

# **SAN JUAN WATER DISTRICT**

Board of Director's Meeting Minutes

October 28, 2015 – 7:00 p.m.

## **BOARD OF DIRECTORS**

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

## **SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF**

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

## **OTHER ATTENDEES**

26 members of the public

10 SJWD employees

## **AGENDA ITEMS**

- I. Public Forum**
- II. Proposition 218 Hearing**
- III. Consent Calendar**
- 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.

### **I. PUBLIC FORUM**

There were no public comments.

### **II. PROPOSITION 218 HEARING**

#### **1. Proposed FY2015-16 Retail Budget and Potential Water Rate Increase**

**President Costa opened the Proposition 218 Hearing at 7:03 p.m.**

The Proposition 218 Hearing was properly noticed to all retail property owners as required by law. There were 60 written comments of protest and a few comments of support received prior to the meeting. Copies of the letters and any received during the meeting will be attached to the original meeting minutes.

President Costa informed the public that a presentation will be conducted then the floor will be opened for public comments. A copy of the presentation will be attached to the meeting minutes.

Ms. Lorance provided an overview of SJWD explaining that SJWD is legally one entity which operates as a wholesale provider and retail provider. The wholesale side sells water to retail agencies which includes Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, Folsom (north of the American River), and SJWD Retail. She explained that staff is assigned as wholesale or retail and sometimes a portion to each. She provided the example that 90% of her salary is paid by SJWD Wholesale and 10% by SJWD Retail.

Ms. Lorance explained the requirements for Prop. 218, which includes that a public hearing be scheduled and noticed by a mailing to all property owners of all parcels served by SJWD Retail. In addition, Prop. 218 requires that the maximum proposed potential rate increase be included in the mailer and that any protests be submitted in writing to the District. She explained that in order to suppress any rate increase, the District must receive protests from a majority of property owners; however, the Board will take all protests into consideration prior to adopting any rate increase. Therefore, Ms. Lorance informed the public that the Board will not be taking any action on a rate increase at this meeting, and will be considering it at the November 18<sup>th</sup> Board meeting.

Ms. Lorance reviewed the annual goals for the District. She explained that the top three activities at the District are Drought Response, Financial and Operational Transparency, and Reliable Water Supply.

Ms. Silva reviewed the retail consumption for the last several years, the preliminary FY 2014-15 financial results, preliminary reserve review, budget assumptions, draft FY 2015-16 budget, and retail rate increase impacts. She explained that the FY2014-15 results are preliminary and she expects the actual *Net Revenue Available for Distribution* to be lower. In addition, she explained that the *Connection Fees* revenue was about \$1.5 million less than expected due to a development project that did not materialize which was anticipated to generate 150 new connections.

Ms. Silva reviewed the District Reserve balance and budget assumptions. At this time, the draft FY 2015-16 retail budget assumes a 19% rate increase. She provided the draft FY 2015-16 retail budget, which shows the *Total Revenues* are projected to increase by 7%, while the *Total Expenses* are projected to increase by 10%. This will account for the *Net Available for Distribution* to be approximately \$400,500.

Mr. Durkin reviewed the Capital Improvement Program and explained that \$5.4 million has been slated in the FY 2015-16 retail budget for the program. He

explained that many projects have been deferred and staff has been diligent in providing a recommendation of the necessary projects for FY2015-16. He reviewed the District's capital facilities and assets, which includes over 200 miles of pipeline; 9 pump stations; storage tanks and reservoirs totaling 6 MG in storage; valves, hydrants, meters, PSV/PRVs, and appurtenances; and fleet, buildings and grounds. Replacement of all of these facilities and assets would cost the District approximately \$503 million in order to provide customers with a reliable water supply. He explained that spending approximately 1% of the value of the District's infrastructure each year is considered prudent planning.

Mr. Durkin explained that capital improvements, rehabilitations, and replacements are identified through master planning with projects being prioritized and scheduled through financial planning under the CIP. The CIP was reviewed in detail under the 2005 Master Plan followed by the 2006 Financial Plan with a recommendation at that time of \$46 million for the CIP through 2016 (10 years). He explained that approximately \$31 million in projects remains to be completed due to deferment of projects. Mr. Durkin reported that there is a potential to defer \$2.1 million from the CIP for FY 2015-16, but staff does not recommend deferring the projects. Ms. Silva explained that if the recommended CIP is in the budget then that would reduce reserves to approximately \$6 million.

Ms. Silva explained that lower consumption, which has been State mandated, has resulted in a significant revenue loss. However, lower consumption or lower water sales do not mean lower expenses or less work. In fact, it actually increases the District's workload with more conservation outreach, more state reporting, etc. She reported that expenses have actually gone down since 2009 by \$600,000. However, necessary capital spending – much of it used to ensure ongoing water supply reliability, has nearly depleted reserves.

Ms. Silva reviewed how the water rate is calculated, with the daily base rate and the volumetric rate. In addition, she explained how the drought rate is applied to each customer. She provided various scenarios of rate increase amounts in order to show the impact to both the customer and the District's financial stability. She explained that staff's recommendation is a 19% retail rate increase this year followed by a potential 6% rate increase the following year, with the Board only taking action on the FY 2015-16 rates.

Ms. Silva reviewed the table of the proposed rate that was shown in the notice that property owners received in the mail. In addition, she reviewed the *Comparative Effect of a 19% Rate Increase on Monthly Charge* and the *Rate Structure & Increase Analysis* for Low, Medium, High, and Average Users.

President Costa opened the floor to public comments.

Mr. Rick Williams addressed the Board and voiced concern that the District is not addressing expense control, no reduction in staff or staff salaries. He stated

his opinion that the General Manager and Assistant General Manager salaries are too high, and that the District is a monopoly. He urged the rate payers to contact state representatives regarding the Prop. 218 regulation that requires protests to be submitted in writing. He commented that a sampling of customers he contacted showed that everyone he contacted was opposed to the rate increase, just as he is.

President Costa commented that the District is both wholesale and retail and 90% of the General Manager's salary is from the wholesale side. In addition, he commented that the District's water is the cheapest water in the state of California at \$100 per acre-foot (AF) lower than the next lowest water agency. Mr. Williams commended Ms. Lorange for being easily accessible; however, he still maintains his position that her salary is too high. Ms. Lorange commented that there will be a workshop on staffing levels and encouraged the public to attend.

Mr. Robert Motley addressed the Board and stated he is impressed with the conservation efforts that the Granite Bay community accomplished. He commented that the drought has affected the landscape in the community and will cost thousands to replace. He voiced concern that while he and the community have sacrificed their properties, the District has not sacrificed anything, while consumption went down, expenses went up except salaries.

Mr. Robert Seyfried addressed the Board and voiced objection to the rate increase since customers are already burdened with additional expenses due to losing landscaping. He commented that it is not right for the District to expect the customers to cover shortfalls because water use is down. He encouraged customers to form a citizen's group.

A member of the public addressed the Board and stated that he has been very happy with the water supply and enjoyed participating in the Telephone Town Halls. He commented that he didn't think he could save 36% but after attending the meetings, he saved 42% the first two months and now 53%. He appreciated that the District helped him find ways to save water and would like the District to find ways to save costs. He also commented that the District is far too small so the costs are difficult to cut but the District should find a way to do things differently.

Mr. Scott Turpin addressed the Board and read the letter he wrote. A copy of the letter will be attached to the meeting minutes. He questioned the transfer of water during a time when customers are being asked to conserve. In response, President Costa explained that the sale of the conserved water would have generated revenue for the District but the transfer was stopped by the feds and therefore, the water flowed out to the ocean and the District was not able to sell the water. Ms. Lorange commented that the District has the oldest water rights on the north fork of the American River, and combined with prudent planning for conjunctive use, could supply customers water demands without the

reductions. However, the District has been mandated by the State Water Resources Control Board, acting on a Governor's order, to reduce consumption by 36%. The high conservation requirement was set based on the District being the 6<sup>th</sup> highest water user on a per person basis in California. Should the conservation target not be met, the District could face up to a \$10,000 per day fine.

A member of the public commented that there is no need for lawns to die or anything else since we do have water, but just haven't been allowed to use it. He commented that the lake should be full but other agencies are allowed to take the water. In addition, he commented that none of the water that customers are conserving has been saved for customers. He voiced disappointment that the District did not inform customers of this. He asked why there are drought rates when it is just voluntary cutbacks on water – no real reason for drought conservation in Placer County. President Costa commented that it is mandatory conservation and that it was the most economical, efficient way to meet the goal. Ms. Lorance requested that customers provide their email addresses so that the District can call on customers to help advocate. She explained that the State Water Board is looking at putting a maximum water use per person on every connection in addition to no front lawns. Staff has been working hard to prevent these types of punitive regulations. The public member suggested that the District request comments via email even though they would not be an official tally of opposition to the rate increase in order to represent the customers. He commented that he is opposed to the rate increase since there are plenty of reserves.

Ms. Susan Bennett addressed the Board and read the letter she and her husband wrote. A copy of the letter will be attached to the meeting minutes. Director Miller questioned if she knew the salary of the Fair Oaks Water District General Manager as comparative information, but she did not. Later in the meeting Mr. Tom Gray addressed the Board and provided his salary amount.

A member of the public addressed the Board and commented that the information provided tonight was very helpful. She received the WaterSmart letter stating that she was using 51% more than her neighbors, but she is unsure how this can be since she has no front lawn and has been conserving. She suggested that the District inform the public of important meetings such as this via the phone system similar to what school districts do. In addition, she voiced concern regarding the budget assumption that water consumption will be 20% less than normal next year which assumes that the customers will continue to conserve. She requested that the District not make this assumption and not punish the customers.

Mr. Randy Dodd addressed the Board and voiced concern regarding the 19% increase and would like costs to be cut. He commented that the reserves need to be used to cover costs even if it means taking them down to zero. In addition, he supports deferring capital improvements to later years, and if a rate

increase is necessary then he supports the 9% with the \$2 million cut in CIP. He would like to see what the plan is for when there is another drought, maybe have some workshops for planning. President Costa commented that the Board does have workshops and if anyone would like to be on the email distribution list for the meetings then please contact the Board Secretary.

Ms. Phyllis Smith addressed the Board and stated that there has been a 45% increase in rates since 2005, and with the proposed 19% increase and 6% increase the following year that will total approximately 77% increase over 12 years. She inquired how much of the rate increases from 2005 to 2011 was used for salaries. Ms. Lorance responded that she does not have the information readily available; however, COLA increases have been less than the CPI. In response to Ms. Smith's question, Ms. Lorance explained that the \$45 million debt is mostly wholesale and is being paid back by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, City of Folsom north of the American River, and SJWD Retail.

Ms. Smith voiced concern that the District does not have any information available online regarding the District's Strategic Plan which shows cutting costs or laying off employees. Ms. Lorance responded that the District had 52 employees when she started and now there are 45 employees for both wholesale and retail. There are 18 wholesale employees and 27 retail employees which is well below most agencies similar in size to the District. President Costa commented that the District still offers the cheapest water in the State. Ms. Smith voiced concern regarding the structure of staffing with 17% in management positions. In addition, Ms. Smith commented that the Board members are elected by the customers and hope that they take the comments to heart and that the decision was not made prior to the meeting.

Mr. Williams inquired if the decision will be made in a public forum or behind closed doors. President Costa responded that the Board will absolutely meet in a public Board meeting on November 18<sup>th</sup> at 7:00pm at the SJWD Boardroom to discuss and consider the public comments when making their decision.

Mr. Williams commented that he requested information a couple weeks ago from Ms. Lorance with more details regarding the rate increases over the last 10 years and what percentage of those increases were applied to salaries; however, that information was not provided. He commented again that the salaries are too high.

Ms. Lorance commented that the comparison of COLA increases to the CPI for the past 9 years was included in the slide presentation. Ms. Lorance commented that the budgets are available online which show the overall compensation increases for each year and she is available to discuss any issue with any customer. A member of the public commented that the social security increases on the chart are a higher percentage of a lower amount.

President Costa thanked everyone for attending the meeting and invited them to attend the next Board meeting.

**President Costa closed the Public Hearing at 9:27 p.m.**

President Costa called for a five minute recess.

**III. CONSENT CALENDAR**

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

**1. Minutes of the Board of Directors Meetings**

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

1. Minutes of the Board of Directors Meeting, October 7, 2015

*Director Walters moved to approve the Consent Calendar. Director Miller seconded the motion and it carried unanimously.*

**ACTION AND INFORMATIONAL ITEMS**

**IV. COMMITTEE REPORTS**

**1. Water Supply & Reliability Committee (10/19/15)**

Director Walters reported that the committee met on October 19, 2015, and discussed the following:

- Presentation from Jim Branham
- Water Supply Status (W & R)
- Request for Proposal for a Water Management and Reliability Study Update (W)
- FOWD Letter (W)
- Update on Conservation Regulations for Various Water Supply Sources (W & R)
- Other Matters
- Public Comment

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

**Presentation from Jim Branham**

Director Walters informed the Board that Mr. Jim Branham, Executive Officer of the Sierra Nevada Conservancy, made a presentation to the committee on the Sierra Nevada Watershed Program.

**Water Supply Status (W & R)**

Ms. Lorance will provide an update under the General Manager Report.

**Request for Proposal for a Water Management and Reliability Study Update (W)**

Ms. Lorance informed the Board that the RFPs were mailed to 15 consultants on October 9th and was posted to various websites. Proposals are due on November 20th.

*For information only; no action requested.*

**FOWD Letter (W)**

Director Walters reported that the committee reviewed the letter that was received from FOWD regarding concepts for immediate consideration, action related to water supply reliability, and a list of suggested revisions to the water supply agreement and instructed Ms. Lorance to draft a response letter based on the committee's discussion. The Board had no comments on the draft response letter; therefore, the letter will be sent to FOWD.

*For information only; no action requested.*

**Update on Conservation Regulations for Various Water Supply Sources (W & R)**

Ms. Lorance reported that she is developing a plan for three possible alternatives; a wet year, a continuation of existing conditions, or a worsening of the drought. The information will be brought back to the committee for review once it is completed.

*For information only; no action requested.*

**Other Matters**

Director Walters reported that ACWA Board voted to work with cities and counties to get revisions on Proposition 218 through an initiative and/or legislative approach to allow tiered rates.

