

# **SAN JUAN WATER DISTRICT**

Board of Director's Meeting Minutes

May 13, 2015 – 7:00 p.m.

## **BOARD OF DIRECTORS**

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

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

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Kate Motonaga	Finance Manager
Teri Hart	Board Secretary/Administrative Assistant
Joshua Horowitz	Legal Counsel

## **OTHER ATTENDEES**

Al Castellanos & Family	Honoree
Sandy Harris	Customer
Mike Grimm	Customer
Dave Hodson	Customer
Robert J. Matteoli	Non-Customer
Paul R. Stanbrough	Observer
Lucy Eidam Crocker	Crocker & Crocker
Christine Braziel	Crocker & Crocker
Mike McRae	FOWD
Dave Underwood	FOWD
Tony Barela	SJWD
Judy Johnson	SJWD
Jason Mayorga	SJWD
George Machado	SJWD
Vicki Sacksteder	SJWD
Mike Martinez & Family	SJWD
Chris Mayer	SJWD
Scott DesJardin	SJWD
Justen Cater	SJWD
Logan R. Andelin	Student
Brandon Dizon	Student
Colin Kearney	Student
Steven Cummins	Student
Dylan Cody	Student
Chris Stepper	Student
Cedric Peppers	Student

## **AGENDA ITEMS**

- I. Public Forum**
- II. Consent Calendar**
- III. Presentations**
- IV. Old Business**
- V. Committee Reports**
- VI. Information and Action Items**
- VII. Upcoming Events**
- VIII. Closed Session**
- IX. Open Session**
- X. Adjourn**

President Costa called the meeting to order at 7:00 p.m. President Costa moved Agenda Item III to the beginning of the meeting. The meeting minutes will remain in the original order.

### **I. PUBLIC FORUM**

Mr. Mike Grimm addressed the Board and voiced concern on the one day per week watering that West Sacramento imposed. Ms. Lorance responded that the SJWD Board adopted a Stage 4 conservation stage which requires customers not water more than 2 days per week. She commented that a mailer will be going out to customers in the next couple of weeks addressing the 36% water conservation requirement and the watering days. Mr. Grimm voiced concern that some customers might not adhere to the conservation requirements and there should be increased fines. In addition, he voiced concern that housing varies and some properties have many inhabitants while others very few so water consumption with a household with more people will be higher. Ms. Lorance commented that the 36% conservation requirement is District-wide.

Mr. Dave Hodson addressed the Board and voiced concern that watering two days per week will save more than 36% and will the District be requesting more from its customers than that. Ms. Lorance commented that the District has to meet the Governor's order and requirements, such as the two-day per week watering requirement and 36% water conservation. She explained that if the District does not meet the requirement, then the District could be fined up to \$10,000 per day. She explained that since the District does not have water budgets for each household, the District will work with each customer to meet the conservation stage 4 requirements so the District as a whole needs to meet the 36% reduction every single month.

### **II. CONSENT CALENDAR**

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

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

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

1. Minutes of the Board of Directors Workshop, March 9, 2015
2. Minutes of the Board of Directors Meeting, April 8, 2015
3. Minutes of the Board of Directors Workshop, April 16, 2015

***Director Walters moved to approve the Consent Calendar. Vice President Tobin seconded the motion and it carried with 4 Aye votes and 1 Absent (Miller).***

Director Walters requested that these meeting minutes reflect that the March 9<sup>th</sup> Board Workshop minutes on page 7 were edited to reflect what occurred at the March 9<sup>th</sup> workshop. Mr. Durkin explained that subsequent to the March 9<sup>th</sup> Board Workshop some of the action items have already been addressed.

### **III. PRESENTATIONS**

#### **1. Naming of new Lower Granite Bay Booster Pump Station in recognition of Al Castellanos**

Ms. Lorance introduced George Machado, Field Services Manager. Mr. Machado addressed the Board and presented past employee Alfredo "Cerde" Castellanos with a Certificate of Dedication which names the Lower Granite Bay booster pump station the Castellanos Booster Pump Station in honor of Mr. Castellanos.

## **ACTION AND INFORMATIONAL ITEMS**

### **IV. OLD BUSINESS**

#### **1. Fiscal Year 2015-2016 Draft Wholesale Budget**

Mr. Keith Durkin and Ms. Kate Motonaga conducted a presentation on the Fiscal Year 2015-16 Draft Wholesale Budget. A copy of the presentation will be attached to the meeting minutes.

Ms. Lorance commented that the board reviewed two budgets; one includes a wholesale water rate increase of approximately \$7.40 per acre foot of water supply per year, while the second includes a wholesale water rate increase of approximately \$12 per acre foot per year.

Mr. Grimm commented that \$2 million left in reserves is too small and if drought continues then this will not be enough to cover in case of emergencies.

Mr. Dave Underwood, FOWD Director, commented that the presentation was great and helped him understand the SJWD budget better. He inquired what ramp up the District used in projecting water production. Ms. Motonaga responded that she used the calculations that are assumed in the Financial Plan, which assumes a 50% ramp up and non-recovery of 1,000 acre feet.

Mr. Mike McRae, FOWD Director, commented that FOWD purchases all their wholesale water from SJWD and requested that the Board look at past increases over the last ten years and the amount available in reserves that are specifically earmarked for this purpose prior to imposing a rate increase.

The Board discussed bringing back both budget options to the next meeting, and whether or not to include use of the Rate Stabilization Reserve fund. In response to Director Rich's question, Mr. Durkin responded that staff would not be comfortable delaying some of the projects longer than three years. Ms. Lorange commented that staff recommends the \$12 per acre foot rate increase to meet the needs associated with the CIP schedule and reduce the risk of failure. Ms. Motonaga explained that a lower rate increase will spike the wholesale water rate later and presents a greater risk of infrastructure failure. Mr. Durkin commented that the District's water rates are very low at the current effective wholesale water rate of \$123 per AF per year, not including debt service costs.

The Board requested that 1) the budget be brought back showing use of the Rate Stabilization Reserve fund and keeping the CIP schedule in line with the Financial Plan and 2) bring back information on how much revenue each percent increase is. In addition, Ms. Lorange commented that staff will also provide what the projected annual revenue will be for the next several years with the proposed rate increases.

*For information only; no action requested.*

## **V. COMMITTEE REPORTS**

### **1. Legal Affairs Committee (4/27/15)**

Director Walters reported that the committee met on April 27, 2015, and discussed the following:

- Attorney Billing Invoices (W & R)
- Antelope Pump Back Project O&M Agreement (W & R)
- Other Legal Affairs Matters
- Public Comment

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

#### **Attorney Billing Invoices (W & R)**

Director Walters informed the Board that the committee did not come to a consensus on whether or not the invoices from the District's legal counsel are considered confidential. Mr. Horowitz commented that the summary page of costs is disclosable but the descriptions are attorney-client privileged information and there is a court case that confirms that position.

*For information only; no action requested.*

**Antelope Pump Back Project O&M Agreement (W & R)**

Director Walters informed the Board that the committee reviewed the draft Antelope Pump Back Project O&M agreement. Mr. Durkin informed the Board that staff has been working with Sacramento Suburban Water District on some language in the agreement and received assistance from Legal Counsel for the correct wording.

*For information only; no action requested.*

**2. Water Supply & Reliability Committee (4/28/15)**

Director Walters reported that the committee met on April 28, 2015, and discussed the following:

- Water Supply Status (W & R)
- Proposed Implementation of Water Use Reduction Requirements from SWRCB
- Other Matters
- Public Comment

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

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

Ms. Lorange informed the Board that Folsom Reservoir is currently at 564 TAF which is just shy of two-thirds of average. She commented that there will be a significant increase in releases to approximately 1,500 cfs in order to meet Delta water quality requirements. In addition, the committee discussed the intent to use Folsom Reservoir to maintain the salinity line in the Delta as Shasta Reservoir is being kept as full as possible to maintain as much cold water for the fisheries on the Sacramento River.

Ms. Lorange informed the Board that she will be on a tele-conference call this Friday with the Bureau for an update on the operations and to find out if the Bureau will maintain Folsom Reservoir water storage above the 200 TAF level as currently projected. In addition, she expects to hear whether or not the Bureau will be purchasing the pumps in order to have available if needed for reliability.

*For information only; no action requested.*

**Proposed Implementation of Water Use Reduction Requirements from SWRCB**

Director Walters commented that this topic was discussed at the April 29<sup>th</sup> Board Workshop.

### **3. Finance Committee (5/12/15)**

President Costa reported that the committee met on May 12, 2015, and discussed the following:

- Review and Pay Bills (W & R)
- Other Finance Matters
- Public Comment

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

#### **Review and Pay Bills (W/R)**

President Costa reported that the committee reviewed bills and claims in the amount of \$1,253,358.23 and found them to be in order.

***President Costa moved to approve Resolution 15-06. Vice President Tobin seconded the motion and it carried with 4 Aye votes and 1 Absent (Miller).***

#### **Other Finance Matters (W/R)**

President Costa reported that the committee discussed some discussions which occurred at the ACWA Spring Conference regarding groundwater. Ms. Lorange informed the Board that she will request that Rob Swartz make a presentation to the Board regarding a history of groundwater allocations, banking and exchange, and the status of the wholesale customer agencies.

