16.98	48156
02210	Placer County Water Agency	01/14/2015	Regular	101341.13	48157
02225	Polydyne Inc	01/14/2015	Regular	3699.72	48158
02280	Rawles Engineering, Inc	01/14/2015	Regular	1500	48159
02281	RAY MORGAN COMPANY	01/14/2015	Regular	653.88	48160
02283	Recology Auburn Placer--DB	01/14/2015	Regular	632.71	48161
03066	RF MacDonald Co.	01/14/2015	Regular	2129.12	48162
02293	RFI ENTERPRISES, INC.	01/14/2015	Regular	11276.42	48163
03106	Rich, Eugene	01/14/2015	Regular	17.71	48164
02320	ROBERT NUSH	01/14/2015	Regular	182.74	48165
02335	ROSEVILLE CHAMBER OF COMMERCE	01/14/2015	Regular	910	48166
02357	S M U D	01/14/2015	Regular	7160.57	48167
02369	SACRAMENTO COUNTY TAX	01/14/2015	Regular	6.88	48168
02379	Sacramento Metro Chamber	01/14/2015	Regular	1348.5	48169
02384	SACRAMENTO SUBURBAN WTR DIST	01/14/2015	Regular	6162.87	48170
02446	Sierra Chemical Co	01/14/2015	Regular	3116.91	48171
02452	Sierra National Asphalt	01/14/2015	Regular	14698	48172
02495	SPRAYING SYSTEMS CO	01/14/2015	Regular	8657.01	48173
02514	STATE WATER RESOURCES CONTROL	01/14/2015	Regular	140	48174
02540	SUTTER MEDICAL FOUNDATION	01/14/2015	Regular	573	48175
02544	SYBLON REID	01/14/2015	Regular	1098138.92	48176
02556	TED COSTA	01/14/2015	Regular	382.88	48177
02567	TERI HART	01/14/2015	Regular	24.64	48178
	THE EIDAM CORPORATION	01/14/2015	Regular	25927.33	48179
	TYLER TECHNOLOGIES INC	01/14/2015	Regular	11529.25	48180
02667	US BANK CORPORATE PAYMENT SYS	01/14/2015	Regular	14971.96	48181
	Void	01/14/2015	Regular	0	48182
	Void	01/14/2015	Regular	0	48183
	Void	01/14/2015	Regular	0	48184
	Void	01/14/2015	Regular	0	48185
	Void	01/14/2015	Regular	0	48186
	Void	01/14/2015	Regular	0	48187
03079	Van Dusen, Darren	01/14/2015	Regular	11.59	48188
02690	VERIZON WIRELESS	01/14/2015	Regular	286.84	48189
02700	Viking Shred, LLC	01/14/2015	Regular	75	48190
02743	Wienhoff & Associates Inc.	01/14/2015	Regular	780	48191
03039	XYLEM Water Solution Inc	01/14/2015	Regular	7953.85	48192
01048	AIRGAS INC	01/14/2015	EFT	385.27	404106
01081	AMERICAN MESSAGING	01/14/2015	EFT	26	404107
01112	APPLIED COMPUTER SOLUTIONS	01/14/2015	EFT	1843.8	404108
01330	CDW GOVERNMENT INC	01/14/2015	EFT	2547.17	404109
03065	Consolidated Electrical Distributors Inc	01/14/2015	EFT	5628.87	404110
01486	DEPARTMENT OF ENERGY	01/14/2015	EFT	3831	404111
01521	DP2 BILLING SOLUTIONS LLC	01/14/2015	EFT	4519.02	404112
01909	Durkin, Keith	01/14/2015	EFT	53	404113
01532	E&M Electric & Machinery, Inc.	01/14/2015	EFT	16321.16	404114
01589	Eurofins Eaton Analytical, Inc	01/14/2015	EFT	1364	404115
02432	Lorance, Shauna	01/14/2015	EFT	31	404116
02020	MCC Control Systems	01/14/2015	EFT	375	404117
02187	PERFORMANCE PIPING, INC	01/14/2015	EFT	13087.8	404118
02504	STARR CONSULTING	01/14/2015	EFT	500	404119
02572	Thatcher Company of CA	01/14/2015	EFT	6295.62	404120
C	Tobin, Pamela	01/14/2015	EFT	111.64	404121
02667	Western Area Power Admin	01/14/2015	EFT	2385.14	404122

1,610,143.18

Total From Previous Page

1,610,143.18

Check Register APPKT00173 12/19/14

01328	Association of CA Water Agencies Joint Powers Ins Au	12/29/2014	Regular	106.26	48077
(Association of CA Water Agencies Joint Powers Ins Au	12/29/2014	Regular	106.26	48078
01282	CALIFORNIA ISO	12/29/2014	Regular	416.04	48079
01298	CalPERS Long Term Care	12/29/2014	Regular	123.08	48080
01298	CalPERS Long Term Care	12/29/2014	Regular	123.08	48081
01657	GALIC DISBURSING COMPANY	12/29/2014	Regular	400.00	48082
02179	PAYROLL	12/29/2014	EFT	494,965.18	404104
02710	Wageworks, Inc.	12/29/2014	EFT	42.00	404105

Check Register APPKT00177 12/28/14

02206	PLACER CO CLERK-RECORDER	12/29/2014	Regular	50.00	48083
02372	Sacramento County Clerk	12/29/2014	Regular	26.00	48084

BOND Payment 2009 1,260,537.50 eft
 BOND Payment 2012 695,900.00 eft

Payroll 12/31/2014 492,539.89

TOTAL PAID **\$4,555,478.47**

REPORTED TO FINANCE COMMITTEE AS PAID AND PAYABLE 4,553,650.99

Credit Northtown Products Unused Credit 1,827.48

TOTAL PAID **\$4,555,478.47**

Regular Checks	1,552,188.41
EFT's	3,003,290.06
TOTAL PAID	\$4,555,478.47

Signature  Date 1-28-15

Signature  Date 1-28/15

STAFF REPORT

To: Board of Directors
From: Shauna Lorange, General Manager
Date: January 5, 2015
Subject: FOWD Request for Meeting

RECOMMENDED ACTION

Consider appointing two Board Members to meeting with FOWD Board Members Randy Marx and Dave Underwood.

BACKGROUND

FOWD General Manager Tom Gray contacted Director Walters and Director Rich regarding setting up 2x2 meetings between directors at FOWD and SJWD. The informal purpose of meetings between the directors from FOWD and SJWD is to share unfiltered information and to develop positive working relationships.

CURRENT STATUS

Director Walters requested the request to schedule meetings with FOWD be placed on the January 14 Board agenda for discussion and possible appointment of representatives. As the meeting would be to represent SJWD Board of Directors, the representatives on the committee should be appointed by the Board President.