The next committee meeting is scheduled for November 19, 2015.

*For information only; no action requested.*

**V. INFORMATION AND ACTION ITEMS**

**1. GENERAL MANAGER'S REPORT**

**1.1 Water Supply Update**

Ms. Lorance reported that the water level has dropped to the lowest point in Folsom Reservoir in recorded history. The Bureau has reduced flows to 500 cfs out of Folsom, but flows out of Natomas are still a little higher than 500

cfs. She commented that it looks like Folsom will be slightly higher than planned at the end of October and projections are still to remain above the 140,000 AF through December. In addition, she reported that projections at this point are showing rain in January/February and possibly December.

Ms. Lorance informed the Board that the District is not using all the District's water rights due to the conservation restrictions and others are using the conserved water since the District is being told that the conserved water cannot be used by the District.

*For information, no action requested*

## **1.2 Report Back Item**

There were no other items discussed.

## **1.3 Miscellaneous District Issues and Correspondence**

Ms. Lorance reported that the R3 group (Roseville, Folsom and SJWD) drafted a letter to Estevan Lopez, Commissioner of the Bureau of Reclamation. The letter voices the concerns of the region regarding releases out of Folsom and requests maintaining the releases at 500 cfs.

Ms. Lorance informed the Board that there is a Water Resources Tour on November 2<sup>nd</sup> for state legislators and staff which she will be attending. In addition, there was a request from Senator Nielsen for November 5<sup>th</sup> to meet with water agencies in his district and elected officials are encouraged to attend.

Ms. Lorance reminded the Board that the Financing Corporation meeting is scheduled for November 18<sup>th</sup> at 6:45pm.

*For information, no action requested*

## **2. ASSISTANT GENERAL MANAGER'S REPORT**

### **2.1 Arc Flash Hazard Assessment**

Mr. Durkin reported that in order to comply with OSHA, the District has to complete a hazard assessment at any facility with high voltage electrical equipment. The District solicited proposals from qualified firms to complete an arc flash hazard assessment and received four proposals. Mr. Durkin provided the Board with a staff report which outlines the first phase of the compliance program. A copy of the staff report will be attached to the meeting minutes.

Mr. Durkin informed the Board that staff evaluated the technical proposals prior to opening and reviewing the cost proposals. The technical proposals were ranked on the basis of project understanding, work plan and comprehensiveness of scope, experience and qualifications of the firm and

team, and project schedule. Final ranking considered cost and value to the District. Industrial Electrical Company's proposal was selected as best meeting the needs of the District.

***Vice President Tobin moved to award a professional services agreement to Industrial Electrical Company for the amount of \$50,465 with an authorized contingency of \$5,000 (10%) for an authorized total project budget of \$55,465. Director Walters seconded the motion and it carried unanimously.***

**2.2 Report Back Items**

There were no other items discussed.

**2.3 Miscellaneous District Issues and Correspondence**

There were no other items discussed.

**3. DIRECTOR OF FINANCE'S REPORT**

**3.1. Report Back Items**

There were no other items discussed.

**3.2. Miscellaneous District Issues and Correspondence**

There were no other items discussed.

**4. LEGAL COUNSEL'S REPORT**

**4.1 Legal Matters**

No report.

**5. DIRECTORS' REPORTS**

**5.1 SGA**

Vice President Tobin reported that SGA met on October 8, 2015. She reported that SGA has elected to become the Groundwater Sustainability Agency for the groundwater basin underlying Sacramento County North of the American River. In addition, the SGA Groundwater Management Program Update was given by Mr. Rob Swartz at the SGA meeting.

**5.2 RWA**

Vice President Tobin reviewed her director's report, a copy of her report will be attached to the meeting minutes. Vice President Tobin reported that she attended an event on October 16<sup>th</sup> titled, "The Truth be told: The Delta, The Tunnels & The Tributaries" along with Director Rich.

### 5.3 ACWA

#### 5.3.1 Local/Federal Government/Region 4 - Pam Tobin

Vice President Tobin reported that ACWA provided a drought letter, which will be attached to the meeting minutes. In addition, she provided information on the endangered species which is included in her report. She informed the Board that, on October 9th, the Sixth Circuit stayed a controversial federal rule clarifying the scope of the Clean Water Act while it sorts whether the courts of appeal or district courts have jurisdiction to handle challenges filed by various states and private parties.

#### 5.3.2 Energy Committee - Ted Costa

No report.

#### 5.3.3 JPIA - Bob Walters

No report.

### 5.4 CVP Water Users Association

President Costa reported that the CVPWUA met on October 20<sup>th</sup> and is continuing to work on the water fees.

### 5.5 Other Reports and Comments

President Costa requested that the Finance Committee meet at 3pm on November 17<sup>th</sup>.

Vice President Tobin informed the Board that John Woodling will be speaking on November 5<sup>th</sup> regarding the *Sacramento Area Response to California's Historic Drought*.

## VI. UPCOMING EVENTS

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

## VII. ADJOURN

The meeting was adjourned at 10:02 p.m.

ATTEST:

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

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TERI HART, Board Secretary

The attachments to this document will be attached to the meeting minutes located at the District office. Due to the size of the document, they will not be posted to the webpage.

## STAFF REPORT

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To: Board of Directors  
From: Donna Silva, Finance Director  
Date: October 28, 2015  
Subject: Fiscal Year 2015-2016 Draft Retail Budget

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### **RECOMMENDED ACTION**

Receive staff presentation and review the draft 2015-16 Retail Budget and Rates. Receive input from the Community and determine number of protest votes received. Staff will make any board requested edits/changes to the draft budget and bring it to the Board for adoption on November 18, 2015.

### **BACKGROUND**

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

The Retail budget was previously discussed at a workshop on August 6, 2015, August 12, 2015 and October 7, 2015. The purpose of this staff report and presentation is to present the draft budget to the Board and the Community and to receive and to receive comments from the Community on the budget and proposed rate increase.

The draft retail budget is attached for review.

### **Attachments:**

Exhibit 1 Draft Proposed Retail Budget Fiscal Year 2015-2016

# San Juan Water District Granite Bay, California



Draft Proposed Retail  
Budget  
Fiscal Year 2015-2016  
As of October 28, 2015

# San Juan Water District

## Fiscal Year 2015 – 2016 Draft Retail Budget



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

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

***--National Geographic***



### **Mission**

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



**San Juan Water District**  
9935 Auburn Folsom Road  
Granite Bay, California 95746  
(916) 791-0115  
[www.sjwd.org](http://www.sjwd.org)

**Elected Officials**

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

**Appointed Officials**

Shauna Lorance, General Manager

**Management Team**

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

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## Letter of Transmittal

Board of Directors  
San Juan Water District

Directors:

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

### Budget Process

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

The proposed budget is then reviewed to determine whether:

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

### Budgetary Control and Budget Format

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

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

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

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

### Budget Highlights

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

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

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

### Revenues

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

### Expenses

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

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

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

### **Strategic Goals and Priorities**

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

### **Financial Policies and Funds**

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

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

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

Sincerely,

Shauna Lorance  
General Manager

Keith B. Durkin  
Assistant General Manager

Donna Silva  
Director of Finance

DRAFT

## **Profile**

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

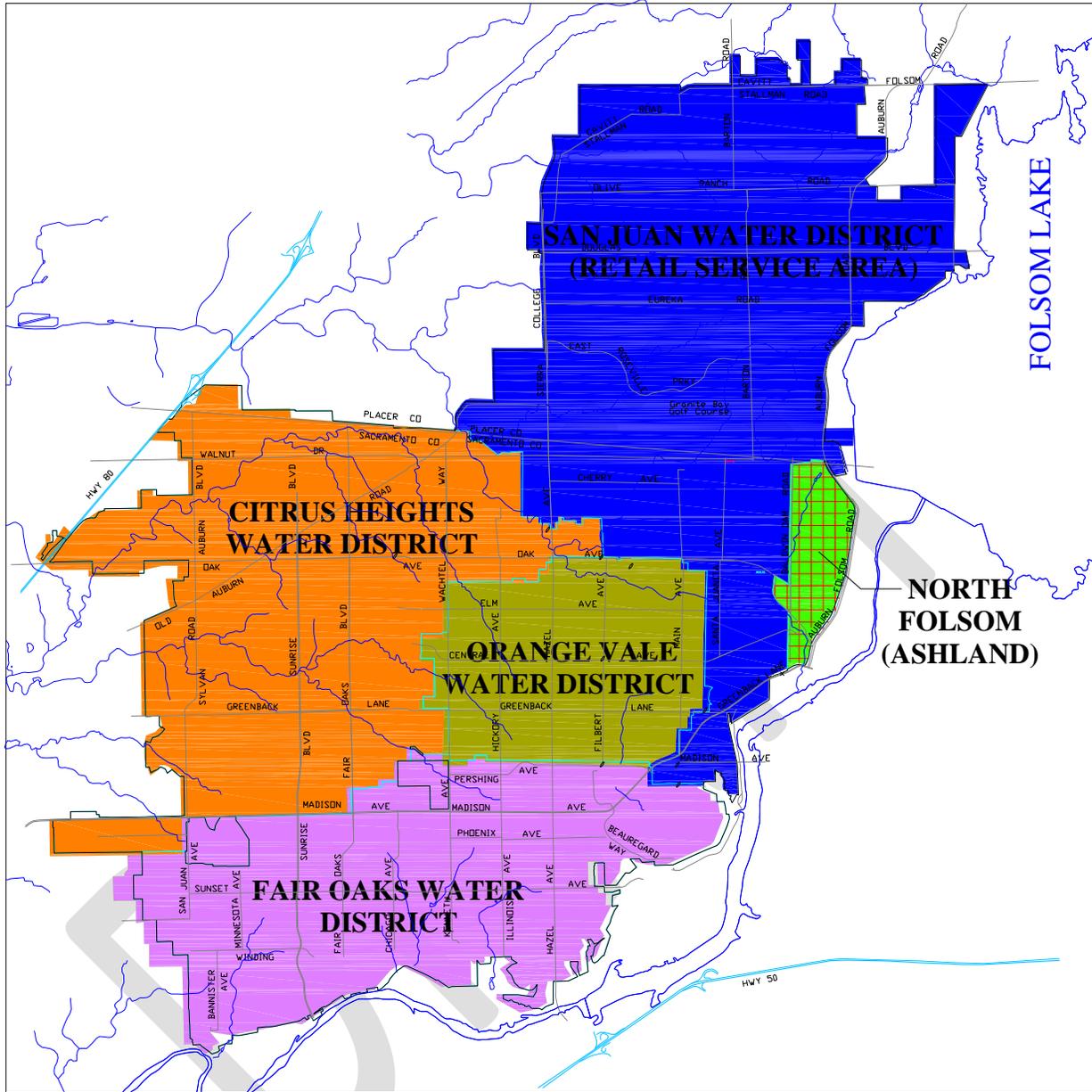
The District provides water on a wholesale and retail basis to an area of approximately 46 square miles for wholesale (which includes the retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of delivering water to the retail agencies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

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

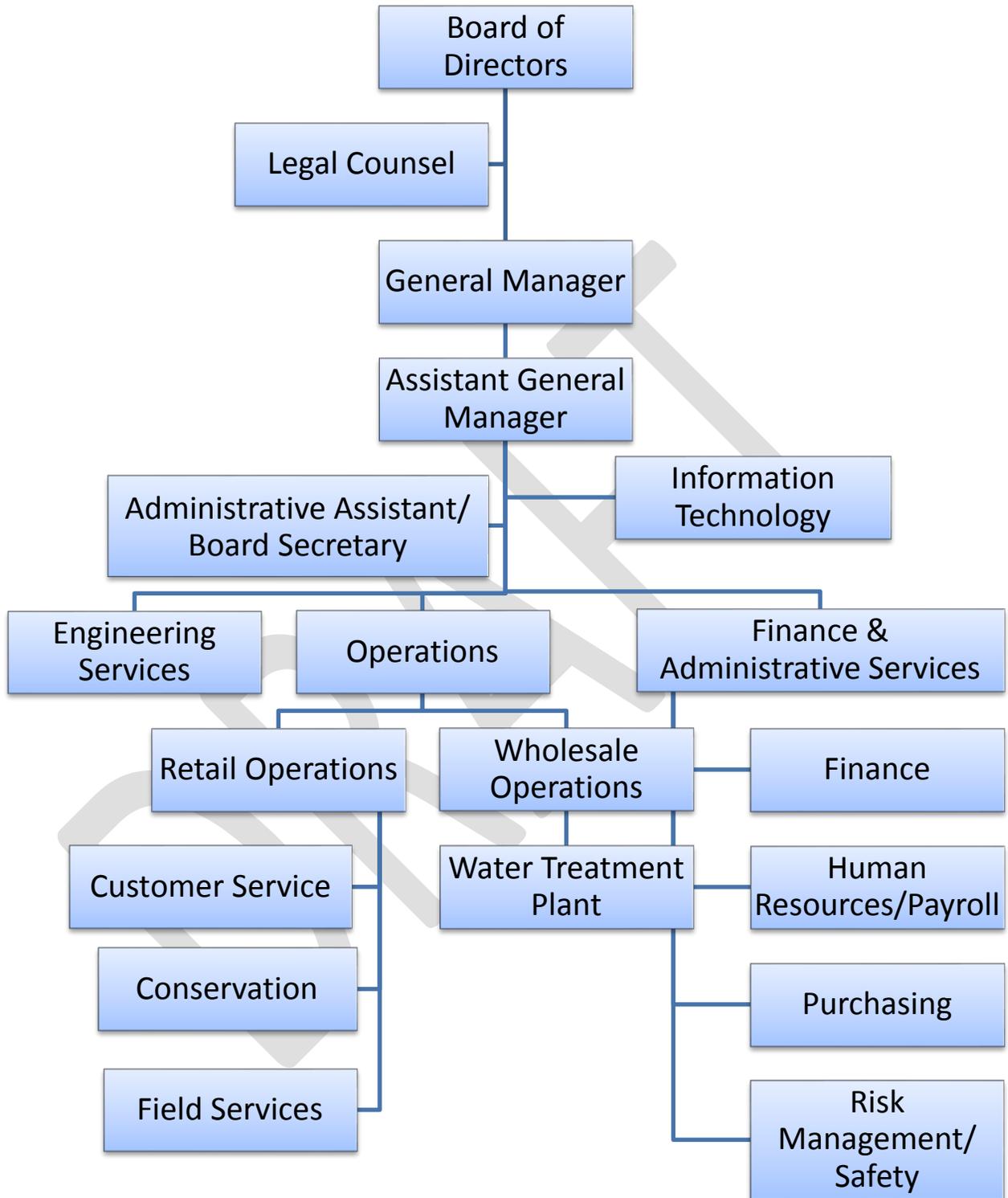
The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades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