*For information only; no action requested.*

## **VI. INFORMATION AND ACTION ITEMS**

### **1. GENERAL MANAGER'S REPORT**

#### **1.1 SWRCB Conservation Requirements**

Ms. Lorange introduced Judy Johnson, Customer Service Manager. Ms. Johnson provided an overview on activities being conducted to meet the SWRCB conservation requirements. A copy of the activities will be attached to the meeting minutes.

Ms. Lucy Eidam Crocker commented that Crocker & Crocker will be conducting a telephone Town Hall on June 4<sup>th</sup>, with customers being notified via the direct mailer. Ms. Lorange and Mr. Ken Kirkland will be on the call to answer customer questions related to the drought.

*For information, no action requested*

## **1.2 Report Back Items**

### **1.2.1 Finance Systems Process Update**

Ms. Lorance referred the Board to her staff report which includes the projected timeline for completion of tasks related to the Finance System conversion. President Costa requested that the Finance Committee received an update on the standard reports.

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

Ms. Lorance referred the Board to the items in the Board packet.

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

### **2.1 Report Back Items**

There were no items discussed.

### **2.2 Miscellaneous District Issues and Correspondence**

Mr. Durkin reported that he attended a Drought Coordination meeting at RWA this morning. He commented that other agencies are being aggressive and pro-active with their public outreach regarding the drought. In addition, most agencies are dropping their water pressure by 5-6 psi, which helps reduce leaks and conserve water. He also commented that higher conservation will be needed in the summer months in order to meet the 36% conservation requirement for the year. Some agencies are implementing water waste schools in lieu of fines, monthly metering, the WaterSmart software, grass for cash, and removing grass in medians.

## **3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT**

### **3.1 Report Back Items**

Ms. Motonaga reported that the auditors will be attending the May 27<sup>th</sup> Board meeting to review their findings and, if possible, she will attempt to provide the Auditor's report prior to the Board meeting.

### **3.2 Miscellaneous District Issues and Correspondence**

There were no items discussed.

## **4. LEGAL COUNSEL'S REPORT**

### **4.1 Legal Matters**

Mr. Horowitz reported that there is a closed session tonight. In response to President Costa's comment, Mr. Horowitz explained that Article 13b regarding reimbursement of State mandated requirements would not necessarily apply to an emergency order, but he will look into it and report back.

## **5. DIRECTORS' REPORTS**

### **5.1 SGA**

Vice President Tobin will report at the next meeting.

### **5.2 RWA**

Vice President Tobin will report at the next meeting.

### **5.3 ACWA**

#### **5.4.1 Local/Federal Government/Region 4 - Pam Tobin**

Vice President Tobin reported that the Local Government Committee is looking into how to help subsidize low income households with regard to their water bills.

#### **5.4.2 Energy Committee - Ted Costa**

President Costa reported that small hydros are considered to be renewable energy and the limit to be considered a small hydro might be raised. In addition, there is a legislative bill that might pass that will require energy companies to have 50% in renewable energy.

#### **5.4.3 JPIA - Bob Walters**

Director Walters reported that he attended the JPIA meeting at the ACWA Spring Conference. JPIA held elections for the Executive Committee, with the three incumbents being re-elected and two positions were filled by Bruce Rupp and David Drake. In addition, JPIA approved the operating budget with a surplus. JPIA also sold the building in Citrus Heights for a profit.

### **5.4 CVP Water Users Association**

President Costa will report at the next meeting.

### **5.5 Other Reports and Comments**

There were no other reports or comments.

## **VII. UPCOMING EVENTS**

1. 2015 AWWA Annual Conference & Exposition  
June 7-10, 2015  
Anaheim, CA

**President Costa called for Closed Session at 9:25 pm.**

## **VIII. CLOSED SESSION**

1. Conference with real property negotiators involving the transfer of up to 8,000 acre-feet of water conserved under the District's pre-1914 water right to CVP

contractors. The Board will provide direction to District negotiators, General Manager Shauna Lorance and Assistant General Manager Keith Durkin, on the price, terms of payment or both for the transferred water. The specific buyers and their representatives with whom the District will negotiate have not yet been identified, but those buyers and representatives will be publicly identified at the Board meeting or as soon thereafter as possible. (See Government Code sections 54954.5(b) and 54956.8.)

**President Costa returned to Open Session at 9:55 pm.**

**IX. OPEN SESSION**

There was no reported action during closed session.

**X. ADJOURN**

**The meeting was adjourned at 9:55 p.m.**

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

ATTEST:

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TERI HART, Board Secretary

## STAFF REPORT

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To: Board of Directors  
From: Kate Motonaga, Interim Finance & Administrative Services Manager  
Date: May 13, 2015  
Subject: Proposed Fiscal Year 2015-2016 Wholesale Budget

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### RECOMMENDED ACTION

This item will be presented at the May 13, 2015 Board of Directors meeting with discussion at that time followed by anticipated adoption of the *Fiscal Year 2015-2016 Wholesale Budget*. Staff is presenting a Draft 6% Wholesale Water Rate increase for Calendar Year 2016.

### BACKGROUND

As discussed previously, the budget document is prepared for San Juan Water District encompassing both Wholesale and Retail operations (with separate budgets for each). The presentation on May 13, 2015 will focus only on Wholesale and consist of various tables and summarize information contained within the attached budget document.

### FINANCIAL CONSIDERATIONS

The *Proposed Fiscal Year 2015-2016 Wholesale Budget* is predicated on the Districts intention to meet the Mandated Conservation requirement of 36%.

Along with associated Revenues and Expenses anticipated by the Mandated Conservation requirements and it will also provide adequate funding of operations, non-operating, capital improvement program and reserves. The Wholesale Water Rate Study and Financial Plan completed in 2014 anticipated an increase to 6% following two years of 3% and 5% rate increases respectively.

Capital Improvement Program: The capital improvement program is a significant driver in Wholesale Water Rates. The current projections of significantly reduced FY 2014-2015 spending and the newly reduced FY 2015-2016 CIP projections are both incorporated in the Reserves calculations. The projects are necessary and have been delayed, not eliminated. This was not incorporated into the Wholesale Financial Plan for the FY 2015-2016, but offsets the effects of the reduced revenues for the short term only.

Reserves: The budget will provide funding as directed by the Board of Directors to maintain appropriate reserves and the financial strength cited by Standard and Poor's and Fitch Ratings.

Attachment SJWD Proposed FY 2015-2016 Wholesale Budget - Financials

# Budget Narrative Layout

## Wholesale

### *Financial Policies*

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

### *Operations*

- *Activities*
- *Staffing*
- *Capital Program*

## **District-Wide Budget Information and Summaries**

### **Budget Assumptions**

#### Primary Budget Assumption:

Mandated Conservation requirement of 36%

Additionally, the following budget assumptions are proposed:

#### WHOLESALE

##### Revenues

##### *Property Taxes*

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

##### *COP Payments for Direct Debt*

This will include those payments for direct debt related to the 2009 Certificates of Participation and 2013 Refunding Bonds.

##### *Interest on Investments*

The market remains low, but the District will seek investment opportunities in accordance with the *Investment Policy* as they arise.

##### *SMUD California Oregon Transmission Project (COTP) Lease Payment*

The amount will be included per the schedule contained within the contract.

### *Wholesale Customer Agencies Connections and Water Deliveries*

The deliveries included in the budget are in line with **the Mandated Conservation of 36%** and have been previously communicated to the Wholesale Customer Agencies and are not disputed. Revenue requirements as established and updated include the water use charges, annual service charge and debt service charge. The District implemented a Wholesale rate increase of 5% effective January 1, 2015. **The rate increase included in the base updated Wholesale Financial Plan is 6% effective January 1, 2016.** It is anticipated that Sacramento Suburban Water District will not receive treated water deliveries; therefore, no revenue is included.

### *Groundwater and Pump Back*

The plan does not assume any requests to our Wholesale agencies for Groundwater Pumping. It also does not include any revenues or operating costs associated with the Pump Back project.

### *Cooperative Transmission Pipeline Cost Share*

Revenue is included as estimated based upon historical activity, absent other factors, in accordance with the agreement.

### *California Solar Initiative (CSI) Rebate*

Anticipated rebate amount will be based upon solar project estimates and updated for current trending. This rebate will be received through Fiscal Year 2016. The Board directed staff to ensure that the CSI Rebate and energy cost savings are used to replace capital reserves and therefore will not be available for operating cost savings.

## Expenses

### *Cost of Water Supply*

Based upon the assumption of water deliveries to Wholesale Customer Agencies above, the cost of water supply will be estimated first using water rights water, then a combination of water under the PCWA and USBR contracts, as applicable, with no temporary water supply use necessary. The Budget does not anticipate any costs savings due to limitations of water supply or reduced water purchases.

### *Operations and Maintenance Costs*

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

### *Cost of Living Allowance ("COLA")*

COLA is included per Board policy and is currently estimated to be 1.0%.