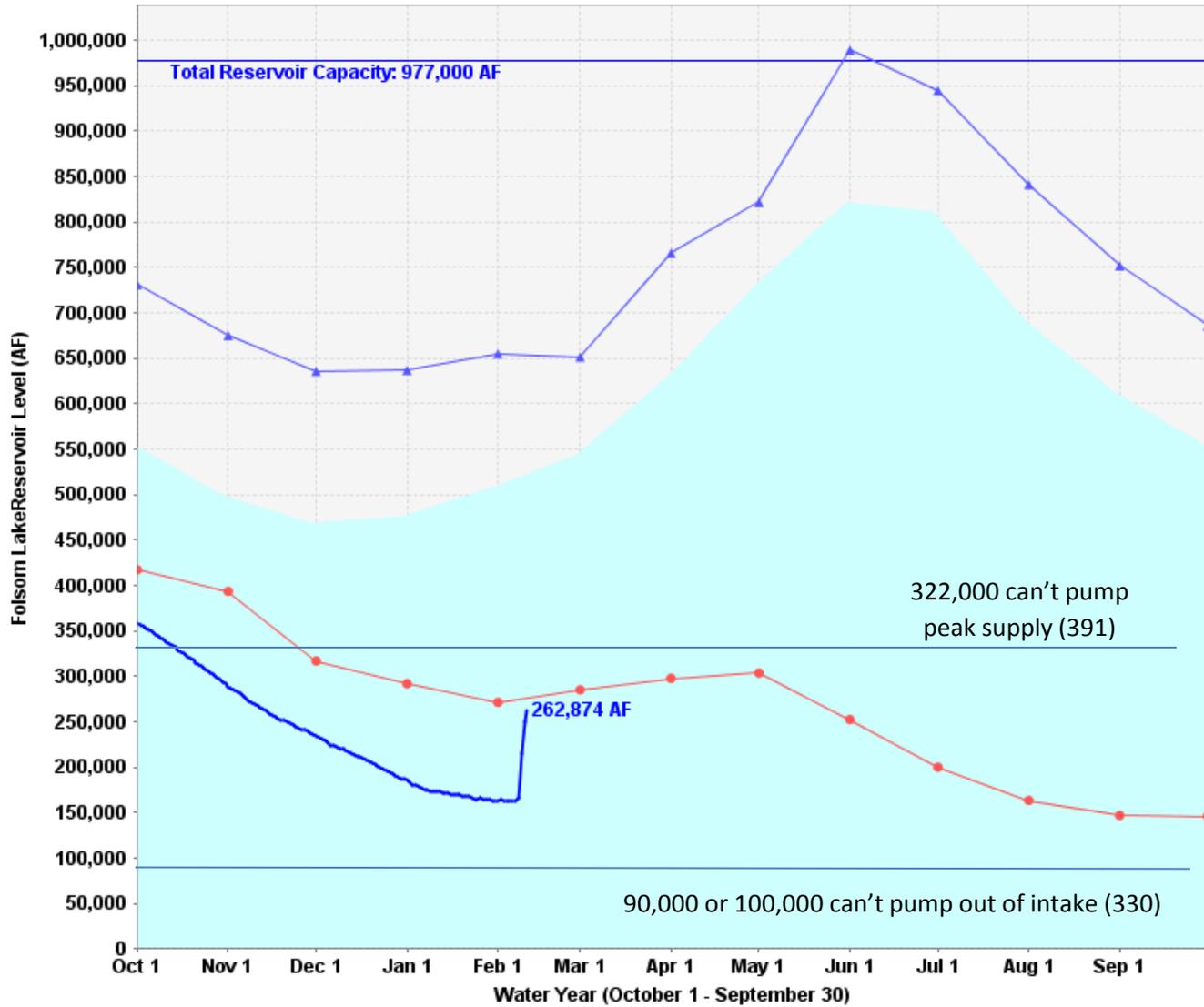
2014 in the Rearview Mirror

Shauna Lorance
General Manager
January 14, 2015

Start of 2014



Folsom Lake Storage Levels



■ Historical Average
 — Total Reservoir Capacity
 ● 1976-1977 (dry)
 ▲ 1982-1983 (wet)
 — 2013-2014(current)

Situation

- ▶ Folsom Lake Level
- ▶ Conservation Stage 4 or 5
- ▶ Tiered pricing, drought rates, even fines considered
- ▶ Requested GW pumping for CHWD and FOWD
- ▶ Evaluated interties with neighboring agencies

Drought (1 / 8 slides)

- ▶ Addressed drought with 4 pronged approach
 - Conservation
 - Physical and operational
 - Political
 - legal

Drought (2 / 8 slides)

Conservation

- ▶ Governor declared drought
- ▶ Requested 20% reduction in water usage
- ▶ SWRCB monitored 20% conservation
- ▶ SJWD retail conserved over 30%
- ▶ SJWD retail December reduction 46%
- ▶ Drought water rates
 - Developed
 - Adopted
 - Did not have to implement

Drought (3 / 8 slides)

Physical

- ▶ USBR Barge design
- ▶ Barton Road Intertie with PCWA
- ▶ SSWD Pump Back project
- ▶ Groundwater production by CHWD and FOWD

Drought (4 / 8 slides)

Physical and Operational

- ▶ Joint Board meeting with WCA–January 15
 - Planning for 15 mgd from Folsom
 - All water supplies equitably distributed
 - District goal –at least supply indoor water use
 - Assume full use of wells
 - Max use of interties
 - Identify feasible short–term improvements
 - New wells
 - New interties (perm/temp/emergency)
 - PRVs or PSVs
 - In line pump stations
 - Modification of system operations (pressure, distribution, etc)
 - Possible isolation of retail systems
 - Preparing for health and safety – if no rain very real possibility

Drought (5 / 8 slides)

Political

- ▶ Worked on ACWA drafting of recommended drought declaration
- ▶ Weekly conference calls with USBR operations
- ▶ Multiple trips to DC to conserve storage in Folsom
- ▶ SWRCB water usage and curtailment efforts
- ▶ Political push for SWRCB to loosen delta requirements
- ▶ Drought briefing panel at Crest Theater

Drought (6 / 8 slides)

Legal- discussed timing of:

- ▶ Term 14
- ▶ Area of origin
- ▶ USBR CVP shortage policy interpretation
- ▶ SWRCB stream flow and delta inflow requirements

Drought (7 / 8 slides)

- ▶ Water Forum dry year conference meetings
 - Conditions of American river and Folsom reservoir
 - Statistical info and probabilities of precipitation
 - USBR, resource agencies, ca dept of fish and wildlife, nmfs, environmental groups, business community and water agencies
 - Impacts to fisheries discussed
 - WF requested flows to drop from 1300 cfs to 500 cfs in river to conserve storage

Drought (8/8 slides)

Other items

- ▶ Prop 218 notices
- ▶ Public information meetings and public hearings
- ▶ Agricultural water supply
- ▶ Water Treatment Challenges
 - turbidity
 - temperature

FIVE-YEAR FINANCIAL PLAN

San Juan Water District is developing a five-year financial plan and rate study update. The study recommends restructuring the current residential rate structure to better meet required conservation rate structure requirements. In addition, the study recommends, and the board of directors is considering, an increase in revenue of 2% to continue to meet cost increases and fund necessary water supply reliability and other capital improvement projects.



The board is considering three possible rate structure alternatives which all include a 3% increase:

1. Maintaining the existing three-tier rate structure
2. Implementing a two-tier rate structure that eliminates the third tier reduction
3. Implementing a uniform volumetric water rate structure

The residential rates being considered for a 1-inch meter are shown in the table below.

San Juan evaluates each and every activity in the budgeting process. Every cost should be an efficient and effective use of ratepayer funds to accomplish San Juan's mission: to provide reliable, high-quality water to our customers – every day, year in and year out.