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

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



### Organization Chart by Functional Area



## District-Wide Budget Information and Summaries

### Budget Assumptions

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

#### RETAIL

##### Revenues

##### *Property Taxes*

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

##### *Connection Fees*

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

##### *Interest on Investments*

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

##### *Retail Customer Base and Water Consumption*

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

##### *Grants*

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

##### Expenses

##### *Cost of Water Supply*

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

*Operations and Maintenance Costs*

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

*Cost of Living Allowance (“COLA”)*

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

*Facilities Costs*

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

**District Reserves**

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

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

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

## RETAIL

The existing retail reserves are as follows:

### *Operating Reserve*

#### Description

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

#### Designated Amount

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

#### Restrictions on Use

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

### *PERS Rate Stabilization Reserve*

#### Description

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

#### Designated Amount

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

#### Restrictions on Use

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

### *Restricted Compensated Absence Reserve*

#### Description

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

#### Designated Amount

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

#### Restrictions on Use

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

*Customer Deposits Reserve Fund*

Description

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

Designated Amount

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

Restrictions on Use

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

*Capital Improvement Reserve*

Description

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

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

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

Designated Amount(s):

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

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

#### Restrictions on Use

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

#### *Restricted COP Debt Reserve (not shown in chart)*

##### Description

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

##### Designated Amount

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

##### Restrictions on Use of Reserve

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

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

##### Description

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

##### Designated Amount

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

##### Restrictions on Use

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

Resolution – Retail

**RESOLUTION NO. 15-xx**

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

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

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

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; and

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

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; and

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

WHEREAS, 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 2015-2016 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, fairly and accurately represents the estimated expenses and revenues of the District for the fiscal year beginning on July 1, 2015 and ending on June 30, 2016, and that the budget adequately ensures that the District will be able to cover its expenses and begin to return to reserve levels. On that basis, the Board hereby approves adoption of the District's fiscal year 2015-2016 Retail Budget, a copy of which is attached as Exhibit "A" and made a part of this Resolution.

2. The Board of Directors finds that retail water rates, retail capital fees, and other fees and deposits identified in the Rate Study and Proposition 218 notice for fiscal year 2015-2016 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 approves and adopts the fiscal year 2015-2016 retail water rates, retail capital facilities (connection) fees, and other fees and deposits as shown on "Exhibit B", 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 2015-2016 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 28th day of October 2015, by the following vote:

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

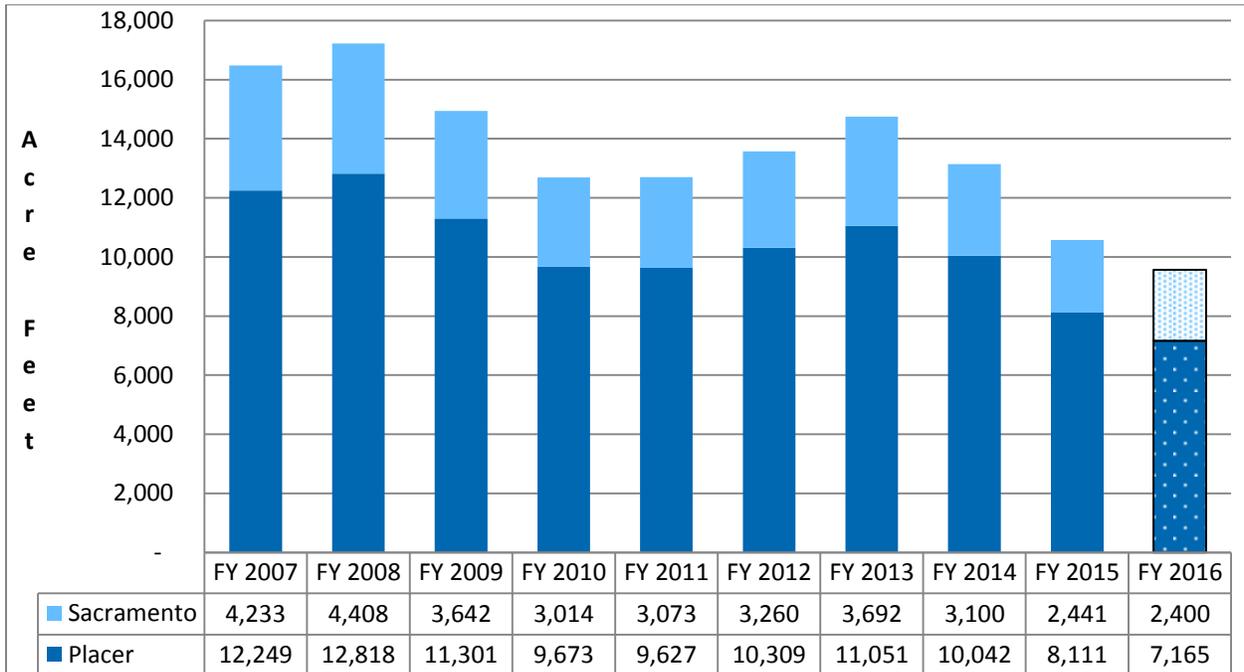
ATTEST

\_\_\_\_\_  
TERI HART  
Secretary, Board of Directors

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

## Retail Budget

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



Metered rates for 2015 and 2016 are presented next.

## Water Rates

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

### Calendar Year 2015 – Metered Rates:

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

### Calendar Year 2016 – Metered Rates:

Meter Size	Daily Base Charge (fixed)	Volumetric Rate (\$/units)*	Drought Surcharge (\$/units)**
Up to 1"	\$1.29	\$0.88	\$0.088
1 ½"	\$3.43	\$0.88	\$0.088
2"	\$5.46	\$0.88	\$0.088
3"	\$10.86	\$0.88	\$0.088
4"	\$16.93	\$0.88	\$0.088
6"	\$33.87	\$0.88	\$0.088
8"	\$60.88	\$0.88	\$0.088
10"	\$98.04	\$0.88	\$0.088
12"	\$145.37	\$0.88	\$0.088
Fire District	\$6.58	\$0.88	\$0.088
Private Fire Lines:			
4"	\$0.5448		
6"	\$0.8048		
8"	\$1.0896		
10"	\$1.30		

\* 1 unit = 100 cubic feet = 748 gallons

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

*Calendar Year 2015 and 2016 Connection Fees*

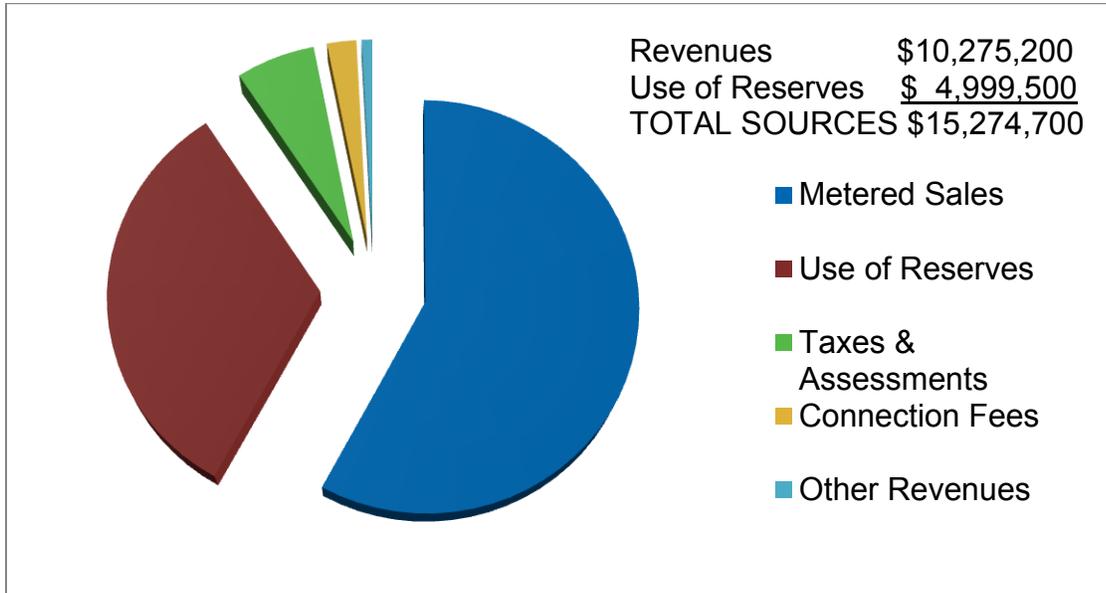
The following schedule lists the fee by meter size that is collected from customers connecting to the San Juan Water District retail system:

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

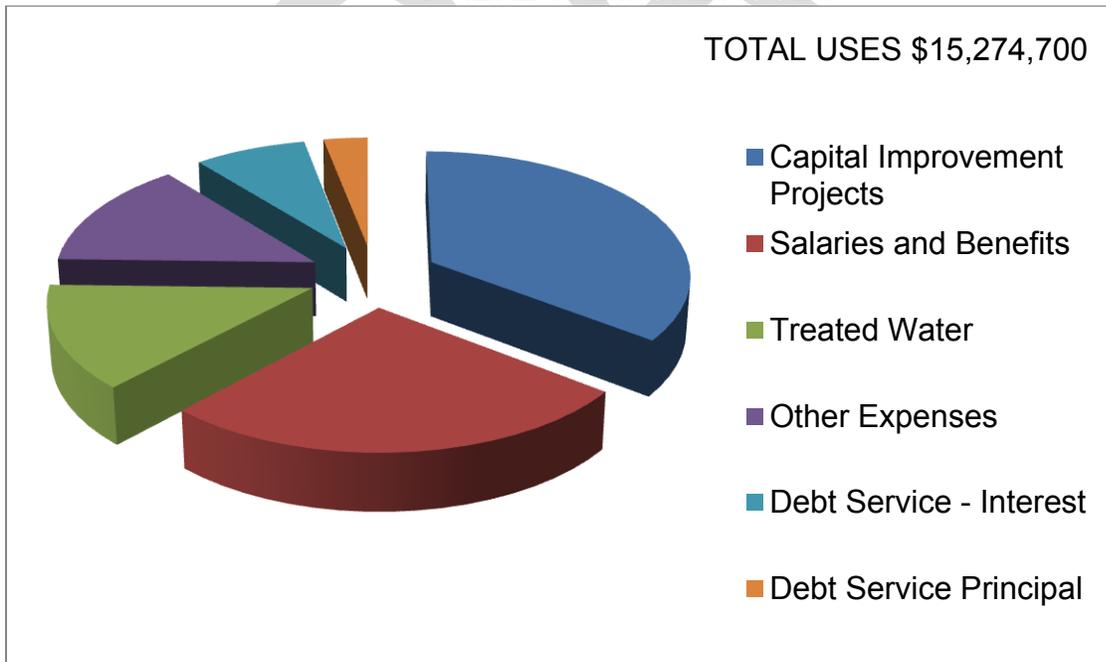
The 2016 Retail Connection Fees have been increased by 2.68% as indexed to the 20 Cities Construction Cost Index ("CCI").

Sources and Uses of Funds - Retail

WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES



**Summary Sources and Uses of Funds - Retail**

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

## Functional Areas

### Administration and General

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

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

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

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

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

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

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

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

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

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

### **Conservation**

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

### **Customer Service**

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

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

### **Engineering Services**

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

### **Field Services**

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

## Budget Summary by Functional Area - Retail

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

## Debt Service – Retail

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

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

## Capital Improvement Program - Retail

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

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

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

## CIP Process

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

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

CIP projects are categorized as follows:

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

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

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

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

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

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

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

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

DRAFT

**CIP Budget – Retail**

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

## Cost Allocation Plan

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

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

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

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

## Labor

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

**Position Allocation**

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

# 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.

# Draft Retail Budget & Rate Presentation

## Fiscal Year 2015-16

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

October 28, 2015

# AGENDA



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

# ANNUAL GOALS



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

# 3 Top Activities for 2015

## 1. Drought Response

- 36% reduction
- Folsom Lake Levels
- Alternative Supplies



# 3 Top Activities for 2015

## 2. Financial and Operational Transparency

- Upgrade software and processes
- Website
- Reporting



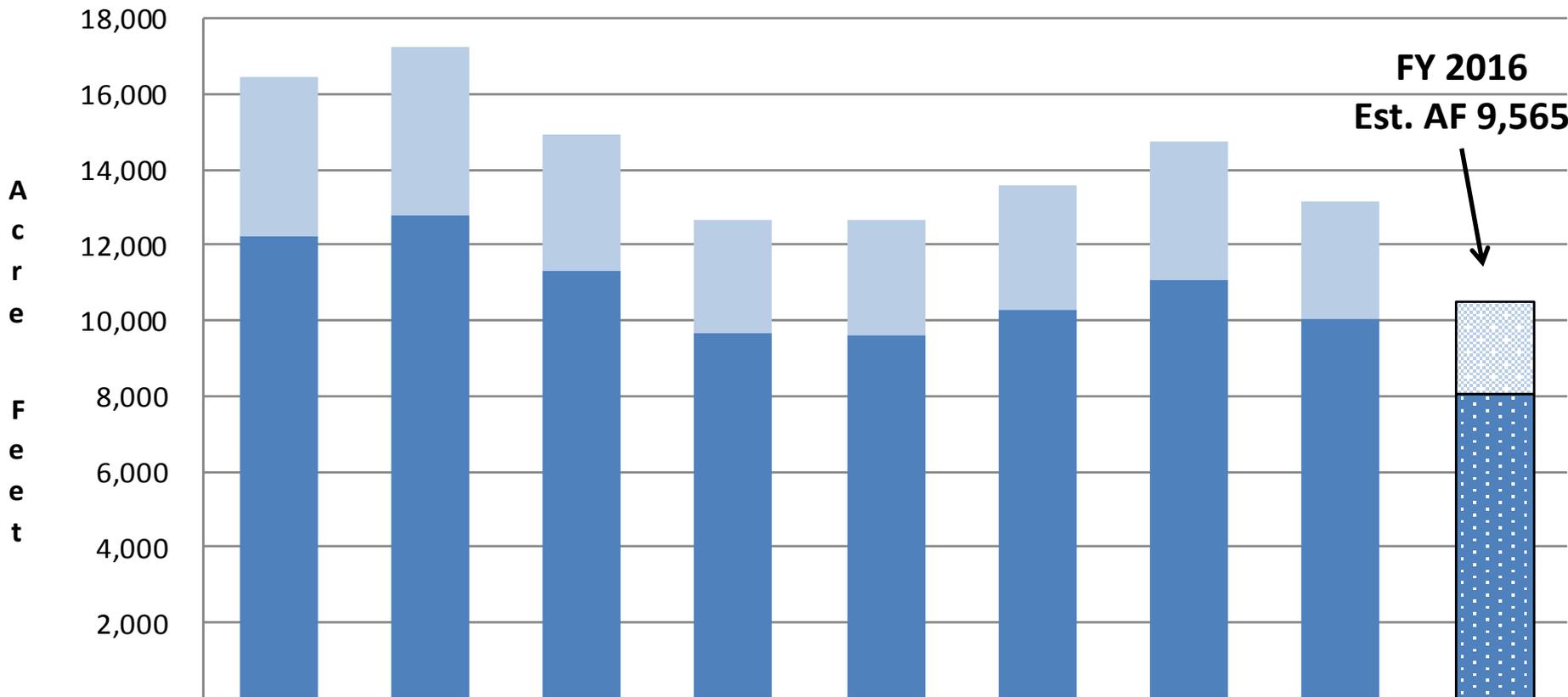
# 3 Top Activities for 2015

## 3. Reliable Water Supply

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



# RETAIL CONSUMPTION – Acre Feet



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

# Preliminary FY 2014-15 BUDGET TO ACTUAL



## Preliminary FY 2014-15 Budget to Actual Analysis

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

# Preliminary RESERVE ANALYSIS



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

# ASSUMPTIONS

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



# FY 15-16 DRAFT BUDGET SUMMARY



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



# CIP SPENDING & ENDING RESERVE BALANCE

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

Lower consumption, mandated by the State =  
Significant Revenue Loss

Expenses over time have been well managed :

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

Reserves Utilized – getting very low.

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



# Current Rate Structure - Residential



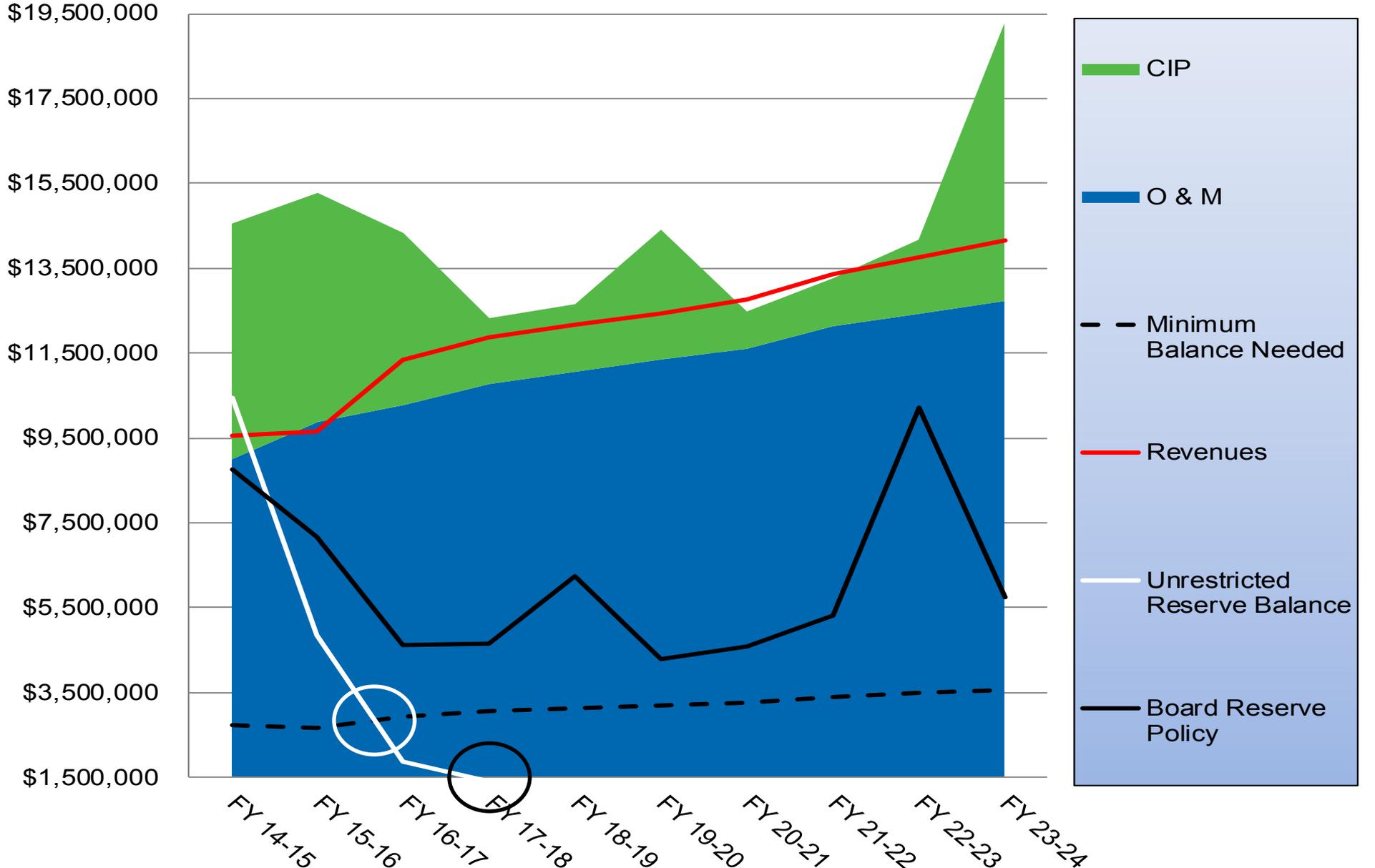
Daily Base Rate	\$1.08
Volumetric Rate per ccf	\$.80
Drought Surcharge – volumetric	<u>\$.08</u>
Total Volumetric Rate	\$.88

## Average Household – One Month

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

# PROJECTIONS

## Financial Plan – 3% Rate Increase



# RESERVES

## 9% - 9% - 9% Rate Increase



\$19,500,000

\$17,500,000

\$15,500,000

\$13,500,000

\$11,500,000

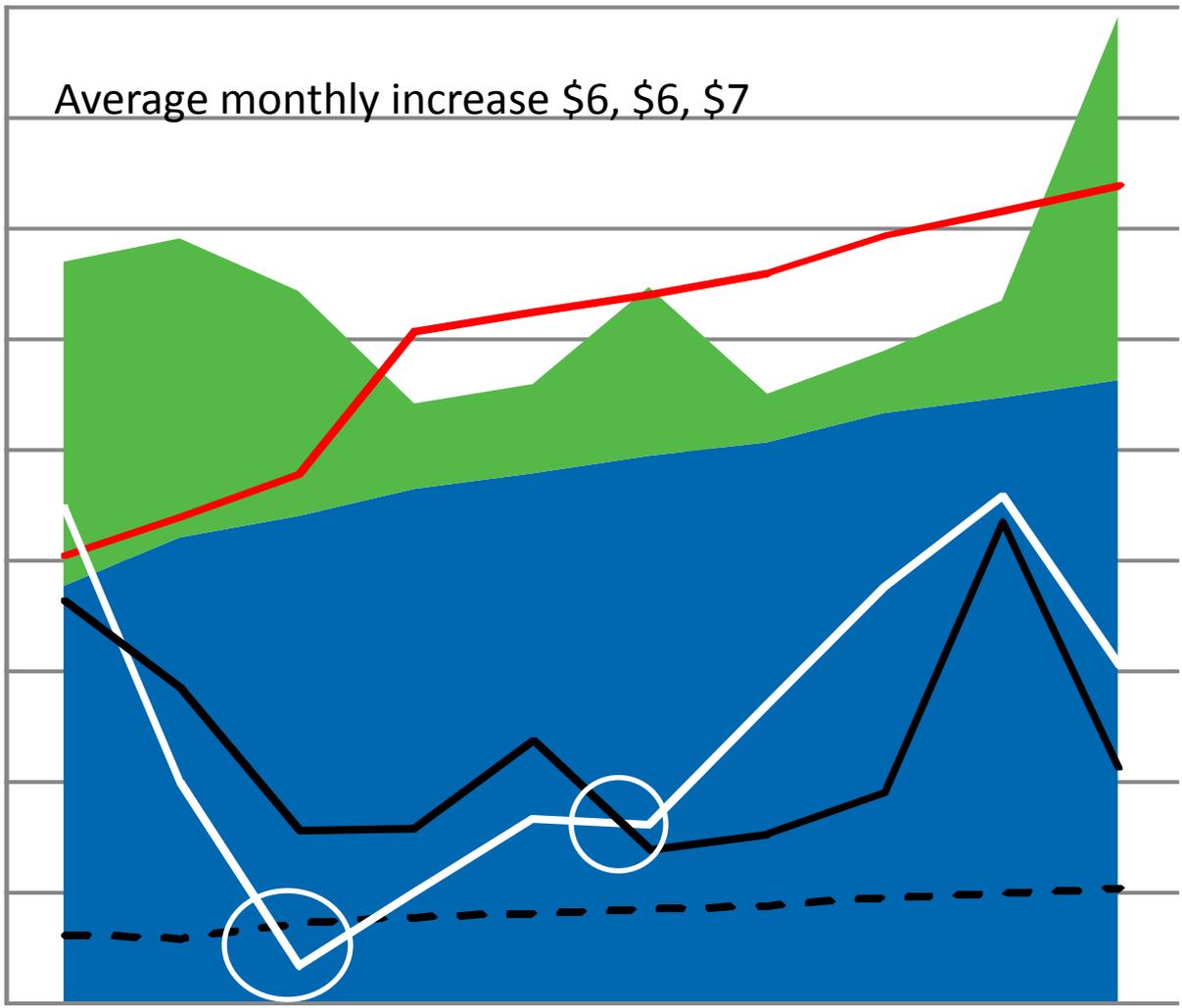
\$9,500,000

\$7,500,000

\$5,500,000

\$3,500,000

\$1,500,000

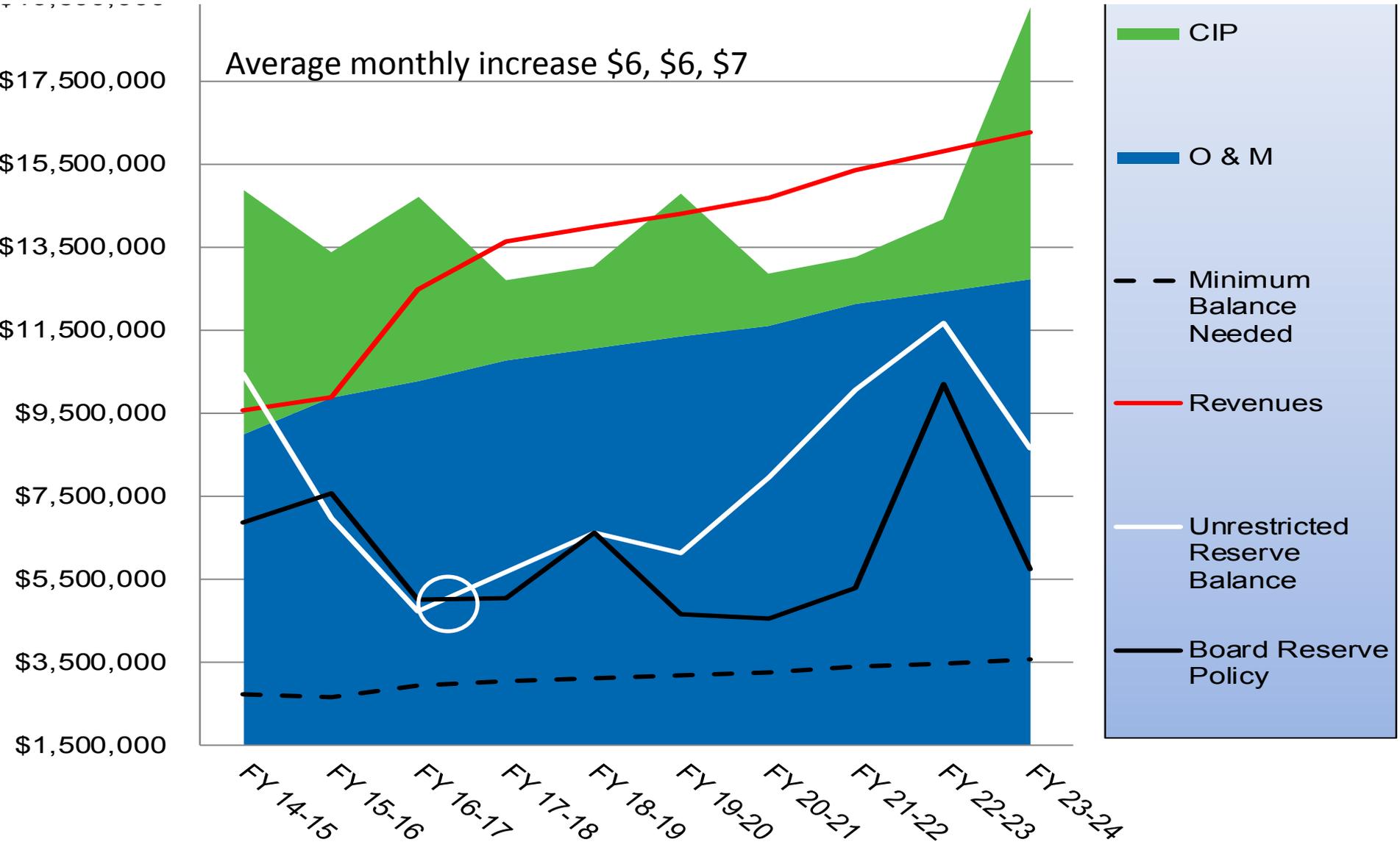


- CIP
- O & M
- Minimum Balance Needed
- Revenues
- Unrestricted Reserve Balance
- Board Reserve Policy