### *Facilities Costs*

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

Category	Actual FY 12-13	PReliminary FY 13-14	Projected FY 14-15	Proposed FY 15-16	Change Higher/(Lower) From FY 13-14 Preliminary		Change Higher/(Lower) From FY 14-15 Projected	
					Amount	Percentag	Amount	Percentag
<i>Operating</i>								
<u>Revenues:</u>								
Water Sales	\$ 7,013,144	\$ 6,614,899	\$ 6,272,418	\$ 6,162,222	\$ (452,677)	-6.84%	\$ (110,196)	-1.76%
Other (Incl. Solar Rebate)	495,267	595,893	536,000	556,001	(39,892)	-6.69%	20,001	3.73%
Operating Revenues	\$ 7,508,411	\$ 7,210,792	\$ 6,808,418	\$ 6,718,223	\$ (492,569)	-6.83%	\$ (90,195)	-1.32%
<u>Expenses:</u>								
Source of Supply	\$ 808,374	\$ 802,115	\$ 703,868	\$ 862,883	\$ 60,768	7.58%	\$ 159,015	22.59%
Water Treatment / Pumping	2,088,089	1,897,009	2,023,179	2,338,059	441,050	23.25%	314,879	15.56%
Conservation	225,865	244,219	210,336	227,479	(16,740)	-6.85%	17,142	8.15%
Engineering	110,700	308,734	294,047	327,913	19,179	6.21%	33,866	11.52%
OLD Admnsitration and General Board of Directors	1,246,569	1,571,695	0	0	(1,571,695)	10.24%	0	11.07%
Executive	66,333	18,345	85,266	45,500	27,155		(39,766)	
General Administration - NEW	1,752	171	755,987	915,009	914,838		159,023	
Operations and Information Technology	237,591	279,545	433,505	464,300	184,755		30,795	
Finance and Administrative Services	0	0	191,598	265,118	265,118		73,520	
OPEB and Retirement	0	240,303	627,833	636,136	395,833		8,302	
	272,674	292,836	325,000	325,000	32,164		0	
Operating Expenses	5,057,947	5,654,973	5,650,621	6,407,396	752,424	13.31%	756,776	13.39%
Net Income/(Loss)-Operations	\$ 2,450,464	\$ 1,555,820	\$ 1,157,797	\$ 310,827	\$ (1,244,992)	-80.02%	\$ (846,970)	-73.15%
				\$0				
<i>Non-Operating</i>								
<u>Revenues:</u>								
COP Payments (direct)	\$ 432,067	\$ 1,221,373	\$ 2,057,092	\$ 1,100,999	\$ (120,374)	-9.86%	\$ (956,093)	-46.48%
Interest/Investment Income	52,953	271,721	50,000	50,000	(221,721)	-81.60%	0	0.00%
Wholesale Connections	0	53,233	45,180	45,180	(8,053)	-15.13%	0	0.00%
Taxes & Assessments	803,088	838,921	819,060	820,000	(18,921)	-2.26%	940	0.11%
Other (See Detail)	101,060	102,014	125,874	125,874	23,860	23.39%	0	0.00%
<u>Expenses:</u>								
COPs (interest)	1,343,700	1,044,054	1,458,019	1,458,019	413,965	39.65%	0	0.00%
Other (See Detail)	10,487	(34,629)	10,237	46,916	81,545	-235.48%	36,679	358.30%
Net Non-Operating	34,981	1,477,837	1,628,950	637,118	(840,719)	-56.89%	(991,832)	-60.89%
Capital Contributions	2,522,308	(225,068)	135,000	568,350	793,418	-352.52%	433,350	321.00%
Net Income	5,007,753	2,808,589	2,921,747	1,516,295	(1,292,294)	-46.01%	(1,405,452)	-48.10%
<i>Debt Service Principal</i>								
2012 Refunding Bonds	633,985	633,985	309,152	323,873	(310,112)	-48.91%	14,721	4.76%
2009 COPs	6,400	6,400	265,600	275,200	268,800	4200.00%	9,600	3.61%
Net Available for Distribution	4,367,368	2,168,204	2,346,996	917,222	(1,250,982)	-57.70%	(1,429,774)	-60.92%

## **District Reserves**

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

### **WHOLESALE**

#### *Operating Reserve Fund*

##### Description

The Wholesale Operating Reserve was established with the development of the 1998 Wholesale Water Rate Study and Financial Plan. The Wholesale Operating Reserve Fund provides working capital for wholesale operations, and provides readily available funds for unexpected needs and to accommodate seasonal variations in revenues and expenses related to water deliveries to wholesale customers. The 1998 financial plan gradually built the operating reserve over the five-year planning period, beginning in 1999.

##### Recommended Amount of Fund

The fund is recommended to include at least 20 percent of annual operating expenditures, including water supply costs.

##### Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for working capital for day to day paying of bills, etc. The use of the fund is within the authority of the Board of Directors.

#### *Rate Stabilization Reserve Fund*

##### Description

The Wholesale Rate Stabilization Reserve Fund was established with the development of the 1998 Wholesale Water Rate Study and Financial Plan. The rate Stabilization Reserve Fund is to help ensure financial and rate stability for wholesale customers. With the elimination of minimum charges for water usage the District's wholesale rate revenues fluctuate with changes in wholesale deliveries. While the service charge is intended to recover a large portion of the District's fixed costs, some costs included in the commodity rate will not change with changes in wholesale water purchases.

##### Recommended Amount of Fund

The Rate Stabilization Reserve Fund is recommended to be \$1 million.

##### Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for unexpected costs to reduce financial and rate variability for wholesale customers. The use of the fund is within the authority of the Board of Directors.

#### *Restricted COP Debt Service Reserve Fund*

##### Description

The Restricted COP Reserve Fund was originally established to accumulate funds held in reserve by Union Bank of California for the final principal and interest payment on the 1993, 2003 and 2009 Revenue Certificates of Participation. The 1993 and 2003 COPs have been paid off and the fund is now used for the same purpose for the 2009 COPs.

Required Amount of Fund

The required amount for the Restricted COP Reserve Fund is determined based on the COPS currently outstanding, and is equal to the amount specifically noted in the COP Issuance documents as a required Reserve Fund. The 2012 Bonds do not have a required Reserve Fund.

Restrictions on Use of Funds

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

*Restricted PERS Rate Stabilization Reserve Fund*

Description

The Restricted PERS Stabilization Reserve Fund was established for PERS rate stabilization in order to level out the amount budgeted for PERS payments on an annual basis.

Required Amount of Fund

SJWD budgets for the normal cost of PERS retirement that is estimated by an actuarial evaluation as an average payment over an extended period of time. When the actual PERS costs are lower than the normal costs, the difference is placed in this fund. When the PERS costs are higher than the normal costs, the difference is withdrawn from this fund.

Restrictions on Use of Funds

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

*Restricted Compensated Absence Reserve Fund*

Description

The Compensated Absence Reserve Fund was established to accumulate funds for accrued employees vacation and sick leave time.

Required Amount of Fund

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

Restrictions on Use of Funds

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

*Delta/Water Rights Reserve Fund*

Description

The Delta/Water Rights Reserve Fund was established to cover legal expenses, public information, and other costs associated with Delta issues that affect the District's water rights with the ability to transfer the reserve fund to the Hinkle Reserve Fund if the funds are not needed for that purpose.

### Recommended Amount of Fund

The Delta/Water Rights Reserve Fund recommended amount is determined by the Board of Directors annually.

### Restrictions on Use of Funds

The fund was created by a vote of the Board of Directors. The intent of the fund is to use for Delta and water rights issues, but is within the authority of the Board of Directors.

## *Capital Improvement Program (CIP) Reserve Fund*

### Description

The Wholesale Capital Improvement Reserve Fund was established with the development of the 1998 Wholesale Water Rate Study and Financial Plan. This reserve fund includes four funds for different purposes; the Capital Improvement Program (CIP) Reserve Fund, the Connection Fee Reserve Fund, the Hinkle Reservoir Lining Replacement Fund, and the Vehicle and Equipment Fund. The CIP Reserve Fund represents funds available for capital replacements, rehabilitation, upgrades, and improvements. The reserve fund is funded through planned contributions as designated by the Board of Directors.

### Recommended Amount of Fund

The CIP Reserve Fund recommended amount fluctuates based on capital improvements planned and completed. The recommended amount is listed in the current Wholesale Financial Plan.

### Restrictions on Use of Funds

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

## *Connection Fee Reserve Fund*

### Description

The Wholesale Connection Fee Reserve Fund was established with the development of the 2007 Wholesale Water Rate Study and Financial Plan and is part of the Wholesale Capital Improvement Reserve Fund. The Connection Fee Reserve Fund represents funds available for capital replacements, rehabilitation, upgrades, and improvements. The reserve fund is funded through wholesale connection fees paid by new connections to the Wholesale Customer Agency's water distribution systems. The fee is a "buy-in charge" to new users designed to recognize the current value of providing capacity necessary to serve additional users.

### Recommended Amount of Fund

The Connection Fee Reserve Fund recommended amount fluctuates based on capital improvements planned and completed. The recommended amount is listed in the current Wholesale Financial Plan.