As part of the budgeting process:

- Significant efforts are made to successfully reduce operational costs.
- Alternatives are studied to limit construction costs and associated rate increases.

- We obtain state and federal grant funding, when possible, to offset costs to our customers.
- We ensure your water rates do not pay for expansion of facilities to meet the needs of new growth. Expansion of facilities is paid for by new development.

San Juan's board is evaluating the proposed FY14-15 retail budget and rate increase for 2015 to continue to meet cost increases and fund necessary projects. The Board of Directors is considering a rate increase of up to 3 percent overall and alternatives to our retail residential rate structure.

This matter is to keep you informed of the date for discussion of this potential change so you can provide comments if you so choose. Any increase adopted by the Board for 2015 will not exceed 3 percent but changes to the rate structure will affect everyone differently, depending on water use. We have posted a rate calculator on our website to help you determine how each proposed alternative will affect you.

The Board will conduct a public hearing on the proposed FY 2014-2015 retail budget (which may include a rate increase in 2015) on **November 12, 2014 at 7 p.m. at the Esavika Union School District Gymnasium, 5455 Esavika Road, Granite Bay.**

	2015 Proposed Alternative Rate Structures			
	Current (2014) Three Tier	Three Tier	Two Tier	Uniform
Daily Base Charge	\$1.20	\$1.24	\$1.24	\$1.08
Tier 1 (1-20 ccf)	\$0.46	\$0.47	\$0.44	\$0.80
Tier 2 (21-200 ccf)	\$0.77	\$0.79	\$0.75	\$0.80
Tier 3 (201+ ccf)	\$0.54	\$0.56	\$0.75	\$0.80

For more information, please visit www.sjwd.org or call (916) 791-0115.

Folsom Lake Reliability

- ▶ DC trips
 - drought
 - water supply issues
 - Folsom Reservoir management
 - Delta water quality issues
 - Water control manual
- ▶ WF carryover storage alternative to FMS
- ▶ COA discussions
- ▶ Statewide drive–Folsom Lake near and long term

Folsom Lake Reliability

- ▶ Army Corps of Engineers
 - Joint federal project and new spillway
 - Water control manual
- ▶ SWRCB tours
- ▶ Term 14
 - Joint defense agreements
- ▶ USBR shortage Plan

Increased Public Information

- ▶ Dryfolsomlake.com
- ▶ additional media effort and budget
- ▶ August 20 District open house
- ▶ Volunteer drought committee
- ▶ Sake of the lake week – City of Roseville and SJWD are Public Relations Society of America California Capital Chapter Influence Award winners for the Sake of the Lake Week effort.

**AT THE SAME TIME....
STILL RAN A WATER
DISTRICT**

Human Resources

- ▶ Organizational chart revised
- ▶ Complete turn over in Finance (payroll stable)
- ▶ WTP MOU
- ▶ Initiated Employee Policy Handbook review
- ▶ Initiated conversations on staffing levels

Human Resources

Compensation Study

- ▶ Discussed for years
- ▶ Policy to conduct every 3 yrs
- ▶ 2006–last total compensation study
- ▶ Run by personnel committee
- ▶ Selected Koff & Associates
- ▶ Definition of “total comp” morphed
- ▶ private comps – tough

Budget and Finance

Wholesale and Retail Five-Year Financial Plans and Rate Studies

- ▶ Proposition 218 notices and meetings
- ▶ Drought water rates
- ▶ Two meetings in spring and one in fall at Eureka
- ▶ Issued 150 day notice for realigned wholesale rate structure and capital charges
- ▶ Revised rate structures for retail

Budget and Finance

reduced revenue due to drought

- reduced expenses – if not absolutely necessary don't spend
 - delayed CIP projects where possible
 - Operating revenue since 2011 decreased 4%
 - Operating income decreased 10%
- (source for funding reserves)

Budget and Finance

- ▶ Financial: re-creation of financial department
 - New software
 - New chart of accounts
 - New processes
 - New personnel
 - More flexibility and update information!
- ▶ Retained PFM asset management LLC Group for investment advisory services
- ▶ Expanded audit scope and selection of auditor

Capital Improvements–retail

Under construction

- ▶ New Granite Bay pump station



Capital Improvements–retail

- ▶ Barton Road Intertie with PCWA



Capital Improvements–retail

- ▶ Auburn Folsom Pipeline



Capital Improvements–retail

Projects bidding in 2015

- ▶ Erwin Ave steel line replacement
 - ▶ Peerless Ave 12” – north main
 - ▶ Telegraph ave reconnect and creek xing
 - ▶ Oak ave & cardwell 12”
 - ▶ Douglas Blvd steel pipe replacement
-
- ▶ ARC Flash assessment

Capital Improvements–retail

- ▶ Security improvements – under design
- ▶ Kokila reservoir condition assessment – 2015



Capital Improvements–retail

- ▶ Pump and Motor R&R – internal project underway
- ▶ Commercial meter improvements
- ▶ Residential meter replacements
- ▶ Annual small distribution system improvements

Capital Improvements–wholesale

- ▶ Wholesale meter corrosion system and improvements



Capital Improvements–wholesale

- ▶ Clarifier tank corrosion – 11 month inspection



Capital Improvements–wholesale

- ▶ Hinkle reservoir internal cleaning – done



Capital Improvements–wholesale

- ▶ SSWD–SJWD pump back project – under construction
- ▶ FO–40 rehab/lining work planning and coordination with FOWD, OVWC in 2015
- ▶ Polymer system improvement
- ▶ Meter sites communication antenna improvements
- ▶ Rapid mix process improvements