# RESERVES

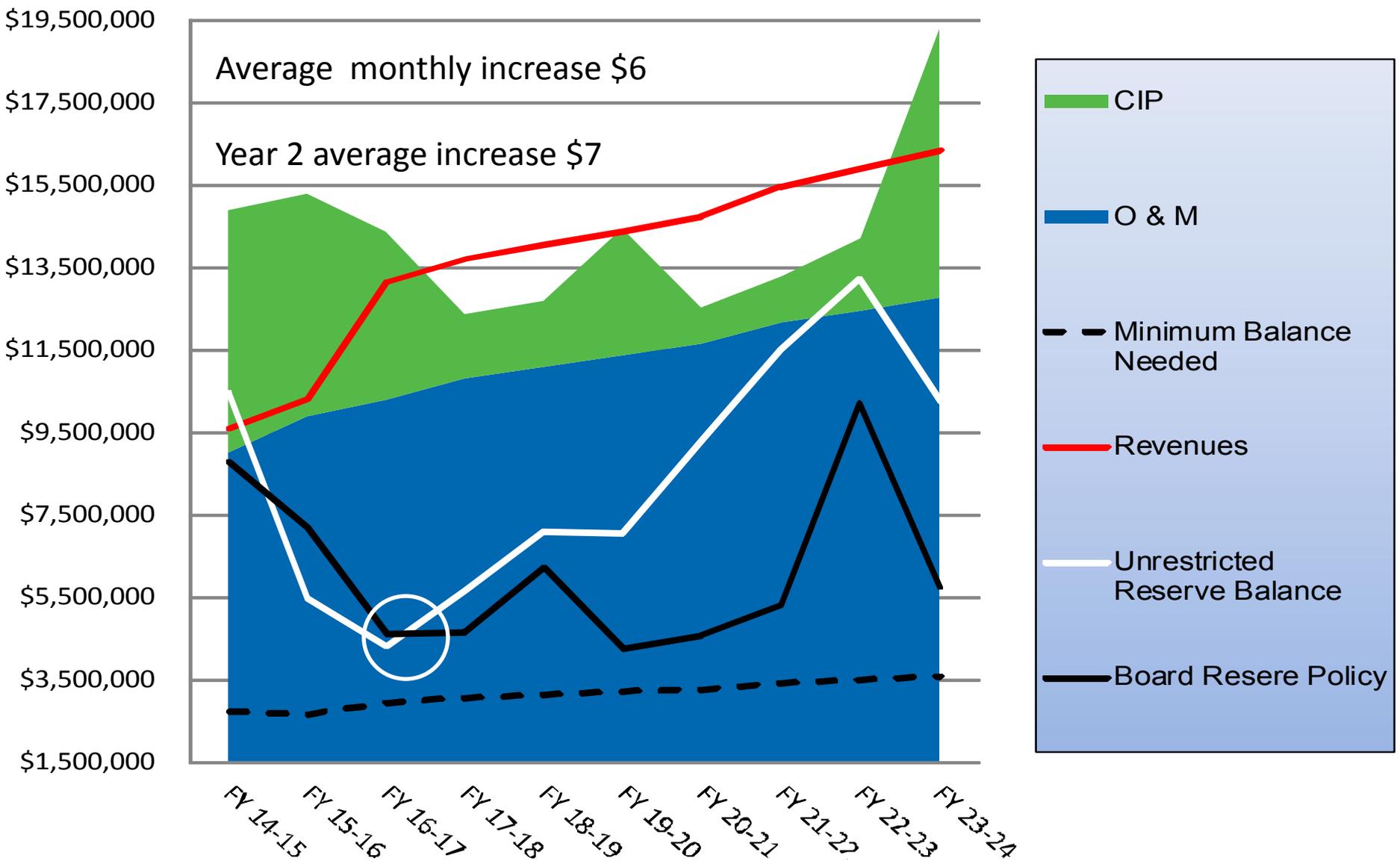
## Rate Increase 9% - 9% - 9%

# \$1.9 million cut to Infrastructure Spending



# RESERVES

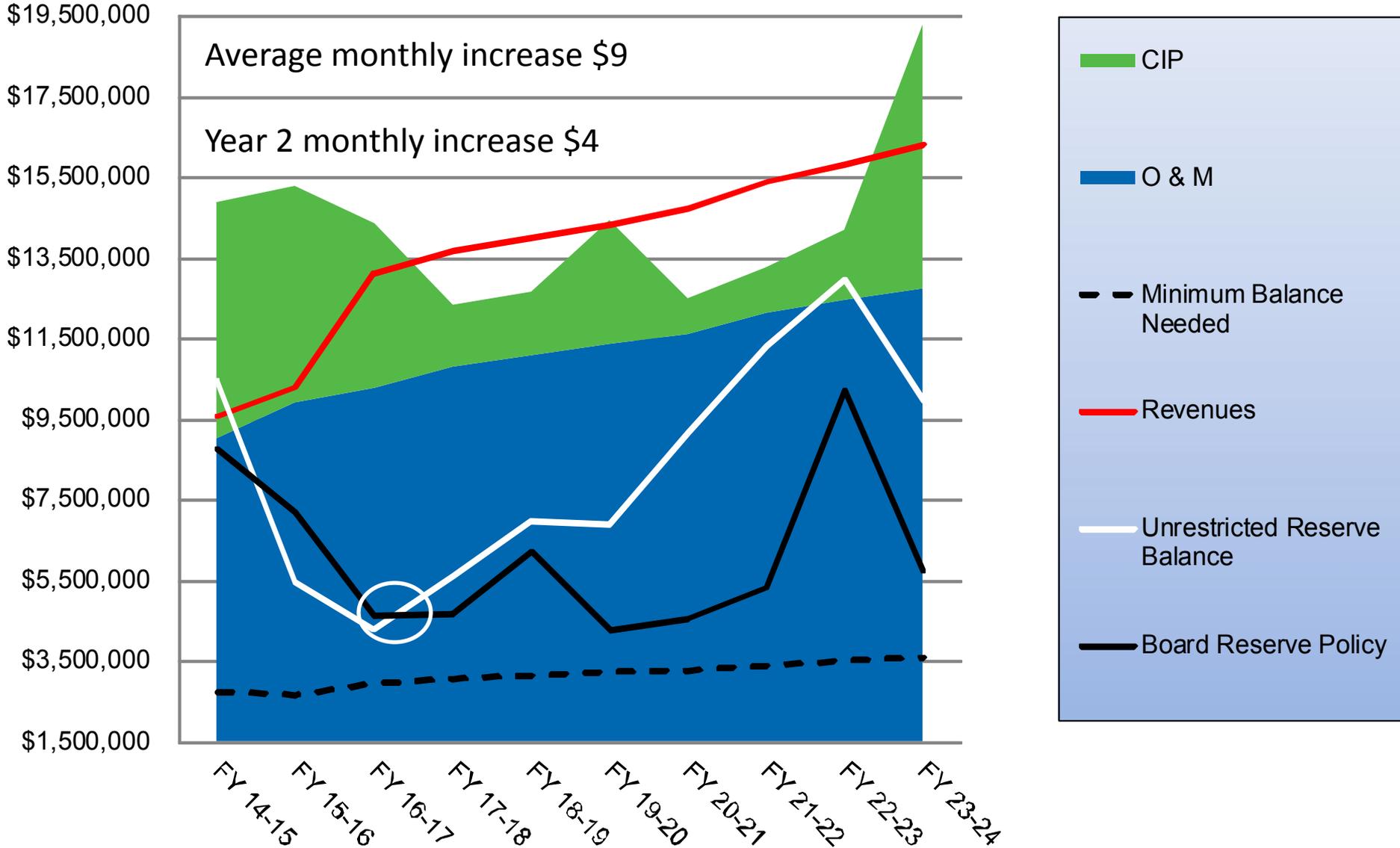
## 15% - 10% Rate Increase



# RESERVES

## 19% - 6% Rate Increase

## Staff Recommendation



# Proposed Rates – Per Mailer



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

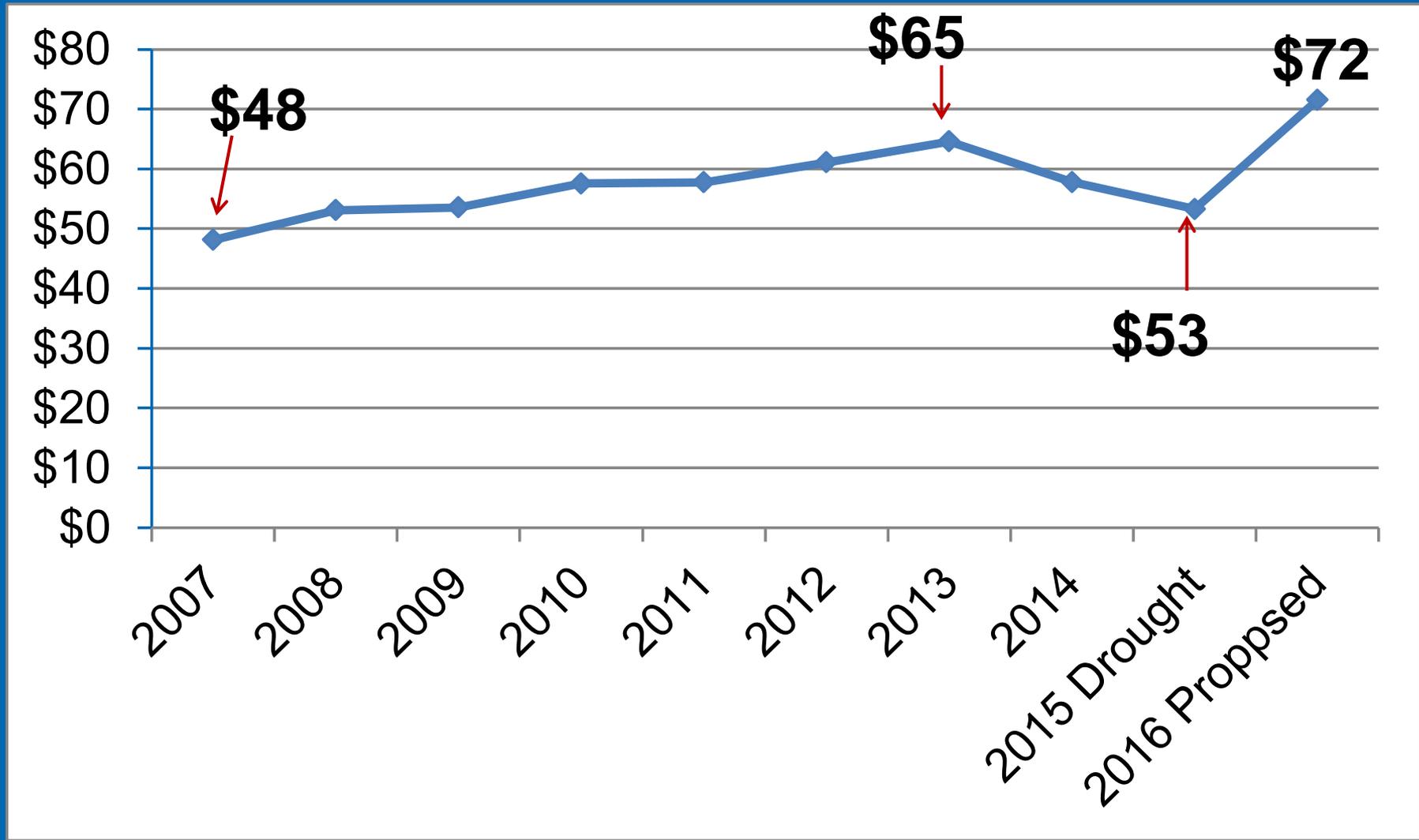
Volumetric Rate (\$/units\*)

\$0.80/unit\*

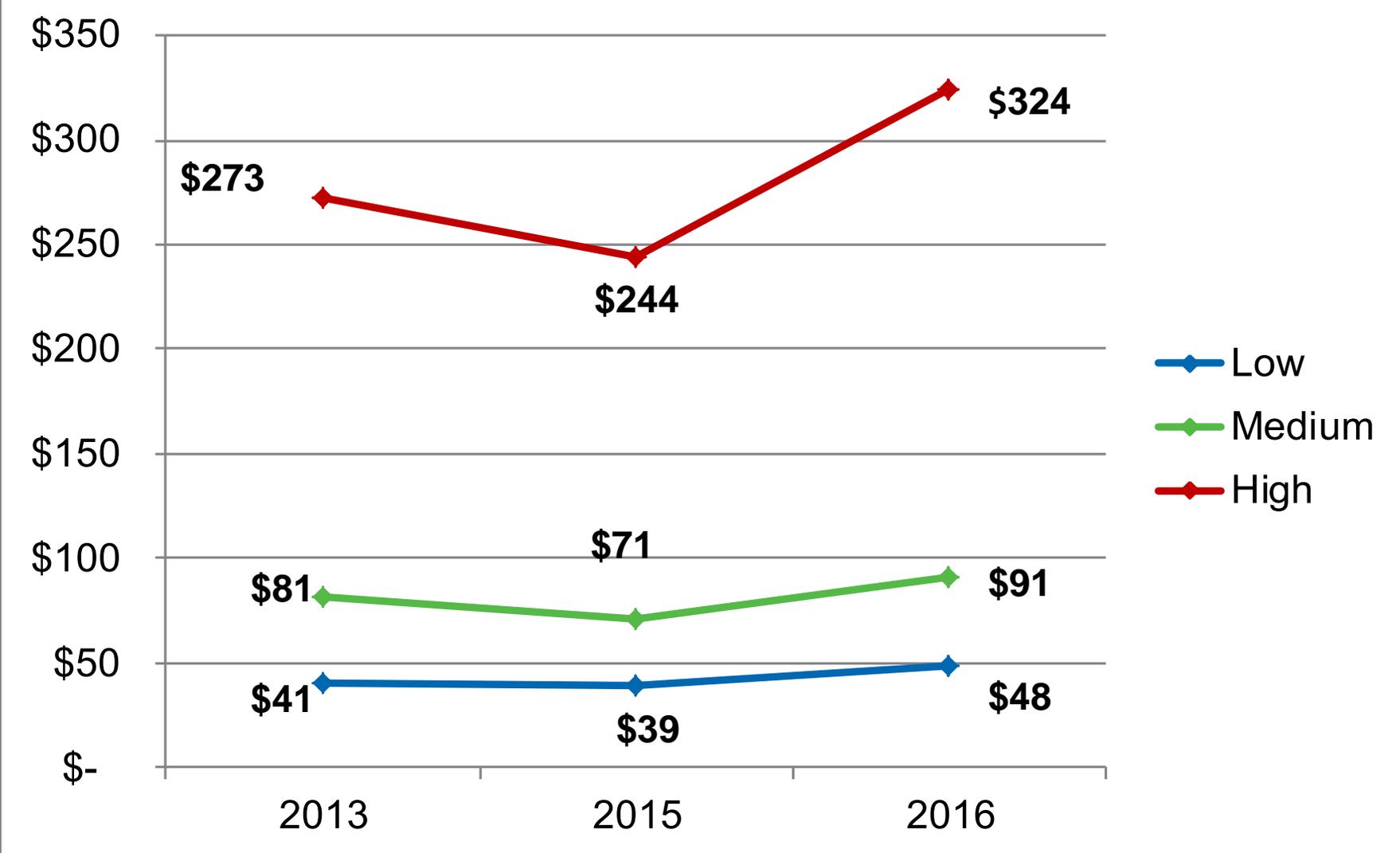
\$0.95/unit\*

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

# Comparative Effect of 19% Rate Increase On Monthly Charges



# Comparative Effect of 19% Rate Increase On Monthly Charge



# Rate Structure & Increase Analysis

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

In closing.....