### Restrictions on Use of Funds

The fund was created with the adoption of 2007 Wholesale Water Rate Study and Financial Plan by the Board of Directors. The use of the fund is for wholesale capital improvement projects. The Board has the authority to make the decision on which projects to fund.

### *Hinkle Lining Sinking Reserve Fund*

#### Description

The Wholesale Hinkle Lining Sinking Reserve Fund was established in the 1980s and is part of the Wholesale Capital Improvement Reserve Fund. The Hinkle Lining Sinking Reserve Fund accumulates monies for the eventual replacement of the lining and cover for Hinkle Reservoir.

#### Recommended Amount of Fund

There is not a recommended amount for this fund. \$50,000 plus accrued interest on the existing fund balance is added to this fund at the end of each fiscal year.

#### Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for the future replacement of the lining and cover of the Hinkle Reservoir. The use of the fund is within the authority of the Board of Directors.

### *Vehicle and Equipment Reserve Fund*

#### Description

The Wholesale Vehicle and Equipment Reserve Fund was established to accumulate sufficient funds to replace vehicles and equipment on an annual basis, and larger equipment on an as-need basis. It is part of the Wholesale Capital Improvement Reserve Fund.

#### Recommended Amount of Fund

The recommended amount for the Vehicle and Equipment Reserve fund varies depending on the future planned replacements of vehicles and equipment.

#### Restrictions on Use of Funds

The fund was created by Ordinance of the Board of Directors. The intent of the fund is to use for the future replacement of vehicles and equipment. The use of the vehicle and equipment reserve fund is within the authority of the Board of Directors.

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## Wholesale Budget

Acre Feet Provided by Agencies (Actual and *Projected*)

CY	San Juan Water District Retail	Citrus Heights Water District	Fair Oaks Water District	Orange Vale Water Company	City of Folsom (Ashland)
2010	12,651	12,165	10,606	4,324	1,331
2011	12,508	12,292	9,597	4,108	1,293
2012	13,936	13,583	9,987	4,657	1,529
2013	14,945	14,416	10,939	5,139	1,462
2014	11,077	10,008	7,262	3,932	1,230
2015 <i>Drgh</i>	10,924	10,547	7,529	3,882	1,220
2016 <i>Drgh</i>	9,714	9,370	7,110	3,340	950

2010-2014 are the actual acre feet delivered to each agency. 2015-2016 are estimates based upon YTD deliveries and Mandated Conservation requirements.

Effective for Calendar Year 2016, this fee has increased by 2.68% as indexed to the 20 Cities Construction Cost Index ("CCI"):

Calculation:	
CC Index @ February 2015	
CC Index @ March 2014	9,701.96
CC Index @ March 2013	<u>9,483.70</u>
Difference	218.26
% Change	2.30%
<i>Note: these fees are indexed utilizing the 20 Cities Construction Cost Index (CCI) as recommended in the Financial Plan.</i>	

The following schedule lists the fee by meter size that is collected from each retail agency and in turn submitted to San Juan Water District:

*Wholesale Connection Fees*

Meter Size	Capacity Factor	2014	2015	2016
3/4" Meter	0.60	\$372	\$381	\$391
1" Meter	1.00	\$619	\$633	\$650
1 1/2" Meter	2.00	\$1,240	\$1,269	\$1,303
2" Meter	3.20	\$1,983	\$2,029	\$2,083
3" Meter	6.40	\$3,964	\$4,055	\$4,164
4" Meter	10.00	\$6,196	\$6,339	\$6,509
6" Meter	25.00	\$15,489	\$15,845	\$16,270
8" Meter	36.00	\$22,305	\$22,818	\$23,430
10" Meter	58.00	\$35,936	\$36,763	\$37,748
12" Meter	86.00	\$53,285	\$54,511	\$55,972

## **Functional Areas**

### **Administration and General**

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

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

Finance is responsible for all financial operations in the District, including: financial planning and forecasting, budget development, accounting and fiscal administration, debt issuance and management, financial reports and annual audit, and water rates and charges analysis. Major initiatives for the coming year include: continuing final pieces for the new financial system implementation and training, and creating new monthly reporting.

Human Resources provides support in recruitment, selection, development and retention of a talented workforce. This includes payroll and benefits administration. Major initiatives include continuing to promote a culture of excellent customer service and support of staff.

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

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

### **Conservation**

The District provides water conservation technical and management support for retail member agencies and their customers. These efforts include workshops with subjects ranging from residential and large turf irrigation to pond management as well as management support for the retail member agency's public information and school education programs. The District hosts an annual "How To Landscape Day" that is

open to the public, with participation by irrigation experts, nurseries, landscape design consultants and more. The District maintains and promotes a Water Efficient Landscape (WEL) Garden that is open weekdays and offers Saturday workshops throughout the year – all open to the public. In addition, the District has an extensive library of water efficiency material, provides speakers for school presentations, and coordinates an annual water-awareness poster contest. The District also serves as a technical resource for retail member agency's compliance with federal and state water regulations. On behalf of its retail member agencies, District staff attends and actively participates in meetings and workshops of the California Urban Water Conservation Council and the Regional Water Authority to affect and address statewide and regional conservation efforts and issues. This Department is fully compliant with Best Management Practices and reporting requirements. This Department is fully compliant with Best Management Practices and reporting requirements.

### **Engineering Services**

In general, this Department is responsible for planning, designing and managing Wholesale capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component.

### **Operations**

Facilitates and manages all aspects of the Field Services, Customer Service and Water Treatment Plant Operations.

### **Water Treatment**

The District operates and maintains its 120 million gallons per day (November 16<sup>th</sup> through May 14<sup>th</sup>) and 150 million gallons per day (May 15<sup>th</sup> through November 15<sup>th</sup>) conventional water treatment plant 24/7 and a 62 million gallon clearwell. The source water comes from Folsom Lake (surface water) and is treated using conventional flocculation, filtration and disinfection that is designed to remove many contaminants. The water treatment plant's potable (finished) water quality meets all federal and state drinking standards. Water treatment supplies potable water to approximately 265,000 customers resulting in water district's served by San Juan's Wholesale operation, including: San Juan Water District retail service area, Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, City of Folsom's northern area (Ashland) and Sacramento Suburban Water District.

### **Field Service Support**

This area performs activities related to Wholesale mains and pipelines ranging in size from 6" to 90" in diameter and over 17 miles in length. This also includes the maintenance of the District's many wholesale water meters, air release valves and other appurtenances.

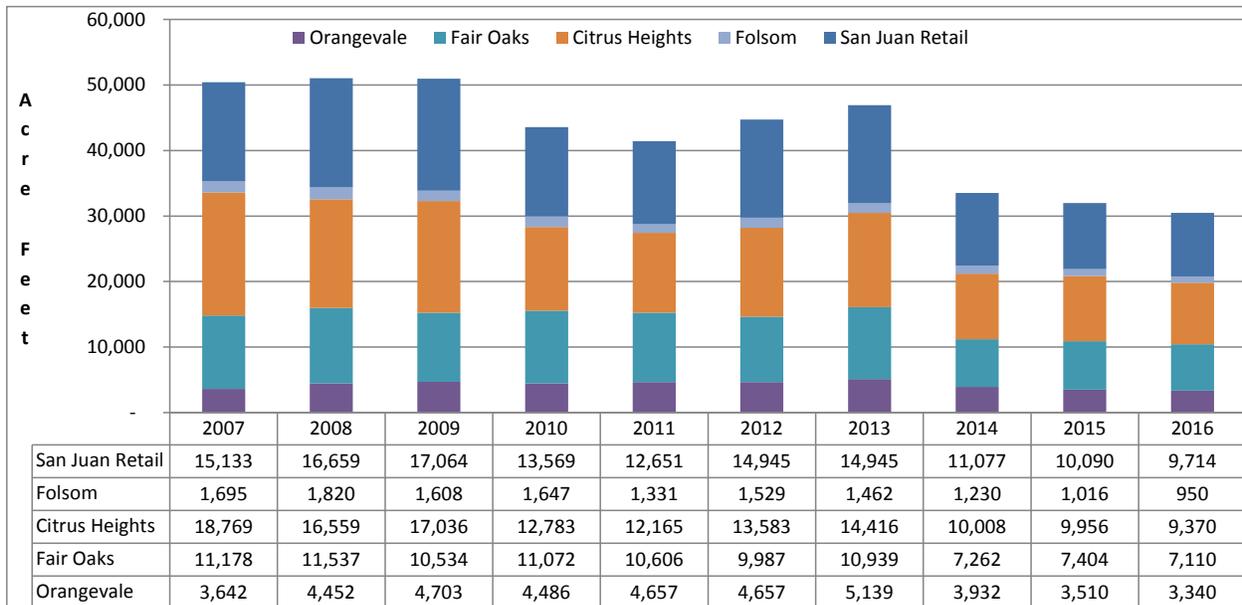
## Source of Supply - Wholesale

Source of supply is calculated based upon projected deliveries using a combination of historical and estimated values multiplied by the rate in effect, which may be estimated if not yet known. Projected deliveries used are in accordance with the budget assumptions that are provided by the retail agencies. Numbers do not include any future projections for Pump Back Project, Groundwater Pumping or Reduced Water Supply Costs related to Mandated Conservation.