Capital Improvements–wholesale

Design phase scheduled 2015

- ▶ New settled water channel improvement



Capital Improvements—wholesale

- ▶ Replace flocculators, modify basin



Capital Improvements–wholesale

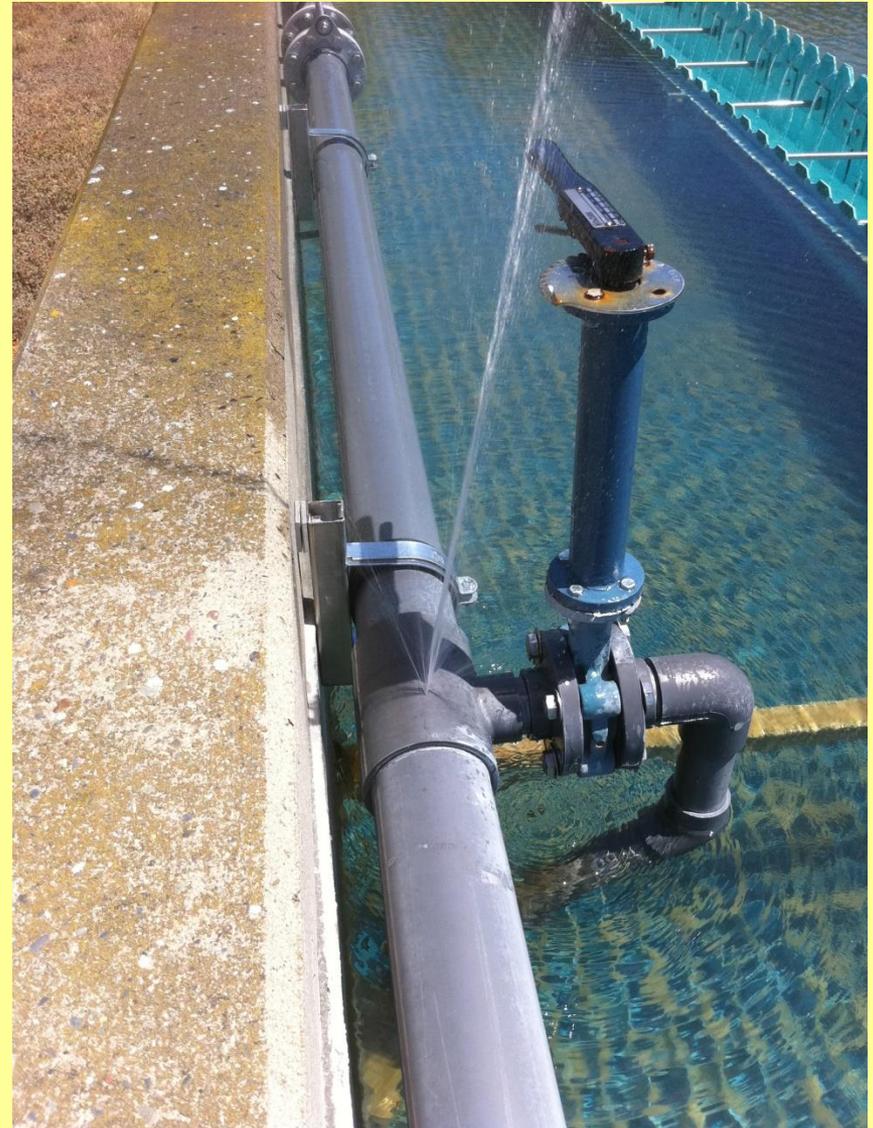
- ▶ Replace sludge collection system



Capital Improvements–wholesale

Completing in house

- ▶ Wash down piping improvements



Capital Improvements—wholesale

- ▶ Backwash hood pumps



Capital Improvements–wholesale

Out to bid in 2015

- ▶ Arc Flash Assessment
- ▶ Hinkle reservoir overflow apron drains
- ▶ Security improvements
- ▶ Fencing and gate east side Hinkle



External Activities / Affairs

ACWA

- ▶ Reappointed to chair ACWA personnel and benefits chair
- ▶ Appointed to chair ACWA Business Development committee
- ▶ ACWA board of Directors
- ▶ Asked to participate on statewide ACWA storage workgroup

External Activities / Affairs

SRWA

- ▶ Contract with Soyla Fernandez –
7 partner agencies
- ▶ Under SJWD management
- ▶ Water Policy statement and framework on
Delta
- ▶ General Legislation
- ▶ Groundwater legislation
- ▶ Water bond (SJWD support position)
- ▶ Transition to RWA

External Activities / Affairs

R3 – Federal Advocacy

- ▶ Contract with Ferguson Group
 - Roseville
 - Folsom
 - SJWD
- ▶ Statements of Policy
- ▶ Multiple DC trips
- ▶ Cap to
- ▶ General Legislation – Water rights preservation
- ▶ Drought legislation
- ▶ USBR meetings/Foslom operations
- ▶ Coordinating message with PCWA – not always easy

External Activities / Affairs

BDCP

- ▶ Workgroup at ACWA
- ▶ Meetings with AR diverters, sac region, sac valley diverters, friant, CCWD and EBMUD and multiple joint defense agreements
- ▶ MBK Engineers modeling
- ▶ Comments

External Activities / Affairs

- ▶ State Water Resources Control Board (SWRCB) Drought Urgency Order for 2014 Operations of Central Valley Project (CVP) and State Water Project (SWP)
- ▶ SWRCB Bay-Delta Water Quality Control Plan Update
- ▶ Reclamation CVP and Folsom Reservoir Operations
- ▶ American River Flow Management Standard/Water Forum

External Activities / Affairs

- ▶ Alternate on NWRA board of directors
- ▶ NSWA branding and set of principles and legislative platform
- ▶ RWA board approved two interactive exhibits at the Powerhouse Science Center that we are participating in
- ▶ FOWD issues
- ▶ Presidents' advisory board for Cal State water resources degree

External Activities / Affairs

SSWD / SJWD Merger

- ▶ 2x2 ad hoc water management committee
- ▶ Joint board meetings
- ▶ Phase 1 completion
- ▶ SJWD unanimous to go to phase 2A
- ▶ Phase 2A almost complete – hiring of John O’Farrell, MMS
- ▶ Initiating customer phone survey

Miscellaneous Items

- ▶ Regulation increases
- ▶ personal protective equipment (steel toed shoes, hearing protection, etc.)
- ▶ Transition to wholesale customer agencies from family agencies
- ▶ Groundwater pumping reimbursements

2014 Board Workshops

- ▶ Pump back project w/SSWD
- ▶ Backstop water management and shortage supplies plan
- ▶ BDCP
- ▶ Water bond
- ▶ Folsom Operations
- ▶ COTP
- ▶ Financial Plans
- ▶ Wholesale and retail reserves

Upcoming Discussions for 2015

- ▶ Federal Drought Bill
- ▶ Human Resources Plan
- ▶ Water Supply Strategy
- ▶ Storage Discussions
- ▶ Folsom Reservoir Operations–water supply
- ▶ Merger
- ▶ Retail rate structure

STAFF REPORT

To: Board of Directors
From: Shauna Lorange, General Manager
Date: January 5, 2015
Subject: Washington DC

RECOMMENDED ACTION

There is not any requested action; this item is being provided for information only.

BACKGROUND

The Cities of Folsom and Roseville and SJWD participate in a joint effort for federal lobbying with the Ferguson Group. This effort is routinely abbreviated as R3.

The R3 agencies have routinely scheduled meetings with Congressional representatives and their staff in Washington DC, as well as federal administrative staff, to provide updates on issues affecting Folsom Reservoir and USBR activities. The first trip is generally attended by agency staff and the meetings are normally with congressional staff. These meetings are to provide the more technical and detailed information. Another trip in March/April is usually scheduled with the congressional members and this trip is attended by staff and select agency elected officials.

CURRENT STATUS

The first Washington DC meetings will be held on February 3 and 4, 2015. Keith Durkin and I alternate attendance on these trips. I will be the staff person attending this trip.

STAFF REPORT

To: Board of Directors
From: Keith Durkin, Assistant General Manager
Date: January 7, 2015
Subject: 257 Cascade Falls Drive – Easement Encroachment Request

RECOMMENDED ACTION

Staff recommends the Board consider a motion to approve an easement encroachment request for 257 Cascade Falls Drive and direct staff to execute the necessary agreement with the property owner.

BACKGROUND

San Juan Water District (District) has an existing pipeline within an easement located outside of the property owner's parcel at 257 Cascade Falls Drive. The District also has a contiguous easement located within the owner's parcel. The property owner desires to build improvements within their parcel, and therefore is requesting an encroachment into the District's easement area within their parcel. Attached are photographs and figures depicting the easement and proposed property improvements.