# AGENDA ITEM IV-1 DRAFT

## Water Supply & Reliability Committee Meeting Minutes San Juan Water District October 19, 2015 11:00 a.m.

**Committee Members:** Bob Walters, Chair  
Dan Rich, Director

**District Staff:** Shauna Lorance, General Manager  
Keith Durkin, Assistant General Manager

**Members of the Public:** Hilary Straus, Citrus Heights Water District  
Mitch Dion, Customer  
Tom Gray, Fair Oaks Water District  
Sharon Wilcox, Orange Vale Water Company  
Joe Duran, Orange Vale Water Company  
Rob Roscoe, Sacramento Suburban Water District (late)  
Dan York, Sacramento Suburban Water District (late)  
Ted Costa, San Juan Water District  
Jim Branham, Sierra Nevada Conservancy

**Topics:** Presentation from Jim Branham  
Water Supply Status (W & R)  
Request for Proposal for a Water Management and Reliability Study Update (W)  
FOWD Letter (W)  
Update on Conservation Regulations for Various Water Supply Sources (W & R)  
Other Matters  
Public Comment

Director Walters acknowledged that Director Costa was in attendance as a member of the public and would not participate in discussions. In addition, he moved agenda item 2 to the beginning of the agenda – the minutes will remain in the original meeting order.

### 1. Presentation from Jim Branham

Ms. Lorance introduced Mr. Jim Branham, Executive Officer of the Sierra Nevada Conservancy. Mr. Branham conducted a presentation on the Sierra Nevada watershed. He reviewed the Sierra Nevada Watershed Program and explained that the Sierra Nevada Region is the source of more than 60 percent of the state's developed water supply. In addition, he reviewed the fire risk that can affect the watershed. Mr. Branham walked the committee through the brochure he provided. A copy of a handout will be attached to the meeting minutes.

*For information only; no action requested.*

## 2. Water Supply Status (W & R)

Ms. Lorange provided the committee with handouts of the water conditions at Folsom Lake and Lake Natoma. A copy of the handouts will be attached to the meeting minutes. She reported that Folsom Lake is currently at 159,743 AF of water storage.

*For information only; no action requested.*

## 3. Request for Proposal for a Water Management and Reliability Study Update (W)

Mr. Durkin informed the committee that the RFPs were mailed to 15 consultants on October 9<sup>th</sup> and was posted to various websites. Proposals are due on November 20<sup>th</sup>.

*For information only; no action requested.*

## 4. FOWD Letter (W)

Ms. Lorange informed the committee President Costa requested that the committee review the letter that was received from FOWD regarding concepts for immediate consideration, action related to water supply reliability, and a list of suggested revisions to the water supply agreement. Ms. Lorange explained that there are long-term items, short-term items, and other items to discuss.

Ms. Lorange suggested that the long-term items be discussed with the consultant to determine what should be included in the study. She explained that one of the short-term items (pumping more groundwater this year) was discussed at the general managers' meeting. Since water supply is adequate out of Folsom through the winter and the agencies are limited by the state-mandated reductions, the wholesale customer agencies with access to groundwater were not requested to pump additional water in lieu of surface water. She explained that any conserved water from groundwater pumping would not benefit the wholesale customer agencies since the conserved water would not be stored in Folsom. In addition, if the drought continues, groundwater may be a useful tool to meet the water demands next year, depending on surface water supply situations and any required reductions from the SWRCB.

Ms. Lorange informed the committee that if FOWD or CHWD does decide to increase use of groundwater, then it is recommended that they fully understand any unintended consequences that could occur, such as future impacts on the creation of a groundwater bank, potential future groundwater substitution water transfers, groundwater quality, etc. Ms. Lorange commented that FOWD and CHWD plan to investigate the unintended consequences and report back on the pros and cons.

Director Walters recommends that Ms. Lorange should draft a response letter based on the committee's discussion. Ms. Lorange will bring a letter to the Board for review at the October 28<sup>th</sup> Board meeting. Ms. Lorange informed the committee that there are other items that will not be included under the study, such as revisions to

the water supply agreement. Director Rich suggested that the 2x2 meetings with FOWD discuss FOWD's requests and issues.

*The Water Supply and Reliability Committee recommends that the Board review the draft response letter, that the 2x2 SJWD/FOWD meetings discuss FOWD's requests and issues, and that the long-term items are reviewed by the consultant.*

## **5. Update on Conservation Regulations for Various Water Supply Sources (W & R)**

Ms. Lorance discussed the need to develop a plan for three possible alternatives; a wet year, a continuation of existing conditions, or a worsening of the drought.

*For information only; no action requested.*

## **6. Other Matters**

Ms. Lorance reported that ACWA Board voted to work with cities and counties to get revisions on Proposition 218 through an initiative and/or legislative approach to allow tiered rates. She voiced concern that the current wording might remove the restriction created by the San Juan Capistrano case that restricts tiered rates to only those that can be shown to be based on true increased costs. The ACWA Board created a committee to work on the wording per Mr. Paul Bartkiewicz's recommendation.

Director Walters suggested that the language be reviewed by SJWD and recommended language be suggested prior to the District supporting any ACWA initiative or legislative action. Ms. Lorance will discuss with Mr. Paul Bartkiewicz to determine the best way the District should approach this. Mr. Rob Roscoe commented that the goal is to allow more flexibility to local agencies to set tiered rates that are conservation rates and to have lifeline rates (low-income rates) that are now prohibited by Prop. 218.

Ms. Lorance reported that the conservation staff are inundated with customer calls and if the drought continues then there might be a need to address enforcement of drought restrictions.

*For information only; no action requested.*

### **6.1 Next Meeting Date**

The next committee meeting will be scheduled in November.

## **7. Public Comment**

There was no public comment.

The meeting adjourned at 12:30 pm.



# THE URGENCY TO RESTORE OUR PRIMARY WATERSHED

## WHY DO WE NEED A SIERRA NEVADA WATERSHED IMPROVEMENT PROGRAM?

The Sierra Nevada Region is the source of more than 60 percent of the state's developed water supply (water that is stored in reservoirs and delivered for consumptive use). It provides all or part of the drinking water for 23 million people. Up to half of the water flowing into the Sacramento-San Joaquin Delta starts its journey in the Sierra's forested watersheds.

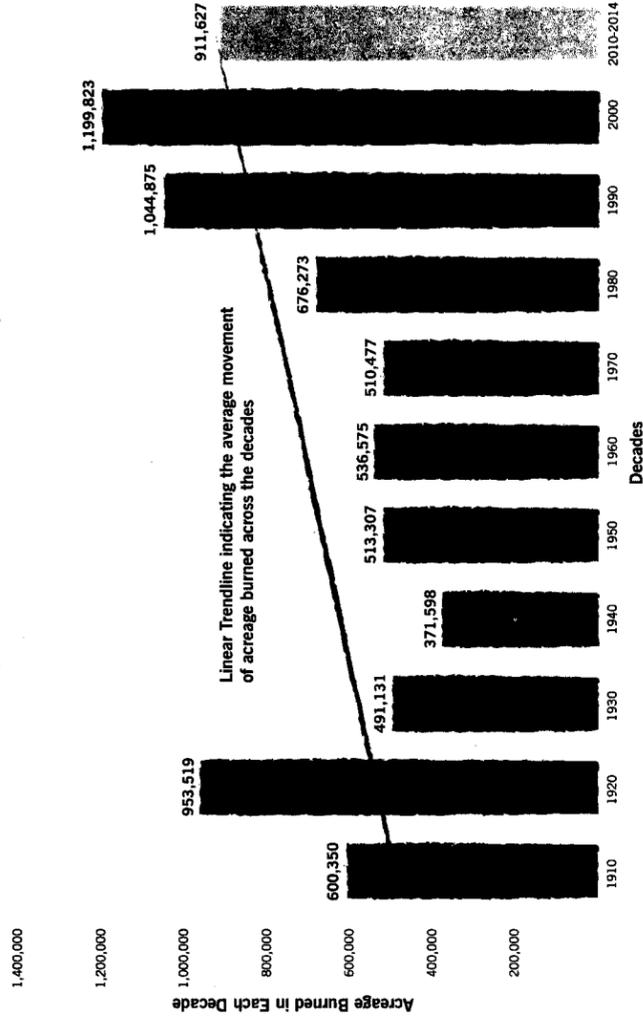
Snowpack in the Sierra Region provides a natural form of water storage and Sierra forests and meadows play a role in ensuring water quality, yield, and reliability.

The Sierra Nevada Region also provides a variety of other critical benefits. The Region stores massive amounts of carbon, thereby helping to combat climate change. It provides crucial habitat to hundreds of species. The Sierra Nevada is home to world-class recreational opportunities enjoyed by millions of people. And, the Region is a major producer of wood products and hydroelectric power.

There is scientific consensus that the forests, streams, and meadows of many Sierra Nevada watersheds are in decline and that the benefits they provide are at serious risk - a condition that must change.

Decades of fire suppression, a changing climate, and a shortage of forest restoration efforts have led to unhealthy

Total Acreage Burned - West Slope Sierra By Decade



conditions in many Sierra forests, where drinking water originates. The result has been an increase in larger, more damaging wildfires. While moderate intensity wildfires can have ecological benefits, conditions in the Sierra right now are resulting in wildfires that far too often do significantly more damage than good.

Mercury, sediment, and other substances from abandoned mine lands travel downstream, impairing many of California's reservoirs and accumulating in the Sacramento-San Joaquin Delta and the San Francisco Bay. Additionally, many Sierra meadows are significantly degraded, no longer performing their "sponge-like" function of storing water into the summer months. Crucial

habitat and a number of listed or soon-to-be listed species face a variety of challenges from extreme fire, climate change, and conversion to development.

The California Water Action Plan, Safeguarding California Report, and the State Water Plan Update all identify the importance of restoring the health of these watersheds. The State of Sierra Nevada's Forests Report raised the alarm about the dire conditions of our forests, and the many repercussions that could result from not taking active steps to restore them to a state of resiliency.

## FAILURE IS NOT AN OPTION

Sierra Nevada forests and watersheds are at a critical point. Failure to understand the urgency of the situation in the Sierra Nevada will have devastating impacts on California's economy and water supply. The potential for more megafires like the Rim Fire is high, and research demonstrates that, in many Sierra Nevada forests, there is a clear upward trend of larger, more intense fires. A changing climate will only worsen the situation and have additional impacts on these watersheds. A well-coordinated, comprehensive program that increases the pace and scale of restoration is essential to address the conditions that currently exist and are not going away.

**ACCORDING TO THE U.S. FOREST SERVICE, "ONLY AN ENVIRONMENTAL RESTORATION PROGRAM OF UNPRECEDENTED SCALE CAN ALTER THE DIRECTION OF CURRENT TRENDS."**



# WHAT IS THE SIERRA NEVADA WATERSHED IMPROVEMENT PROGRAM?

The Sierra Nevada Watershed Improvement Program (WIP) is a coordinated, integrated, collaborative program to restore the health of California's primary watershed through increased investment and needed policy changes.

The WIP builds upon the broad consensus that more must be done to restore Sierra Nevada forests and watersheds. The pace and scale of science-based ecological restoration needs to dramatically increase in order to stem the tide of large, uncharacteristic wildfires and further degradation of these ecosystems. This comprehensive effort is being organized and coordinated by the State's Sierra Nevada Conservancy (SNC) and the federal United States Forest Service (USFS), in close partnership with additional federal, state, and local agencies, and diverse stakeholders.

## OBJECTIVES OF THE WATERSHED IMPROVEMENT PROGRAM

The key objectives of the Sierra Nevada Watershed Improvement Program are:

- Identify and quantify the level of restoration activity needed to restore Sierra Nevada watersheds to a state of proper function and resilience, as well as the cost of implementing these activities.
- Increase state and federal investment in restoration activities, as well as securing investment from those who benefit from the Region, such as the urban, business and agricultural communities who receive water from the Region.
- Identify and address state, federal, and local policy issues that serve as impediments to increasing the pace and scale of restoration and improving the socio-economic well-being of Sierra communities.