Source of Supply Rates 2015 -2016				
Category	Effective		Rate	Per
	Beginning	Ending		
CVP Project Water	03/01/2015	02/28/2016	\$18.62	Acre Foot
CVP Project Water (est)	03/01/2016	02/28/2017	\$19.21	Acre Foot
CVP Restoration	10/01/2014	09/30/2015	\$20.14	Acre Foot
CVP Restoration (est)	10/01/2015	09/30/2016	\$20.30	Acre Foot
CVP Trinity Surcharge	03/01/2015	02/28/2016	\$0.23	Acre Foot
CVP Trinity Surcharge (est)	03/01/2016	02/28/2017	\$0.23	Acre Foot
Warren Act Contract (PCWA wheeling)	03/01/2015	02/28/2016	\$16.00	Acre Foot
Warren Act Contract (PCWA wheeling)	03/01/2016	02/28/2017	\$17.44	Acre Foot
PCWA Water	01/01/2015	12/31/2015	\$16.97	Acre Foot
PCWA Water (est)	01/01/2016	12/31/2016	\$18.24	Acre Foot
WAPA/Bureau Pumping	10/01/2014	03/31/2015	\$2,677.83	Month
WAPA/Bureau Pumping	04/01/2014	09/30/2015	\$8,033.49	Month
WAPA/Bureau Pumping Restoration	10/01/2014	09/30/2015	\$2,777.43	Month
WAPA/Bureau Pumping (est)	10/01/2015	03/31/2016	\$2,784.94	Month
WAPA/Bureau Pumping (est)	04/01/2015	09/30/2016	\$8,354.82	Month
WAPA/Bureau Pumping Restoration (est)	10/01/2015	09/30/2016	\$2,888.53	Month
Water Rights Fees	01/01/2015	12/31/2015	\$17,477.25	Year
Water Rights Fees (est)	01/01/2016	12/31/2016	\$20,972.70	Year
PGE/CAISO COTP Energy	01/01/2015	12/31/2015	\$536.00	Year
PGE/CAISO COTP Energy (est)	01/01/2016	12/31/2017	\$557.44	Year
<b>Fiscal Year 2014-2015 Budget</b>	<b>Quantity</b>	<b>Rate</b>	<b>Rate</b>	<b>Rate</b>
CVP Project Water	0.00	18.62	19.21	0.00
CVP Restoration	0.00	20.14	20.30	0.00
CVP Trinity	0.00	0.23	0.23	0.00
Warren Act Contract (PCWA wheeling)	11,400.00	16.00	17.44	187,817.28
PCWA Water	25,000.00	16.97	18.24	440,062.50
WAPA/Bureau Pumping	9	8,033.49	2,784.94	40,810.11
WAPA/Bureau Pumping	3	8,354.82		25,064.47
WAPA/Bureau Pumping Restoration	12	2,777.43	2,888.53	34,329.03
Water Forum				40,566.00
Water Forum Successor Effort (WFSE)				13,635.00
PGE/CAISO COTP Energy		536.00	557.44	546.72
Water Rights Fees		17,477.25	20,972.70	19,224.98
<b>Total Wholesale Source of Supply</b>				<b>\$802,056.09</b>

Annual wholesale water deliveries can vary significantly dependent upon weather conditions as well as economic conditions as demonstrated most significantly in the current fiscal year and additionally in the preceding two years. The primary driver for the FY15-16 is the Mandated Conservation related to the drought.

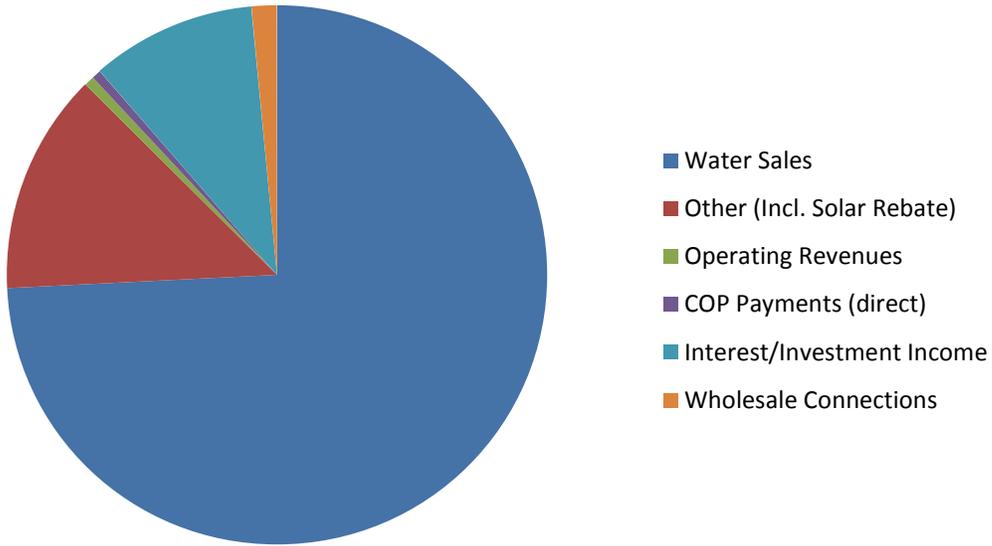
The deliveries to each agency during each fiscal year 2007-2016P are shown next.