STATUS AND JUSTIFICATION

Staff has reviewed the requested easement encroachment and has considered the extent of the improvements and the potential impact on the District's ability to operate, maintain, repair, or replace the affected pipeline. Staff has concluded that the owner's requested encroachment will not have a detrimental effect on the District's short-term or long-term requirements to operate, maintain, repair, or replace the pipeline.

BUDGET IMPACT

No impact.

**257 CASCADE FALLS DRIVE
FACILITIES DELINEATION AND EASEMENT ENCROACHMENT SUMMARY**

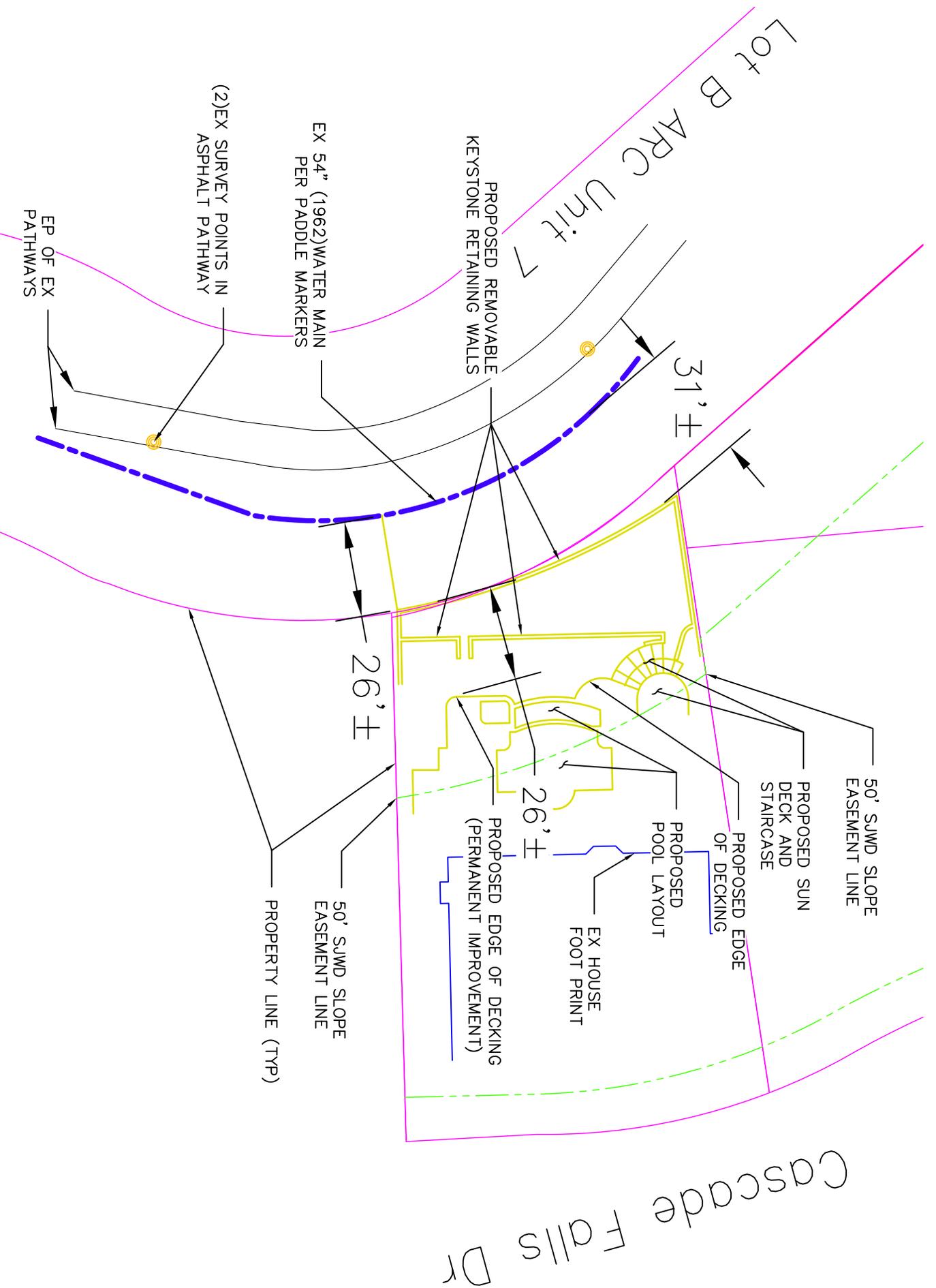
FIGURE 1 – PIPELINE AND PROPERTY LINE RELATIVE LOCATIONS – LOOKING SE



FIGURE 2 – PIPELINE AND PROPERTY LINE RELATIVE LOCATIONS – LOOKING NE



LAYOUT WITH PROPOSED CONSTRUCTION





Directors

Edward J. "Ted" Costa

Kenneth H. Miller

Dan Rich

Pamela Tobin

Bob Walters

General Manager

Shauna Lorange

January 6, 2015

Mr. Robert A. Churchill, General Manager
Citrus Heights Water District
6230 Sylvan Road
Citrus Heights, California 95611

Subject: Antelope Pump-Back Booster Pump Station

Dear Bob:

This letter provides a response to your letter dated December 1, 2014 regarding the Antelope Pump-Back Booster Pump Station Project (Project). We appreciate the time and effort you took to clearly state your questions and comments regarding our October 29, 2014 Report on the Project in writing. We also appreciate your patience waiting for a response until after the holidays. For ease of understanding, each of your questions (Q) or comments (C) is briefly re-stated in italics below in the order presented in your letter, with our response (R) directly following. A copy of your letter is also attached for reference.

Q: While planned outages are predictable and the frequency and duration of emergencies are vastly unknown, what is the prediction or criteria that would trigger the operation of the Project and resultant operation of other facilities such as wells or pipelines?

R: It is anticipated that the Project would be utilized, along with CHWD and FOWD groundwater wells, agency interties, extraordinary conservation efforts, and potential other actions, whenever normal water supplies are not available to meet demands. The duration and severity of any given event will dictate the order and operations criteria for each action. As we have done in the past, operations will be accomplished in an extremely coordinated manner between the agencies to optimize resources, minimize extra costs, and maintain acceptable customer service levels.

C: "Target demands" should be allocated between the agencies based on a gallons per capita per day (health and safety) approach to provide more equity.

R: We agree that if our water supply was cut to a "health and safety level" (currently defined by USBR as 55 gallons per person per day or a total of approximately 8.8 MGD for the entire SJWD wholesale service area not counting commercial use or system losses) it would be appropriate to allocate the limited supplies to each agency on per

Mr. Robert A. Churchill, General Manager
Citrus Heights Water District
January 6, 2015
Page 2

person health and safety basis. However, the approach used to identify water supply needs during dry year and emergency conditions, and to develop plans to meet those needs, is not based on a health and safety level supply approach, or what you call “target demands”. It is based on providing a minimum acceptable level of service in a consistent, fair, and equitable manner to all customers. While there may be differences of opinion on what the “minimum” acceptable level of service is, we based it on being able to supply the typical fall, winter, and early spring demand level to all customers through the entire year. This level of service would meet all normal indoor water uses without the severe cutbacks associated with delivering only health and safety levels of water supply, and this service level also provides supply for some outdoor uses as is typical in fall through spring months. Managing conservation efforts to this supply level will be challenging, but not as challenging as managing to health and safety levels.