## DESIRED OUTCOMES OF THE WATERSHED IMPROVEMENT PROGRAM

Successful implementation of the WIP will result in a number of important outcomes:

- Protection of people, communities and property from large, damaging fires
- Protection of California's water supply through improved water quality, yield, and reliability
- Protection of existing water storage capacity through reduced erosion and increased snowpack retention
- Stabilize and increase storage of carbon in healthy forests
- Reduced greenhouse gas (GHG) and particulate matter emissions from intense wildfires
- Protection and restoration of important habitat and the Region's biodiversity
- Protection of hydroelectric infrastructure
- Protection of recreational opportunities
- Increased economic and social well-being in Sierra communities through increased forest management, biomass-to-energy, and wood products industries
- Increased awareness among policy-makers, other stakeholders, and those who benefit from the resources flowing from the Region regarding the urgent need for, and the benefits of, watershed restoration in the Sierra Nevada

## FOCUS OF THE WATERSHED IMPROVEMENT PROGRAM

The WIP will be a large scale restoration program designed to address a variety of ecosystem health issues in the Sierra Nevada.

Restoring and protecting the health of forests, soils, streams and meadows, improving habitat conditions, preserving working landscapes, and improving local socio-economic conditions will be key outcomes of the WIP. Developing and

implementing this program in a strategic, integrated and collaborative manner will maximize the investment made and ensure that policy changes are made with a comprehensive understanding of needs. Because forests link all of these issues, they are the first area of focus for the WIP.

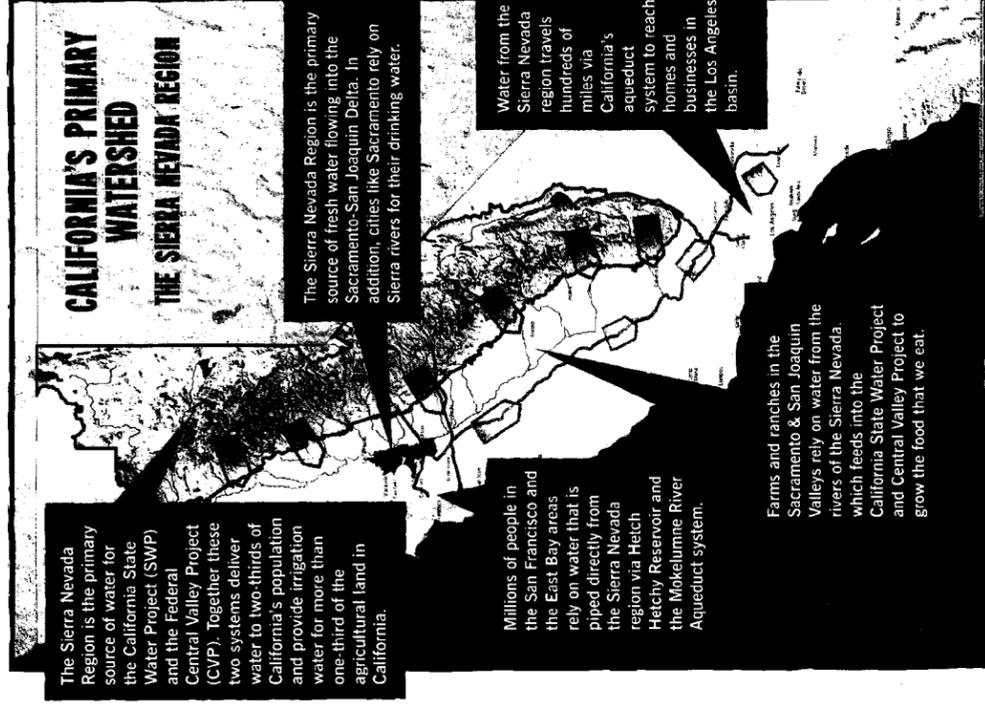
## KEY NEXT STEPS

A key next step in the development of the Sierra Nevada WIP is an assessment of needed restoration, costs and impediments developed at a watershed level. The assessment will serve as the basis for an action plan for the watershed, building from and complementing the actions identified in the Sierra Nevada Forest & Community Initiative action plan. Together these efforts will further identify and refine the scope, scale and cost of ecological restoration of the entire Sierra Nevada Region.

The SNC and the USFS are organizing a multi-state/federal/local agency effort to work with Regional stakeholders, as well as those outside the Region who are impacted by the watershed's degradation, to develop and implement the WIP.

A plan to guide the overall Program is being created at a Regional level and collaborative watershed level assessments and plans will be developed to implement the program. Specific metrics will be developed and tracked in order to measure the success of the program.

The Sierra Nevada WIP will require significant efforts by many agencies, stakeholders and the public. The challenges to achieving the WIP's objectives are numerous, but at the same time the opportunity to build off of the consensus around the need act swiftly is substantial. Our failure to seize this opportunity will have implications throughout California for many decades to come.



THE URGENCY TO

SAVE

OUR PRIMARY

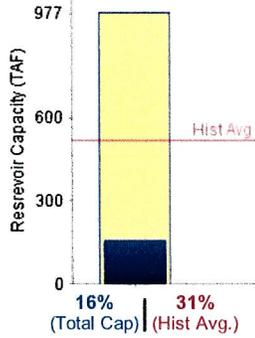
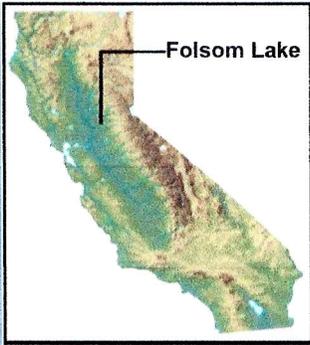
WATERSHED



[www.sierranevada.ca.gov/wip](http://www.sierranevada.ca.gov/wip)

Produced in cooperation with the USDA Forest Service, which is an equal opportunity service provider and employer

FOLSOM LAKE - STORAGE CONDITIONS AS OF OCTOBER 18, 2015



- Current Storage: 159,743 AF
- 16% of Total Capacity
- 31% of Historical Avg. For This Date
- (Total Capacity: 977,000 AF)
- (Avg. Storage for Oct 18: 521,452 AF)

Change Date: 18-Oct-2015

Refresh Data

Major Reservoir Current Conditions Graphs

Printable Version of Current Data

Folsom Lake Storage Level Graph: Choose water years to plot:

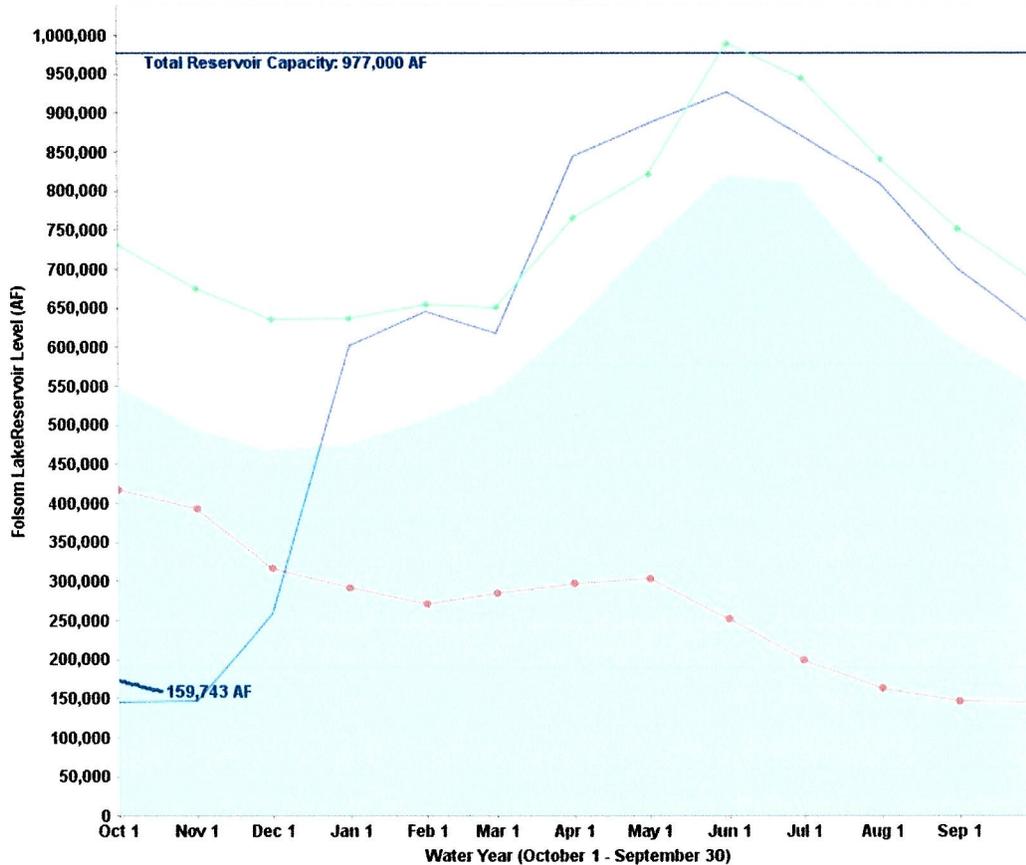
- 1976-1977 (dry)
- 1977-1978
- 1982-1983 (wet)
- 1988-1989
- 1989-1990

Draw chart

(chart legend appears at bottom)

(ctrl+click for multiple selections)

Folsom Lake Storage Levels



Historical Average — Total Reservoir Capacity • 1976-1977 (dry) — 1977-1978 — 1982-1983 (wet) — 2015-2016(current)

# FOLSOM LAKE (FOL)

Elevation: 466' · AMERICAN R basin · Operator: US Bureau of Reclamation

Provisional data, subject to change.

Query executed Monday at 10:18:02



Select a sensor type for a plot of data.

**Note: Reservoir Flows are daily averages.**

Earlier

Date	RES ELE	STORAGE	RES CHG	TOC STO	ABV TOC	OUTFLOW	INFLOW	EVAP	FNF	RIV REL	PPT INC	SPILL	DC PUMP	DIS PWR
	FEET	AF	AF	AF	AF	CFS	CFS	CFS	CFS	CFS	INCHES	CFS	CFS	CFS
09/20/2015	362.45	182114	-379	977000	-794886	1111	954	34	16e	0	0.00	0	145	966
09/21/2015	362.29	181507	-607	977000	-795493	1001	734	39	16e	0	0.00	0	134	867
09/22/2015	362.08	180710	-797	977000	-796290	1079	717	40	34e	0	0.00	0	120	959
09/23/2015	361.81	179700	-1010	977000	-797300	970	483	22	34e	0	0.00	0	130	840
09/24/2015	361.56	178771	-929	977000	-798229	992	555	31	34e	0	0.00	0	126	866
09/25/2015	361.30	177804	-967	977000	-	1011	555	32	34e	0	0.00	0	128	883
09/26/2015	361.21	177469	-335	977000	-	962	825	32	34e	0	0.00	0	126	836
09/27/2015	361.06	176911	-558	977000	-800089	1075	820	26	52e	0	0.00	0	139	936
09/28/2015	360.82	176032	-879	977000	-800968	1017	598	24	52e	0	0.00	0	137	880
09/29/2015	360.51	174902	-1130	977000	-802098	1001	456	25	52e	0	0.00	0	125	876
09/30/2015	360.18	173699	-1203	977000	-	925	331	13	149	0	0.00	0	130	795
10/01/2015	359.89	172648	-1051	968837	-796189	881	352	1	224e	0	0.06	0	101	780
10/02/2015	359.65	171787	-861	960673	-	839	430	25	224e	0	0.00	0	85	754
10/03/2015	359.55	171428	-359	952510	-	865	710	26	151	0	0.00	0	110	755
10/04/2015	359.33	170639	-789	944347	-773708	855	478	21	83	0	0.00	0	124	731
10/05/2015	359.10	169814	-825	936184	-766370	839	439	16	88	0	0.00	0	135	704
10/06/2015	358.88	169030	-784	928020	-758990	810	434	19	160	0	0.00	0	106	704
10/07/2015	358.68	168321	-709	919857	-	776	438	19	59	0	0.00	0	109	667
10/08/2015	358.45	167505	-816	911694	-744189	775	384	20	59	0	0.00	0	105	670
10/09/2015	358.15	166442	-1063	903531	-	860	347	23	59	0	0.00	0	101	759
10/10/2015	357.78	165139	-1303	895367	-	1260	626	23	59	0	0.00	0	115	1145
10/11/2015	357.64	164649	-490	887204	-	657	431	21	59	0	0.00	0	126	531
10/12/2015	357.36	163668	-981	879041	-715373	856	384	23	-	0	0.00	0	137	719
10/13/2015	357.12	162827	-841	870878	-708050	741	343	26	-	0	0.00	0	108	633
10/14/2015	356.89	162026	-801	862714	-700688	734	352	22	-	0	0.00	0	108	626
10/15/2015	356.74	161507	-519	854551	-693044	621	381	22	-	0	0.00	0	102	519
10/16/2015	356.45	160504	-1003	846388	-	767	280	19	-	0	0.00	0	105	662
10/17/2015	356.37	160227	-277	838224	-	679	546	7	-	0	0.16	0	106	573
10/18/2015	356.23	159743	-484	830061	-	629	394	9	-	0	0.00	0	108	521
10/19/2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[Later](#) | [Latest](#)

Warning! This data is preliminary and subject to revision.

[Show FOL Map](#) | [Plot FOL Data](#) | [1 Month FOL Data](#) | [Real-Time FOL Data](#) | [FOL Info](#)

## LAKE NATOMA (NIMBUS DAM) (NAT)

Elevation: 132' · AMERICAN R basin · Operator: US Bureau of Reclamation

Provisional data, subject to change.

Query executed Monday at 10:19:45



Select a sensor type for a plot of data.