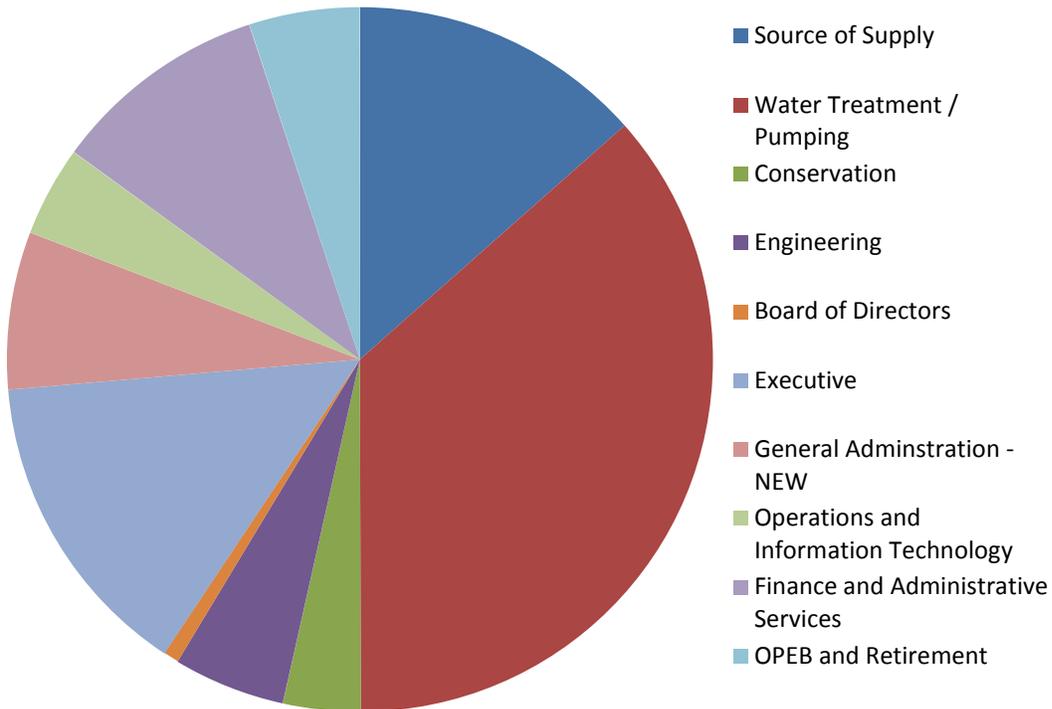
## Budget Summary – Wholesale

Category	Actual FY 12-13	Preliminary FY 13-14	Projected FY 14-15	Proposed FY 15-16	Change Higher/(Lower) From FY 13-14 Preliminary		Change Higher/(Lower) From FY 14-15 Projected		
					Amount	Percentag	Amount	Percentag	
<b>Operating</b>									
<b>Revenues:</b>									
Water Sales	\$ 7,013,144	\$ 6,614,899	\$ 6,272,418	\$ 6,162,222	\$ (452,677)	-8.84%	\$ (110,196)	-1.76%	
Other (Incl. Solar Rebate)	495,267	595,893	536,000	558,001	(39,892)	-8.69%	20,001	3.73%	
<b>Operating Revenues</b>	<b>\$ 7,508,411</b>	<b>\$ 7,210,792</b>	<b>\$ 6,808,418</b>	<b>\$ 6,718,223</b>	<b>\$ (492,669)</b>	<b>-8.83%</b>	<b>\$ (90,195)</b>	<b>-1.32%</b>	
<b>Expenses:</b>									
Source of Supply	\$ 808,374	\$ 802,115	\$ 703,868	\$ 862,883	\$ 60,768	7.58%	\$ 159,015	22.59%	
Water Treatment / Pumping	2,088,089	1,897,009	2,023,179	2,338,059	441,050	23.25%	314,879	15.56%	
Conservation	225,865	244,219	210,336	227,479	(16,740)	-8.85%	17,142	8.15%	
Engineering	110,700	308,734	294,047	327,913	19,179	6.21%	33,866	11.52%	
OLD Administration and General Board of Directors	1,246,569	1,571,895	0	0	(1,571,895)	10.24%	0	11.07%	
Executive	66,333	18,345	85,266	45,500	27,155		(39,766)		
General Administration - NEW	1,752	171	755,987	915,009	914,838		159,023		
Operations and Information Technology	237,591	279,545	433,505	464,300	184,755		30,795		
Finance and Administrative Services	0	0	191,596	265,118	265,118		73,520		
OPEB and Retirement	0	240,303	627,833	636,136	395,833		8,302		
	272,674	292,836	325,000	325,000	32,164		0		
<b>Operating Expenses</b>	<b>5,057,947</b>	<b>5,654,973</b>	<b>5,660,621</b>	<b>6,407,396</b>	<b>752,424</b>	<b>13.31%</b>	<b>756,776</b>	<b>13.39%</b>	
<b>Net Income/(Loss)-Operations</b>	<b>\$ 2,450,464</b>	<b>\$ 1,555,820</b>	<b>\$ 1,157,797</b>	<b>\$ 310,827</b>	<b>\$(1,244,992)</b>	<b>-80.02%</b>	<b>\$(846,970)</b>	<b>-73.15%</b>	
				\$0					
<b>Non-Operating</b>									
<b>Revenues:</b>									
COP Payments (direct)	\$ 432,067	\$ 1,221,373	\$ 2,057,092	\$ 1,100,999	\$ (120,374)	-9.86%	\$ (956,093)	-46.48%	
Interest/Investment Income	52,953	271,721	50,000	50,000	(221,721)	-81.60%	0	0.00%	
Wholesale Connections	0	53,233	45,180	45,180	(8,053)	-15.13%	0	0.00%	
Taxes & Assessments	803,088	838,921	819,060	820,000	(18,921)	-2.26%	940	0.11%	
Other (See Detail)	101,060	102,014	125,874	125,874	23,860	23.39%	0	0.00%	
				0					
<b>Expenses:</b>									
COPs (Interest)	1,343,700	1,044,054	1,458,019	1,458,019	413,965	39.65%	0	0.00%	
Other (See Detail)	10,487	(34,629)	10,237	46,916	81,545	-235.48%	36,679	358.30%	
<b>Net Non-Operating</b>	<b>34,981</b>	<b>1,477,837</b>	<b>1,628,950</b>	<b>637,118</b>	<b>(840,719)</b>	<b>-56.89%</b>	<b>(991,832)</b>	<b>-60.89%</b>	
Capital Contributions	2,522,308	(225,068)	135,000	568,350	793,418	-352.52%	433,350	321.00%	
<b>Net Income</b>	<b>5,007,753</b>	<b>2,808,589</b>	<b>2,821,747</b>	<b>1,516,295</b>	<b>(1,292,294)</b>	<b>-46.01%</b>	<b>(1,405,452)</b>	<b>-48.10%</b>	
<b>Debt Service Principal</b>									
2012 Refunding Bonds	633,985	633,985	309,152	323,873	(310,112)	-48.91%	14,721	4.76%	
2009 COPs	6,400	6,400	265,600	275,200	268,800	4200.00%	9,600	3.61%	
<b>Net Available for Distribution</b>	<b>4,367,368</b>	<b>2,168,204</b>	<b>2,346,996</b>	<b>917,222</b>	<b>(1,250,982)</b>	<b>-57.70%</b>	<b>(1,429,774)</b>	<b>-60.92%</b>	

## FY 2015 - 2016 Wholesale Budget Funding Sources



## FY 2015-2016 Wholesale Budget Expenses



## Fiscal Year 2015-2016 Goals

- Manage the Mandated Conservation requirements
- Ensure Water Supply Reliability
- Upgrade and maintain Water Delivery Infrastructure
- Upgrade Hinkle Reservoir's underdrain system (panel, piping and panel)
- Fill one (1) Executive Staff Special Projects, (1) Finance Director position, (1) Human Resources Manager and (1) additional WTP Operator position

### Debt Service – Wholesale

Wholesale debt service as detailed in the schedule below is comprised of the 2013 Refunding Bonds and 2009 COPs issued for Wholesale Capital Improvement Projects as well as those direct components that are collected by Wholesale.

2015-2016							
Wholesale Debt Service	San Juan Water District			Orange Vale Water Company			Total
	Retail Service Area	Citrus Heights Water District	Fair Oaks Water District	City of Folsom			
<b>Sources of Funds</b>							
<u>2012 Refunding Bond Payments</u>							
<i>New Project Money</i>							
Annual Debt Service Charge	\$ 188,181	\$ 219,670	\$ 161,424	\$ 49,538	\$ 12,242	\$ 85,661	\$ 631,055
Direct Obligation							85,661
<b>Total 2012 Refunding Pymts</b>	<b>\$ 188,181</b>	<b>\$ 219,670</b>	<b>\$ 161,424</b>	<b>\$ 49,538</b>	<b>\$ 97,904</b>		<b>\$ 716,716</b>
<u>2009 COP Payments:</u>							
<i>New Project Money</i>							
Annual Debt Service Charge	423,425	450,768	280,541	141,678	43,964		1,340,376
<b>Total Sources of Funds</b>	<b>\$ 611,605</b>	<b>\$ 670,439</b>	<b>\$ 441,965</b>	<b>\$ 191,216</b>	<b>\$ 141,868</b>		<b>\$ 2,057,092</b>
<b>Uses of Funds</b>							
				Principal	Interest		Total
2012 Refunding Bonds				\$ 323,873	\$ 392,843		\$ 716,716
2009 Certificates of Participation				275,200	1,065,176		1,340,376
<b>Total Uses of Funds</b>				<b>\$ 599,073</b>	<b>\$ 1,458,019</b>		<b>\$ 2,057,092</b>

## Capital Improvement Program - Wholesale

Wholesale facilities include those that allow the District to receive raw water, treat it for delivery to wholesale customers and perform all supporting activities to accomplish this. Specific examples are:

- raw water supply pipelines;
- water treatment plant;
- chlorine containment;
- filter gallery;
- solids handling;
- Hinkle reservoir; and
- District buildings and grounds.

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

### CIP Process

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

- Ensure that 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 contingently for reasonable emergency supply or outages.
- Ensure that existing infrastructure is maintained, replaced and improved.
- Provide for new capital projects to help meet the highest priority District needs.
- Result in 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.

Chemical Feed Systems: projects related to the maintenance, improvement or expansion of the District's chemical systems within the Water Treatment Plant.

Filter Basins: projects related to the construction, maintenance, improvement or expansion of the District's filter basins.

Water Treatment Plant: projects related to the construction, maintenance, improvement or expansion of the District's Water Treatment Plant facilities.

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

Water Reliability: projects related to the construction, maintenance, improvement or expansion of the District's ability to maintain and adequate water supply for its customers.

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

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

## Capital Improvement Program - Wholesale

Wholesale Capital Improvement Program						
	2015-2016			2016-2017		
	CIP	Connections	Hinkle	CIP	Connections	Hinkle
Water Treatment Plant						
Building-Storage Roof/Walls				475,000		
Chemical Feed Systems-Polymer	112,000					
New Settled Water Channel	500,000			2,430,000		
Settling Tube Cleaning System						
Rapid Mix Process Improvements	25,000			235,000		
Replace Flocculators, Modifit Basins	250,000			2,700,000		
Replace Sludge Collection System	50,000			588,000		
Hinkle Reservoir Cover Testing/Repairs	224,000					
Hinkle Overflow Channel Lining						
Hinkle Reservoir Groundwater Monitoring Wells				59,000		
Backwash Hood and Pumps Rehabilitation	52,000					
Washdown Piping Improvements	22,000					
Lime System Control & Feeder System				64,000		
Vehicals	60,000					
Clarifier Wall Lining & Leakage Repairs				477,000		
Water Supply Reliability Projects						
SSWD-SJWD Pump Back Projects	700,000					
Control Valve Stations	600,000					
Miscellaneous Projects						
ARC flash Assessment and Improvements	100,000					
FO40 Transmission Pipeline Re-Lining						
Solar Site Access Culvert replacement				212,000		
Whsl Meter Comm Antenna Improvements	12,000			6,000		
Plant Piping and Recoating Program				11,000		
Hinkle Reservoir Overflow Apron Drains	15,000					
Security Improvements (at WTP and Bacon)	100,000					
In-Plant Pump Station Improvements	56,000					
Articulating Boom Lift	30,000					
	2,908,000	-	-	7,257,000	-	-
Total Projects	2,908,000	-	-	7,257,000	-	-