As identified in my October 29th report, we determined that a 25 MGD water supply would meet the historical combined agency water demands during the months of November through April. This supply would be allocated on the same basis on which it was determined; typical usage by each agency during the months of November through April. This automatically takes into account the differences between the agencies in terms of residential and commercial makeup, multifamily dwelling units, lot size factors, etc. Every customer would have access to the typical amount of water they use fall through spring. However, customers with larger parcels and higher outdoor irrigation demands, such as in the SJWD-R service area, would be harder hit during the months of May through October.

The “minimum acceptable level of service” approach is a reasonable approach to delivering available water supplies during shortage conditions and will be the basis for determining benefits and allocations for the Antelope Pump-Back Booster Pump Station Project.

C: Water deliveries from the Antelope Pump-Back Booster Pump Station through the CP and CTP are harmful to the interests and investments of CHWD because they interfere with CHWD’s use of the CTP pipeline.

R: The evaluation presented in the October 29th report focused on the “bookend” scenario of no surface water availability from Folsom Reservoir. This scenario illustrates the extent to which those agencies without access to other water supplies would depend on the Project, and therefore what their greatest benefit and cost allocation in the Project should be. Under this scenario there would be no surface water available from the SJWD water treatment plant to deliver west through the CTP to those agencies normally receiving water through the pipeline. Therefore there is no “harm” with the connections along the CTP being closed. The reverse flow in the CTP can utilize SSWD’s capacity in the CTP either directly or through assignment to SJWD under the terms of the CTP Agreement.

Mr. Robert A. Churchill, General Manager
Citrus Heights Water District
January 6, 2015
Page 3

Under most surface water shortage conditions there will be some supply available from Folsom Reservoir. We are completing engineering evaluations including hydraulic analyses to determine the best way to operate the transmission system when some surface water is available in combination with groundwater supplied through the Project and wells within the CHWD and FOWD service area. Our evaluations identified the requirement for control valves at various locations in the transmission system (the CTP, FO-40, and CHWD 42-inch transmission pipelines). As you know, we have had several meetings with operations staff of all wholesale customer agencies to provide information on the proposed operation of the system and receive input from each agency. We will continue to work closely with the agencies as we refine our work and develop operating procedures for the system under various surface water and groundwater supply scenarios. We anticipate that field testing of the operating procedures will be recommended.

C: Several water delivery questions come to mind when considering operation of the Project. Hydraulic analyses are recommended for several scenarios.

R: See response to previous comment above. We appreciate your input and will consider your recommended scenarios in our analysis. We also encourage the wholesale customer agencies, including CHWD, to complete their own evaluations to determine if improvements within their service areas could improve or optimize the production capabilities of their groundwater facilities or interties.

Q: What is the cost allocation methodology for the control valves?

R: The control valves are required by SJWD-W to operate the transmission system under various water supply conditions. The capital and O&M costs will be paid for by SJWD-W.

C: Water shortage planning – If the Project comes to fruition, does the SJWD Water Shortage Management Plan need to be amended or cancelled?

R: We agree the shortage plan needs to be reviewed by all parties to see if it needs to be modified (amended) or cancelled and/or replaced. We will place this on an agenda for a future General Manager's meeting.

Q: Bids for constructing the Project came in higher than initially budgeted. Is the Project still viable? Does this change the schedule or funding available for the Project?

R: Bids for the project came in approximately \$700,000 higher than anticipated. SSJWD and SSWD amended the Project MOU between the agencies to cover the additional cost. The project is still extremely viable. The total project cost is less than \$4 million and will provide a capacity of approximately 14.3 MGD of groundwater; less

Mr. Robert A. Churchill, General Manager
Citrus Heights Water District
January 6, 2015
Page 4

than \$280,000 of capital cost per MGD. The Project schedule and funding remain unchanged.

C: Depending on the pricing arrangement, expanding the Project to include CHWD could be a less-costly alternative than CHWD's construction of additional wells.

R: We agree that exploring options to expand the Project might be beneficial to SJWD wholesale customer agencies and we will be looking at those opportunities with SSWD in the future. Although the cost/benefit ratio for expanded capacity will likely not be as attractive as the initial Project because the capital cost of additional wells to provide additional capacity will need to be factored into the equation, there could be significant operations and maintenance benefits. We will include the SJWD wholesale customer agencies in future discussion about the Project as appropriate.

Again, thank you for providing comments and questions regarding the Project. Please contact me if you have any questions about these responses, or if you have any additional comments or questions.

Sincerely,



Keith Durkin
Assistant General Manager

cc: Shauna Lorance, General Manager, San Juan Water District
San Juan Water District Board of Directors
Sharon Wilcox, General Manager, Orange Vale Water Company
Tom Gray, General Manager, Fair Oaks Water District
Fair Oaks Water District Board of Directors
Marcus Yasutake, Environmental and Water Resources Director, City of Folsom
Rob Roscoe, General Manager, Sacramento Suburban Water District



December 1, 2014

Ms. Shauna Lorance, General Manager
 San Juan Water District
 P.O. Box 2157
 Granite Bay, CA 95746

Re: Antelope Pump-Back Booster Pump Station Project

Dear Shauna:

It is my understanding that use of the proposed Antelope Pump-Back Booster Pump Station Project (the "Project") to provide Sacramento Suburban Water District (SSWD) groundwater supplies to San Juan Water District Wholesale ("SJWD-W") will occur during dry years, planned outages of the United States Bureau of Reclamation ("USBR") or San Juan Water District Wholesale (SJWD-W) Water Treatment Plant facilities, or emergencies when surface water supplies from Folsom Reservoir to SJWD-W are reduced or interrupted.

I have questions and concerns related to the assignment of capacity, use of facilities and the operation of the Project and equity between the retail customers served by SJWD-W; those customers being Citrus Heights Water District (CHWD), Fair Oaks Water District (FOWD), San Juan Water District Retail in Sacramento and Placer Counties (SJWD-R), Orange Vale Water Company (OVWC) and the City of Folsom – Ashland Area (FOL). While planned outages are predictable and the frequency and duration of emergencies are vastly unknown, what is the prediction or criteria that would trigger the operation of the Project and resultant operation of other facilities such as wells and pipelines?

EQUITY:

As identified in the SSWD/SJWD Pump Back Project Report dated October 29, 2014, a water supply target of 25 MGD is estimated to provide the minimum level of acceptable service for the SJWD wholesale service area, which is slightly higher than the 2012 winter and late fall wholesale area daily demand. CHWD's comments and edits to said Report accompany this letter.

Allocation of those target demands is proposed as follows:

<u>Agency</u>	<u>Target</u>
SJWD-R	7 MGD
FOL	1 MGD
CHWD	8 MGD
FOWD	6 MGD
OVWC	3 MGD
Assumed Health and Safety Demand	25.0 MGD

6230 Sylvan Road
 P.O. Box 286
 Citrus Heights
 California
 95611-0286

phone
 916/ 725-6873
 fax
 916/ 725-0345
 website
 www.chwd.org

Board of Directors
 Allen B. Dains
 Joseph M. Dion
 Caryl F. Sheehan

General Manager/
 Secretary
 Robert A. Churchill

Assistant General
 Manager/Treasurer
 Darlene J. Gillum

Customer Service
 Administrator
 Assessor/Collector
 Susan K. Sohal

CHWD confirms that its winter and late fall demands for 2012 and in aggregate for the period of 2009-2013 were 7.22 and 7.80 MGD, respectively.