**Note: Reservoir Flows are daily averages.**

[Earlier](#)

Date	RES ELE	STORAGE	RES CHG	OUTFLOW	INFLOW	SPILL	DIS PWR
	FEET	AF	AF	CFS	CFS	CFS	CFS
09/20/2015	122.20	7431	119	873	936	0	813
09/21/2015	122.09	7382	-49	868	847	0	808
09/22/2015	122.38	7512	130	869	939	0	809
09/23/2015	122.22	7440	-72	875	841	0	815
09/24/2015	122.27	7463	23	870	885	0	810
09/25/2015	122.39	7517	54	868	898	0	808
09/26/2015	122.27	7463	-54	874	850	0	814
09/27/2015	122.44	7539	76	869	910	0	809
09/28/2015	122.45	7544	5	878	884	0	808
09/29/2015	122.52	7575	31	879	898	0	809
09/30/2015	122.42	7530	-45	783	761	0	713
10/01/2015	122.64	7629	99	676	726	0	606
10/02/2015	122.72	7665	36	677	698	0	607
10/03/2015	122.84	7719	54	676	706	0	608
10/04/2015	122.88	7737	18	666	677	0	606
10/05/2015	122.79	7697	-40	656	638	0	609
10/06/2015	122.97	7778	81	648	691	0	608
10/07/2015	122.78	7692	-86	650	609	0	607
10/08/2015	122.77	7688	-4	665	665	0	605
10/09/2015	123.33	7946	258	668	801	0	607
10/10/2015	124.34	8431	485	671	919	0	606
10/11/2015	123.79	8162	-269	674	540	0	609
10/12/2015	123.67	8106	-56	674	649	0	609
10/13/2015	123.81	8172	66	672	708	0	607
10/14/2015	123.54	8045	-127	673	611	0	608
10/15/2015	123.35	7956	-89	590	547	0	525
10/16/2015	122.78	7692	-264	581	450	0	516
10/17/2015	122.63	7625	-67	567	534	0	516
10/18/2015	122.30	7476	-149	567	493	0	516
10/19/2015	--	--	--	--	--	--	--

[Later](#) | [Latest](#)

Warning! This data is preliminary and subject to revision.

[Show NAT Map](#) | [Plot NAT Data](#) | [1 Month NAT Data](#) | [Real-Time NAT Data](#) | [NAT Info](#)

## STAFF REPORT

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**To:** Board of Directors

**From:** Keith Durkin  
Assistant General Manager

**Date:** October 21, 2015

**Subject:** Arc Flash Hazard Assessment  
Recommendation to Award Professional Services Agreement

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### Recommendation Action

Staff recommends a motion to award a professional services agreement to Industrial Electrical Company for the amount of \$50,465 with an authorized contingency of \$5,000 (10%) for an authorized total project budget of \$55,465.

### Background

The District's existing facilities have been constructed over several decades under different regulations and codes. To provide compliance with OSHA, Cal-OSHA and the current version of industry standard NFPA 70E, "Standard for Electrical Safety in the Workplace", and to supplement and enhance the District's existing electrical safety program and provide additional safety measures for our employees and contractors, the District solicited proposals from qualified firms to complete an arc flash hazard assessment.

This assessment is the first phase of a compliance program. It includes conducting and documenting a facilities review, completing a detailed arc flash hazard analysis including electrical system modeling and a short circuit study, performing a protective device coordination study, identifying and providing required signage and warning labels, and conducting workplace training. A final report will identify improvements necessary to meet compliance and safety requirements. A subsequent phase(s) of the program will complete the construction and installation of the recommended improvements to eliminate the arc flash hazard for each site or system to provide a safe work environment for the District's operations personnel.

### Status

An RFP for the project was distributed to qualified firms in September 2014. Four proposals were received from the following firms: Telstar, HDR Engineering, Siemens Industry, Inc., and Industrial Electrical Company. Staff evaluated the technical proposals prior to opening and reviewing the cost proposals. The technical proposals were ranked on the basis of project understanding, work plan and comprehensiveness of scope, experience and qualifications of the firm and team, and project schedule. Final ranking considered cost and value to the District. Industrial Electrical Company's proposal was selected as best meeting the needs of the District.

**Budget Impact**

None identified at this time. All phases of the project were budgeted in Fiscal Year 2015-2016 in the total amount of \$175,000 of which the cost share is \$100,000 Wholesale and \$75,000 Retail. The budgeted amount considers all anticipated costs, including the \$50,465 agreement and \$5,000 contingency amount identified herein.

DIRECTOR TOBIN'S REPORT  
10/28/2015

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

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

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

After lunch David Guy officiated the panel.

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

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

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

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

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

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

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

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

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

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

SGA October 8, 2015

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

SGA Groundwater management program update

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

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

ASSOC. CA. WATER AGENCIES

Drought letter

Endangered Species

## **ENDANGERED SPECIES:**

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

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

E&E Daily: Wednesday, October 21, 2015

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

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

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

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

## Obama's ESA reforms still open to interpretation

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

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

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

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

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

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

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

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

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

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

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

-- Corbin Hiar

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

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

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

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

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

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

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

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

## **Critical habitat exclusions**

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

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

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

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

## **Definition of 'adverse modification'**

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

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

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

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

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

## **Economic impacts of critical habitat**

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

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

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

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

## **Mapping critical habitat**

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

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

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

## **Defining 'significant' portion of species range**

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

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

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

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

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

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

## **Clarifying requirements for incidental take statements**

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

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

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

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

## **Proactive conservation 'credits'**

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

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

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

## Petition procedure change

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

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

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

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

## Landscape-scale focus

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

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

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

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

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

On Oct 9<sup>th</sup>

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

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

October 27, 2015

The Honorable Lisa Murkowski  
Chairwoman  
Senate Energy & Natural Resources  
Committee  
304 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Maria Cantwell  
Ranking Member  
Senate Energy & Natural Resources  
Committee  
304 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairwoman Murkowski, Ranking Member Cantwell, and Members of the Committee:

We appreciate your leadership in conducting the Oct. 8, 2015, hearing on Western drought legislation. On behalf of the thousands of Western farmers, ranchers and businesses we represent, as well as the millions of urban, suburban and rural residents that our organizations collectively provide water to, we urge that Westerners in the Senate put aside partisan differences and work together to produce compromise legislation that can be passed by both the Senate and the House, and signed into law by the president this year.

Your committee can draw upon a strong foundation to create this legislation. Over the course of this year your committee has heard a multitude of bills that would address short, medium and long-term aspects of the drought both on a West-wide as well as state specific scale. Your October drought hearing looked at legislation that would impact New Mexico as well as two bills – H.R. 2898 (introduced by California Rep. David Valadao) and S. 1894 (introduced by California Sen. Dianne Feinstein) – that could have positive impacts in California and other Western states. Further strong leadership will be required in order to find consensus on this legislation intended to address the drought in California and across the West.

Water challenges in the West are significant and daunting. The Colorado River Basin has experienced the driest 15- year period since the 1960s with above-average flows in only three of the last 15 years.<sup>1</sup> According to research evaluating tree rings the ongoing drought in California is the worst to hit the region since the 13th century.<sup>2</sup> Drought conditions in the Pacific Northwest are the worst seen in decades with no end in sight. Drought also exacerbates already declining forest health, increases the risk and severity of devastating mega-fire and threatens the origin of water supplies for millions in the West.

In order to respond to current and future water shortages, Congress must provide federal agencies with more flexibility under existing environmental laws and regulations to encourage a more

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<sup>1</sup> US Bureau of Reclamation, "US Bureau of Reclamation Upper Colorado Region," 11 July 2014. [Online]. Available: <http://www.usbr.gov/uc/water/crsp/cs/ged.html>.

<sup>2</sup> Evidence Suggests California's Drought is the Worst in 1,200 Year, Woods Hole Oceanographic Institution, News Release, Dec. 14, 2014 found at <http://www.whoi.edu/news-release/California-drought>.

cooperative approach toward achieving multiple goals. And, where such flexibility currently exists in laws, Congress should demand that agencies use those flexibilities to act with the urgency and promptness that this drought crisis demands.

Western drought legislation should shift the regulation of water resources away from the current adversarial structure that regards agriculture as a harmful activity that must be minimized in order to maximize environmental benefits. We must move toward an approach that encourages cooperation and innovation to produce better results for both agriculture and the environment. This includes promoting the use of new technology in water management. Real-time monitoring and data collection can be used to more closely align water supply operations to actual fishery and environmental needs.

As a nation we must invest (and reinvest) in the Western water infrastructure necessary to meet current and future demands. Our existing water infrastructure in the West is aging and in need of rehabilitation. We need new water storage in order to adapt to a changing hydrology and develop usable and sustainable supplies to meet growing demands for water. Failing to improve infrastructure and expand useable supplies will inevitably result in more conflict as pressure grows to 'solve' urban and environmental water problems by taking water from agriculture.

Streamlining permitting processes and alignment of regulatory agencies will help increase water storage and improve water management. The federal government can continue to be a partner in solving these water problems in the West by using financing mechanisms that have a very low cost to the Treasury and make water resources investment more attractive and affordable for non-federal interests.

Both H.R. 2898 and S. 1894 are intended to address counter-productive regulatory practices and expedite new water storage projects, and both measures would facilitate the use of water management tools such as voluntary transfers. While the House and Senate bills take sometimes starkly different approaches to achieving their common goals, these differences should not be irreconcilable for members of Congress working together to bring effective relief to the West as quickly as possible.

While many of the above ideas are found in the separate bills your committee has heard, multiple competing bills are of no help to the drought-stricken West. We need the committee to bring these ideas together in a single, effective compromise bill that can be signed into law before the end of the year. We're counting on you to work together to make that happen. We're counting on you to ensure that Western water users have every tool available to survive and recover from the current drought and to prepare for the hard, dry years that the future may hold.

We stand ready to assist you in any way that leads to a unified legislative response to the critical drought crisis our communities are facing.

Sincerely,

#### National and Regional Organizations

American Farm Bureau Federation  
Family Farm Alliance  
Klamath Water Users Association (CALIFORNIA / OREGON)  
National Cattlemen's Beef Association  
National Onion Association  
National Potato Council  
National Water Resources Association  
Northwest Horticultural Council  
Pacific Northwest Vegetable Association  
Public Lands Council  
Rocky Mountain Farmers Union  
Rural & Agriculture Council of America  
United Fresh Produce Association  
Western Alfalfa Seed Growers Association  
Western Agricultural Processors Association  
Western Growers Association  
Western Plant Health Association

#### Arizona

Agribusiness & Water Council of Arizona  
Arizona Cotton Growers Association  
Arizona Farm Bureau  
Arizona Nursery Association  
Salt River Project  
United Dairywomen of Arizona  
Wellton-Mohawk Irrigation and Drainage District

#### California

African American Farmers of California  
Agricultural Council of California  
American Pistachio Growers  
Almond Hullers and Processors Association  
Association of California Egg Farmers  
Association of California Water Agencies  
California Agricultural Irrigation Association  
California Alfalfa & Forage Association  
California Association of Wheat Growers  
California Bean Shippers Association  
California Cattlemen's Association  
California Chamber of Commerce  
California Citrus Mutual  
California Cotton Ginners Association  
California Cotton Growers Association

## California (Continued)

California Farm Bureau Federation  
California Forestry Association  
California Fresh Fruit Association  
California Grain and Feed Association  
California League of Food Processors  
California Milk Producers Council  
California Pear Growers Association  
California Seed Association  
California State Floral Association  
California Warehouse Association  
California Women for Agriculture  
Central Valley Project Water Association  
Friant North Authority  
Friant Water Authority  
Glenn-Colusa Irrigation District  
Nisei Farmers League  
North Bay Water Reuse Authority  
Northern California Water Association  
Pacific Egg & Poultry Association  
San Joaquin River Exchange Contractors Water Authority  
San Luis & Delta-Mendota Water Authority  
Santa Ynez River Water Conservation District, ID No.1  
Sonoma County Water Agency  
South Valley Water Association  
Tehama-Colusa Canal Authority  
United Ag  
Valley Ag Water Coalition

## Colorado

Colorado Association of Conservation Districts  
Colorado Association of Wheat Growers  
Colorado Cattlemen's Association  
Colorado Corn Growers Association  
Colorado Dairy Farmers  
Colorado Farm Bureau  
Colorado Fruit and Vegetable Growers Association  
Colorado Onion Growers Association  
Colorado Pork Producers Council  
Colorado Potato Administrative Committee  
Colorado State Grange  
Dolores Water Conservancy District  
Fulton Irrigation Ditch  
Northern Colorado Water Conservancy District  
Southwestern Water Conservation District

Idaho

Idaho Farm Bureau  
Idaho Oregon Fruit and Vegetable Association  
Idaho Potato Commission  
Idaho Water Users Association

Kansas

Kansas Water Congress

Montana

Montana Farm Bureau

Nebraska

Central Nebraska Public Power and Irrigation District  
Nebraska State Irrigation Association

Nevada

Nevada Cattlemen's Association  
Nevada Farm Bureau  
Truckee-Carson Irrigation District

New Mexico

Elephant Butte Irrigation District  
Middle Rio Grande Conservancy District  
New Mexico Farm Bureau

Oregon

Deschutes Basin Board of Control  
Oregon Association of Nurseries  
Oregon Cattlemen's Association  
Oregon Dairy Farmers Association  
Oregon Farm Bureau  
Oregon Potato Commission  
Oregon Seed Council  
Oregon Water Resources Congress  
Oregonians for Food and Shelter

Utah

Davis and Weber Counties Canal Company  
North Ogden Irrigation Company  
Ogden River Water Rights Committee  
Ogden River Water Users' Association  
South Ogden Conservation District

Utah Farm Bureau  
Utah Water Conservancy District  
Utah Water Users Association  
Weber-Box Elder Conservation District  
Weber River Water Users Association

#### Washington

Columbia Basin Development League  
Hop Growers of Washington  
Washington Asparagus Commission  
Washington Association of Wheat Growers  
Washington Blueberry Commission  
Washington Cattle Feeders Association  
Washington Farm Bureau  
Washington Friends of Farms & Forests  
Washington Mint Growers Association  
Washington Red Raspberry Commission  
Washington State Council of Farmer Cooperatives  
Washington State Grape Society  
Washington State Hay Growers Association  
Washington State Potato Commission  
Yakima Basin Joint Board

#### Wyoming

Wyoming Association of Conservation Districts  
Wyoming Farm Bureau  
Wyoming Stock Growers Association

cc:

Senator John McCain  
Senator Barbara Boxer  
Senator Dianne Feinstein  
Senator Michael Bennett  
Senator Michael Crapo  
Senator Jon Tester  
Senator Dean Heller  
Senator Harry Reid  
Senator Tom Udall  
Senator Jeff Merkley  
Senator Orrin Hatch  
Senator Patty Murray  
Senator Michael Enzi