FY2015 - 2016

# Draft Wholesale Budget

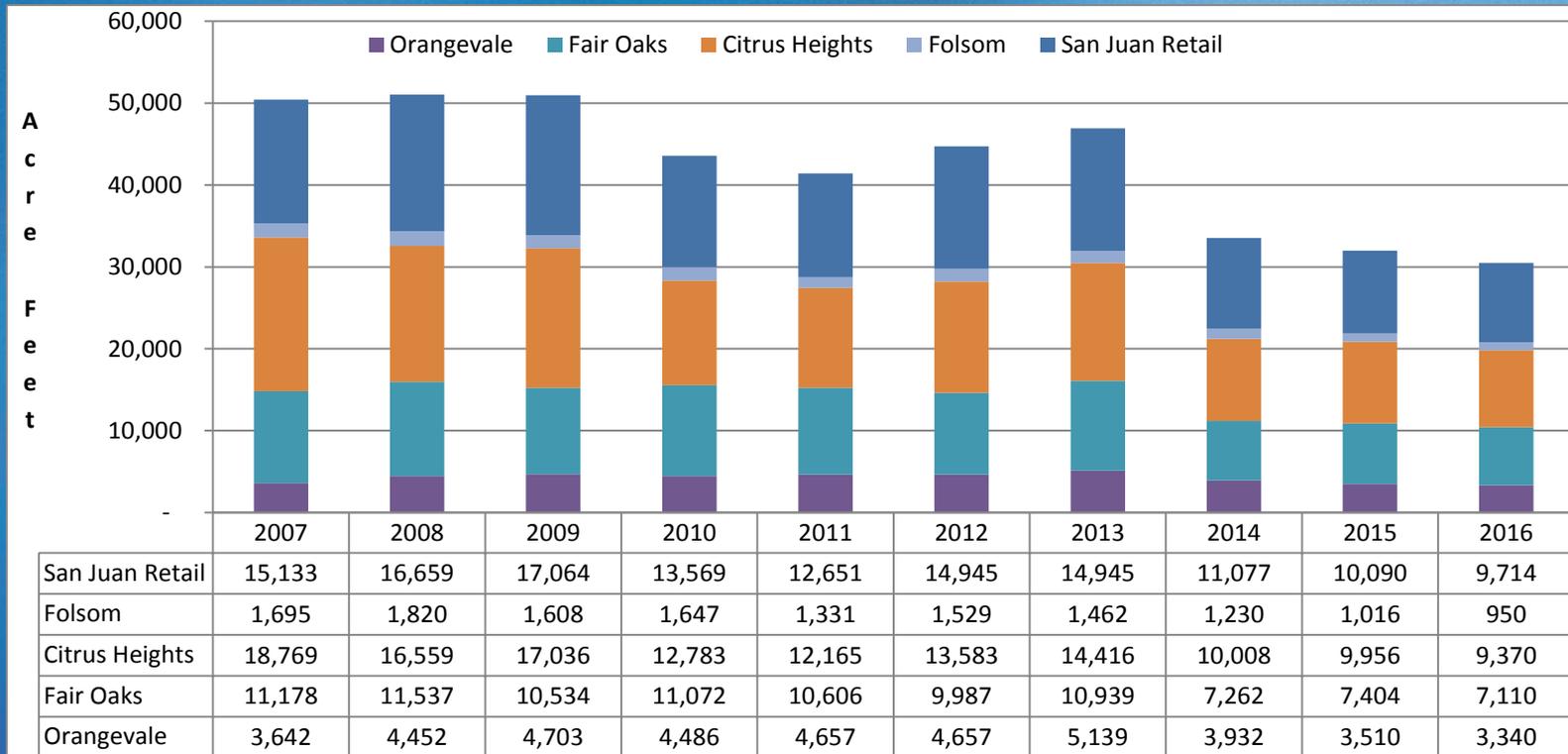
Keith Durkin

Kate Motonaga

San Juan Water District

April 29, 2015

# Historical and Estimated Water Deliveries



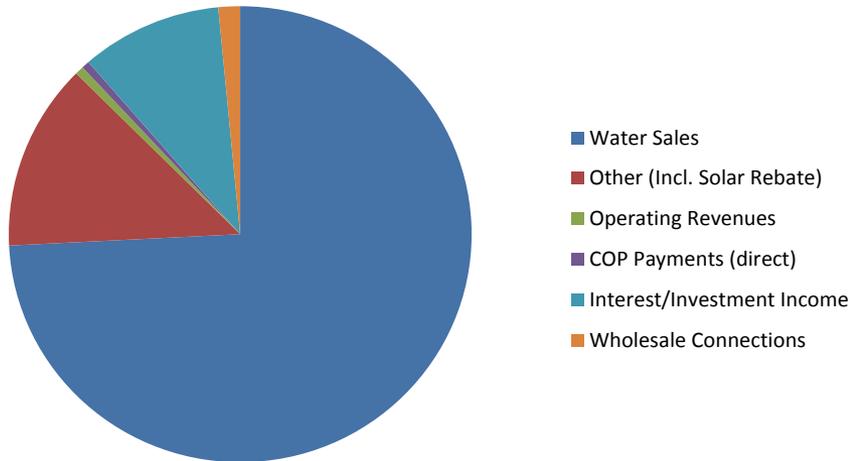
Water Delivers to Wholesale Agencies is based on the assumption we will hit our 36% reduction and that recovery will be very slow because conservation methods will be long lasting.

# Wholesale (Draft) Budget Summary

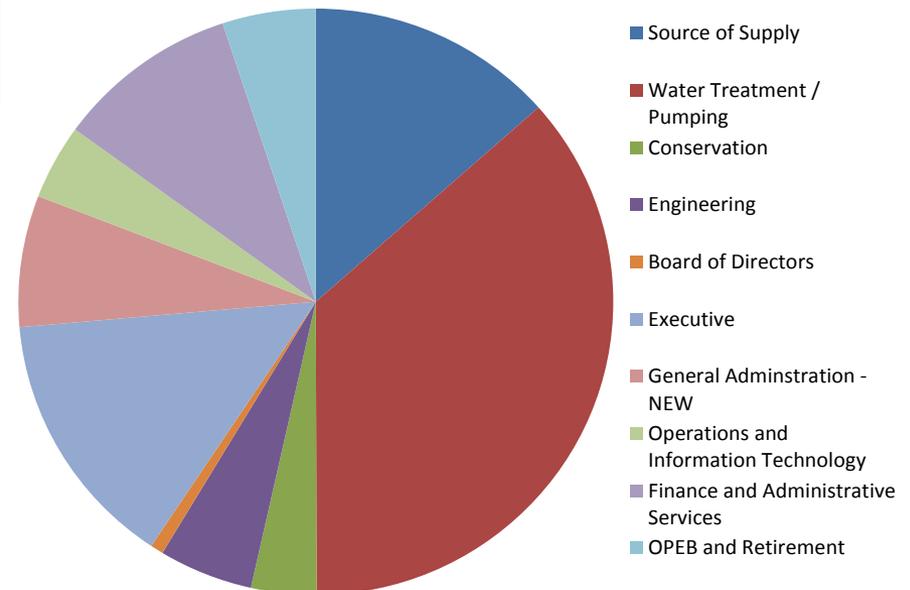
	FY15-16 As-Is 23% Budget	FY15-16 36% Budget	VARIANCE FY 14-15 v As-Is 23% H(L)	VARIANCE As-Is 23% v 36% H(L)
Operating Revenues	7,081,261	6,718,223	272,843	(363,037)
Operating Expenses	6,307,396	6,407,397	498,001	100,001
Net Income/(Loss)-Operations	773,865	310,827	(225,158)	(463,038)
Net Non-Operating	637,118	637,118	59,670	-
Capital Contributions	568,350	568,350	433,350	-
Net Income	1,979,333	1,516,295	267,862	(463,038)
<i>Debt Service Principal</i>	599,073	599,073	24,321	-
Net Available for Distribution	1,380,260	917,222	243,541	(463,038)

# Wholesale (Draft) Budget Summary

**FY 2015 - 2016 Wholesale Budget  
Funding Sources**



**FY 2015-2016 Wholesale Budget Expenses**



# Operations (Draft) Summary

	FY15-16	FY15-16	VARIANCE	VARIANCE
	As-Is 23%	36%	FY 14-15 v	As-Is 23% v
	Budget	Budget	As-Is 23%	36%
			H(L)	H(L)
<i>Operating</i>				
<u>Revenues:</u>				
Water Sales	6,525,260	6,162,222	252,842	(363,037)
Other	556,001	556,001	20,001	-
Operating Revenues	7,081,261	6,718,223	272,843	(363,037)
<u>Expenses:</u>				
Source of Supply	862,883	862,883	(12,434)	-
Water Treatment / Pumping	2,338,059	2,338,059	314,879	-
Conservation	227,479	227,479	17,142	-
Engineering	327,913	327,913	33,866	-
OLD Admsitration and General				
Board of Directors	45,500	45,500	(42,216)	-
Executive	915,010	915,010	154,023	-
General Adminstration - NEW	364,300	464,300	(49,081)	100,000
Operations and Information Technology	265,117	265,118	73,519	1
Finance and Administrative Services	636,136	636,136	8,303	-
OPEB and Retirement	325,000	325,000	-	-
Operating Expenses	6,307,396	6,407,397	498,001	100,001
Net Income/(Loss)-Operations	773,865	310,827	(225,158)	(463,038)