However, when equating these target demands with the population in each agency (source: SJWD/SSWD Phase 2A Draft Study dated November 14, 2014, page 63 of 91) there is a significant level of disparity in the level of service in gallons per person per day (GPCD) proposed to be provided as follows:

<u>Agency</u>	<u>Population</u>	<u>Target</u>	<u>GPCD</u>
SJWD-R	32,086	7 MGD	218
FOL	38,449	1 MGD	244
CHWD	67,333	8 MGD	119
FOWD	38,449	6 MGD	156
OVWC	18,154	3 MGD	165
	160,122		
Assumed Health and Safety Demand		25.0 MGD	156

During times of dry years, planned outages of the USBR or SJWD-W Water Treatment Plant facilities, or emergencies when surface water supplies from Folsom Reservoir to SJWD-W are reduced, times in which indoor consumptive use will be the primary focus and outdoor watering is discouraged or prohibited, utilizing data that is not reflective of personal needs is not appropriate. Such conditions are likely to apply to Water Emergency (Stage 4) or Water Crisis (Stage 5) of our water conservation plans and most certainly to a water supply limitation of 65 GPCD that has been discussed regionally and by the USBR as its minimum water allocation to protect Health and Safety.

As such, it is Citrus Heights Water District's conclusion that the target demands for the Project need to be revised as follows:

<u>Agency</u>	<u>Target</u>	<u>GPCD</u>
SJWD-R	5.0 MGD	156
FOL	0.6 MGD	156
CHWD	10.5 MGD	156
FOWD	6.0 MGD	156
OVWC	2.9 MGD	156
Assumed Health and Safety Demand	25.0 MGD	156

WATER DELIVERIES:

It is my understanding that the Project as proposed will reverse the flow of water in SSWD's 48-inch Conveyance Pipeline (CP) and the SJWD Cooperative Transmission Pipeline (CTP) to allow for the new Antelope Pump-Back Booster Pump Station to pump groundwater to the SJWD-W Hinkle Reservoir for distribution to SJWD-R, OVWC, FOL, CHWD and FOWD. To do so, all water delivery connections off of the CP and the CTP will need to be turned off to enable SSWD groundwater to be delivered directly to Hinkle Reservoir.

SSWD Conveyance Pipeline Element:

CHWD invested in three connections to the SSWD CP during construction by SSWD's predecessor agency, Northridge Water District. These connections are as follows:

- A 12-inch by 6-inch metered connection with pressure sustaining station to augment fire protection and to provide a redundant delivery source to CHWD at Van Maren Lane and Navion Drive. This connection is typically 'on'.
- A 24-inch outlet for future connection to the CHWD water transmission system at Antelope Road and Lauppe Lane. Piping from this outlet was extended southerly across Antelope Road in conjunction with the City of Citrus Heights' recent roadway improvements. There is presently no connection to the CHWD system. Metering and a pressure control station will be needed at the time of future connection and deliveries.
- An 18-inch metered connection on Antelope Road east of Mariposa Avenue. This connection is typically 'off'.

SJWD Cooperative Transmission Pipeline Element:

CHWD invested over \$5,000,000 for Capacity Entitlements in the SJWD CTP to provide much-needed reliability and operational flexibility for receiving surface water deliveries from SJWD-W. The CTP now operates in parallel with CHWD's 42-inch Transmission Pipeline that was constructed in 1958.

Operation of the CTP in a reverse method at any time negates CHWD's investment and its ability to use its Capacity Entitlements for the benefit of its ratepayers. Furthermore, SJWD does not have any Capacity Entitlements as enumerated in the CTP Ownership, Utilization, Operation and Maintenance Agreement (the "CTP Agreement") in the southernmost CTP segment on Santa Juanita Avenue (see Exhibit C-8) nor in any of the ten CTP segments on Oak Avenue (see Exhibits C-9, C-11, C-14, C-15, C-17, C-18, C-19, C-21, C-22 and C-23). The Capacity Entitlements of other agencies would be similarly negated, especially CTP deliveries along Oak and Filbert Avenues to OVWC and FOWD and along Main Avenue to OVWC.

Subsection B – Capacity Entitlement of Section 3 – Capacity Provisions (attached) of the CTP Agreement includes the provision that "No Participant shall use a share of the available capacity in a pipeline segment that is greater than the share that Participant is entitled to as set forth in Exhibit C if that use would diminish, impair, restrict or otherwise adversely impact the operation of the (CTP) Project or the use of capacity to which another Participant is entitled."

Enclosed is a Schematic Diagram of the Cooperative Transmission Pipeline Project for reference. My review of this schematic indicates that the following diversion points will need to be closed to facilitate the proposed operation of the Project:

Node 27 – 24-inch delivery point to CHWD at C-Bar-C Park
Node 25 – 18-inch delivery point to CHWD at Hazel Avenue
Node 24 – 8-inch delivery point to CHWD at Filbert Avenue
Node 20 – 48-inch turnout at Filbert Avenue for deliveries to OVWC and FOWD
Node 18 – 30-inch turnout at Main Avenue for delivery to OVWC
Node 17 – 72-inch valve to east to isolate CTP Pipeline Segment 9 from the CTP
Node 16 – 18-inch delivery point to SJWD-R at Santa Juanita Avenue
Node 12 – 42-inch connection to SJWD-R Bacon Pump Station

With these valves closed, water deliveries to the retail customer agencies will be rerouted from Hinkle Reservoir through the water transmission facilities in place prior construction of the CTP, to include utilization of SJWD's Fair Oaks 40-inch Transmission Pipeline and CHWD's 42-inch Transmission Pipeline.

Several other water delivery questions come to the forefront when considering operation of the proposed Project.

- Under pump-back conditions, does SJWD-W expect to deliver a water supply to SJWD-R through the CHWD 42-inch Transmission Pipeline at Granite Avenue (Node not shown on the Schematic Diagram) and to SJWD-R and OVWC at Hazel Avenue (Node 10). Will control valves be required at these locations? An Agreement needs to be developed for SJWD-W utilization of CHWD's 42-inch Transmission Pipeline to serve SJWD-R and OVWC.
- Under pump-back conditions, assuming that all deliveries are routed through Hinkle Reservoir, is there enough capacity in the remaining connection(s) to provide 2.9 MGD to OVWC, both with and without the aforementioned Hazel Avenue connection being in service.

As such, it is Citrus Heights Water District's conclusion that water deliveries by reversing the operation of the SJWD Cooperative Transmission Pipeline (CTP) to allow for the proposed Antelope Pump-Back Booster Pump Station to pump groundwater to the SJWD-W Hinkle Reservoir for distribution is not consistent with the intent of or provisions of the CTP Ownership, Utilization, Operation and Maintenance Agreement and thereby harmful to the interests and investment of CHWD and cannot be undertaken without approval and amendments to the CTP Agreement.

HYDRAULIC ANALYSIS:

As considered in the SSWD/SJWD Pump Back Project Report dated October 29, 2014 under the section on Operational Considerations, pressure sustaining/pressure reducing control stations on the CHWD 42-inch Transmission Pipeline and on SJWD's Fair Oaks 40-inch Transmission Pipeline are currently under design.

From CHWD's perspective, with the SSWD CP and SJWD CTP traversing the entire CHWD service area from east to west, further analyses are recommended for the following scenarios:

- A single control valve at CHWD's 42-inch connection to SJWD-W at Cascade Falls Drive plus control valves at SJWD-W connections to the CHWD 42-inch Transmission Pipeline at Granite Avenue and at Hazel Avenue.
- A control valve along the CHWD 42-inch Transmission Pipeline along with internal control valves on other CHWD transmission/distribution pipelines along a topographic elevation rather than at pipeline or political boundaries to maximize the production capabilities of CHWD's groundwater facilities. This scenario would enable some portions of CHWD to receive surface water and or pump-back water under certain conditions with the remainder of CHWD being served with CHWD-produced groundwater.
- A series of control valves at selected or all CHWD connections to the SSWD CP and SJWD CTP.
- A combination of the above.

What is the cost allocation methodology proposed for design, construction, operation and maintenance of the control valves?

LONG TERM WATER SUPPLY AND DELIVERY PLANNING:

Citrus Heights Water District has been and will continue to provide facilities and water supplies to meet its mission first and foremost to "furnish a dependable supply of safe, quality water delivered in an efficient, responsive and affordable manner".

The District also "commits to collaborate with other agencies in support of regional endeavors of mutual interest and benefit".

To meet this mission and commitment and to communicate with SJWD-W as CHWD's supplier of surface water from the American River, I'm providing the following information such that we can continue to work together in a collaborative manner:

Groundwater Facilities:

- CHWD's Skycrest Well (No. 6) is expected to be on line in September 2015. Production is estimated to be 3.2 MGD. Bids for equipping the site (pump, motor, controls, building, site work) will be presented to the CHWD Board of Directors on January 13, 2015.
- CHWD's 10-year Capital Improvement Plan anticipates completion of Well No. 7 in 2018 and Well No. 8 in 2022 at an estimated cost in 2014 dollars of \$3,015,000 each.

Water Transmission Facilities:

- As noted in the discussion above, with regard to the SSWD Conveyance Pipeline Element, CHWD has a 24-inch outlet and pipeline extension at Antelope Road and Lauppe Lane. CHWD has been methodically adding 24-inch transmission main segments to its internal transmission main system to create a loop from C-Bar-C Park on Oak Avenue south to Greenback Lane, westerly along Greenback Lane to San Juan High School, and north to Antelope Road. Only two segments of this loop remain to be completed: westerly across the back of San Juan High School in 2015 and northerly from Auburn Blvd near Citrus Heights Costco along Carriage Drive and Lauppe Lane to Antelope Road in 2023.

This transmission main loop was envisioned coming out of the ARBCA plan in the mid-1990's to potentially receive surface water from the Sacramento River. This is one of the reasons that CHWD became party to the recent machination of the Sacramento River Water Reliability Study that SJWD-W may soon be a party to also. In addition to other water treatment and pump station facilities needed for the region, including CHWD, to someday receive water from the Sacramento River, a booster pump station at SSWD's Antelope facility will be an integral part.

We are appreciative of your recognition and consideration of CHWD's prior and ongoing planning efforts with respect to any planned SSWD/SJWD collaborative operation of the SSWD CP and welcome the opportunity to be a party to further discussion and agreements.

Water Shortage Planning:

- As you or SJWD staff will recall, the initial parties to a SSWD Booster Pump Station Project were SSWD and CHWD with the Regional Water Authority seeking support for a grant application. To facilitate participation in studying the Project, CHWD had budgeted \$250,000.

Consistent with the SJWD Family Water Shortage Management Plan, CHWD would use its wells and potentially receive supplemental groundwater through the SSWD CP thereby further reducing its need for surface water during critically dry years or in an emergency. In so doing, this would allow others to receive more Folsom Reservoir surface water from SJWD-W while reimbursing CHWD consistent with said Water Shortage Management Plan.

The recent drought and water supply shortage situation has prompted SJWD-W to consider options for scenarios where there is no water in Folsom Reservoir with the Pump-Back Project being the alternative now considered for additional water supplies for the SJWD Family.

- If the Antelope Pump-Back Booster Pump Station Project comes to fruition, does the SJWD Family Water Shortage Management Plan need to be amended or cancelled?

FINANCIAL CONSIDERATIONS:

I heard recently that the cost for constructing the Antelope Pump-Back Booster Pump Station Project was higher than initially budgeted and also that the Memorandum of Understanding for the Project was not yet approved by SSWD. Is the Project still viable? Does this change the schedule or the funding available for the Project?

At the November 5, 2014 SJWD Wholesale Budget Board Workshop, it was mentioned by SJWD Assistant General Manager Keith Durkin in response to a Director's question, that the cost of pump-back water from SSWD was less than other supplies (interpreted by me as being less than CHWD and FOWD costs).

I would be very receptive to receiving information regarding SSWD's price to SJWD-W to produce, treat and deliver groundwater water through its facilities to the C-Bar-C terminus of the CTP. Depending upon the pricing arrangement, expanding the Antelope Pump Back Booster Pump Station Project to include CHWD could be a less-costly alternative than CHWD's construction of additional wells.

Thank you for your consideration of these questions and concerns. A written response by December 31, 2014 is appreciated.

Sincerely,



Robert A. Churchill
General Manager

cc: Citrus Heights Water District Board of Directors
Judith K. Albietz, Legal Counsel
Sharon Wilcox, General Manager: Orange Vale Water Company
Marcus Yasutake, Environmental and Water Resources Director:
City of Folsom
Tom Gray, General Manager: Fair Oaks Water District
Rob Roscoe, General Manager: Sacramento Suburban Water District

SAN JUAN WATER DISTRICT DIRECTOR COMMITTEE ASSIGNMENTS 2015

INTERNAL COMMITTEE ASSIGNMENTS

<u>Committee</u>	<u>Chair</u>	<u>Member</u>	<u>Alternate</u>
Engineering	Dan Rich	Ken Miller	Pam Tobin
Finance	Ted Costa	Ken Miller	Pam Tobin
Legal Affairs	Bob Walters	Ted Costa	Ken Miller
Personnel	Pam Tobin	Bob Walters	Ted Costa
Public Information	Ken Miller	Pam Tobin	Bob Walters
Water Supply & Reliability	Bob Walters	Dan Rich	Ted Costa

EXTERNAL COMMITTEE ASSIGNMENTS

<u>Committee</u>	<u>Assignment</u>	<u>Alternate</u>
ACWA Energy Committee	Ted Costa	
ACWA Federal Government	Pam Tobin	
ACWA JPIA	Bob Walters	Ken Miller
ACWA Local Government	Pam Tobin	
ACWA Region 4	Pam Tobin	
CVP Water Users Assn.	Ted Costa	
RWA	Pam Tobin/ Shauna Lorange	Bob Walters
SGA	Pam Tobin	Ted Costa
2x2 Water Management Ad Hoc	Ted Costa/Bob Walters	Pam Tobin/Dan Rich
SSWD Board Meetings	Dan Rich	
Ad Hoc Executive Committee		