# Non-Ops (Draft) Summary

	FY15-16 As-Is 23% Budget	FY15-16 36% Budget	VARIANCE FY 14-15 v As-Is 23% H(L)	VARIANCE As-Is 23% v 36% H(L)
<i>Non-Operating</i>				
<u>Revenues:</u>				
COP Payments (direct)	1,100,999	1,100,999	73,819	-
Interest/Investment Income	50,000	50,000	-	-
Wholesale Connections	45,180	45,180	-	-
Taxes & Assessments	820,000	820,000	940	-
Other (See Detail)	125,874	125,874	-	-
<u>Expenses:</u>				
COPs (interest)	1,458,019	1,458,019	(21,591)	-
Other (See Detail)	46,916	46,916	36,679	-
Net Non-Operating	637,118	637,118	59,670	-
Capital Contributions	568,350	568,350	433,350	-
Net Income	1,979,333	1,516,295	267,862	(463,038)
<i>Debt Service Principal</i>	599,073	599,073	24,321	-
Net Available for Distribution	1,380,260	917,222	243,541	(463,038)

# Available for Distribution (Draft)

	<b>FY15-16</b>	<b>FY15-16</b>	<b>VARIANCE</b>	<b>VARIANCE</b>
	As-Is 23%	36%	FY 14-15 v	As-Is 23% v
	Budget	Budget	As-Is 23%	36%
			H(L)	H(L)
Capital Contributions	568,350	568,350	433,350	-
Net Income	1,979,333	1,516,295	267,862	(463,038)
<i>Debt Service Principal</i>	599,073	599,073	24,321	-
Net Available for Distribution	1,380,260	917,222	243,541	(463,038)

# Wholesale Reserves (Draft)

	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 15-16</u>
		23%	36%
Operating Reserve	1,161,878	1,261,480	1,281,479
Rate Stabilization	1,000,000	1,000,000	1,000,000
Comp Abs/Sec 125	368,182	369,529	369,529
PERS Stabilization	398,851	409,819	409,819
Delta/ Water Rights	151,503	152,057	152,057
Self Insurance	-	-	-
General Capital	7,625,477	5,889,209	5,406,172
Connections	235,931	281,988	281,988
Vehicle/Equip	50,000	50,000	50,000
Hinkle	2,605,129	2,655,129	2,655,129
Non Allocated	-	-	-
Total	<u>13,596,951</u>	<u>12,069,211</u>	<u>11,606,173</u>
Inc (Decr)	(778,280)	(1,527,740)	(1,990,778)

# Wholesale Reserves (Draft)

	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 15-16</u>
		23%	36%
<b>FINANCIAL PLAN</b>			
Net Income	1,785,666	2,397,000	2,397,000
Spend	4,141,000	6,384,000	6,384,000
<b>BUDGET</b>			
Net Income	1,136,718	1,380,260	917,222
Spend	1,915,000	2,908,000	2,908,000
Capital Spending H(L)	(2,226,000)	(3,476,000)	(3,476,000)
Net Income H(L)	648,948	1,016,740	1,479,778
	(1,577,052)	(2,459,260)	(1,996,222)

Reserves are higher than anticipated due to the fact that Capital Spending in FY 14-15 will be significantly below Budget and Financial Plan.

# Wholesale Reserves (Draft)

	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 15-16</u>
		23%	36%
<b>FINANCIAL PLAN</b>			
Operating Reserve	1,076,941	1,139,000	1,139,000
Rate Stabilization	894,540	1,000,000	1,000,000
Comp Abs/Sec 125	332,254	336,000	336,000
PERS Stabilization	-	-	-
Delta/Water Rights	220,580	272,000	272,000
Self Insurance	-	-	-
General Capital	4,827,673	919,300	919,300
Connections			
Vehicle/Equip			
Hinkle	2,555,129	2,618,000	2,618,000
Uncommitted Fund Balance	1,346,047	981,900	981,900
Total	<u>11,253,164</u>	<u>7,266,200</u>	<u>7,266,200</u>
<b>BUDGET</b>			
Operating Reserve	1,161,878	1,261,480	1,281,479
Rate Stabilization	1,000,000	1,000,000	1,000,000
Comp Abs/Sec 125	368,182	369,529	369,529
PERS Stabilization	398,851	409,819	409,819
Delta/ Water Rights	151,503	152,057	152,057
Self Insurance	-	-	-
General Capital	7,625,477	5,889,209	5,406,172
Connections	235,931	281,988	281,988
Vehicle/Equip	50,000	50,000	50,000
Hinkle	2,605,129	2,655,129	2,655,129
Non Allocated	-	-	-
Total	<u>13,596,951</u>	<u>12,069,211</u>	<u>11,606,173</u>
DIFFERENCE - BUDGET H(L)	2,343,787	4,803,011	4,339,973

Reserves are anticipated to stay higher than the Financial Plan due to the fact that Capital Spending in FY 15-16 is also projected to be significantly lower.

# Discussion

**Legal Affairs Committee Meeting**  
**April 27, 2015**  
**1:00 p.m.**

- Committee Members:** Bob Walters (Chair)  
Ted Costa, Director
- District Staff:** Shauna Lorange, General Manager  
Keith Durkin, Assistant General Manager  
Josh Horowitz, Legal Counsel
- Members of the Public:** Bob Churchill, Citrus Heights Water District  
Hilary Straus, Citrus Heights Water District  
Joe Duran, Orange Vale Water Company
- Topics:** Attorney Billing Invoices (W & R)  
Antelope Pump Back Project O&M Agreement (W & R)  
Other Legal Affairs Matters  
Public Comment

**1. Attorney Billing Invoices (W & R)**

President Costa stated his concern that invoices from the District's legal counsel are considered confidential. He feels strongly that customers should have the right to view any information detailing the work being completed by legal counsel, or any other consultant. Mr. Horowitz reminded the committee that his invoices are extremely detailed, and many items might disclose confidential legal strategy if released. The committee discussed this issue in detail.

**2. Antelope Pump Back Project O&M Agreement (W & R)**

The draft agreement currently includes SSWD being the owner of the pump back facility, as the facility is on their property. Staff discussed support for this concept, as long as an additional paragraph is added to the agreement that would allow SJWD to use the facility to pump other water supplies if needed in the future, such as other groundwater sources or perhaps a surface water supply from the Sacramento River if ever developed. The committee agreed. SJWD will provide SSWD with a revised Ownership Section for the agreement and SSWD will take the agreement to their facilities and operations committee for review.

**3. Other Legal Affairs Matters (W/R)**

There were no other matters discussed.

**3.1 Next Meeting Date**

The next meeting will be scheduled when needed.

**4. Public Comment**

There were no public comments.

The meeting was adjourned at 2:15 p.m.

# AGENDA ITEM V-2 DRAFT

## Water Supply & Reliability Committee Meeting Minutes San Juan Water District April 28, 2015 4:00 p.m.

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

**District Staff:** Shauna Lorance, General Manager  
Keith Durkin, Assistant General Manager  
Judy Johnson, Customer Service Manager  
Vicki Sacksteder, Water Resources Analyst  
Teri Hart, Administrative Assistant/Board Secretary

**Members of the Public:** Bob Churchill, Citrus Heights Water District  
Hilary Straus, Citrus Heights Water District  
Joe Duran, Orange Vale Water Company

**Topics:** Water Supply Status (W & R)  
Proposed Implementation of Water Use Reduction Requirements from SWRCB  
Other Matters  
Public Comment

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

Ms. Lorance informed the committee that Folsom Reservoir is at 576 TAF which is below average. It is expected that the level will start dropping significantly due to the Bureau increasing flows from 500 cfs to 1,000 cfs over the next few days. The Bureau is increasing flows in order to meet Delta water quality requirements. In addition, the committee discussed the intent to use Folsom Reservoir to maintain the salinity line in the Delta as Shasta Reservoir is being kept as full as possible to maintain as much cold water for the fisheries on the Sacramento River.

*For information only; no action requested.*

### 2. Proposed Implementation of Water Use Reduction Requirements from SWRCB

Ms. Lorance informed the committee that there have been some modifications to Resolution 15-05 and her staff report which will be reviewed by the Board on April 29<sup>th</sup>. She explained that there are two resolution options – one to enact a Stage 4 Water Crisis and one to enact a modified Stage 3 Water Warning. Each resolution includes the State Water Resources Control Board's (SWRCB) regulations such as the 36% water reduction.

The committee discussed the resolution and staff report. Ms. Lorance will revise the resolution to include reference to the California Building Standards Commission where newly constructed homes and buildings are mentioned and will add a section for commercial, industrial and institutional (CII) customers.

Ms. Lorance informed the committee that following the Board workshop and adoption of Resolution 15-05, a press release will be distributed.

*For information only; no action requested.*

**3. Other Matters**

There were no other matters discussed.

**3.1 Next Meeting Date**

The next committee meeting will be scheduled when needed.

**4. Public Comment**

There was no public comment.

The meeting adjourned at 4:45 pm.

**Finance Committee Meeting Minutes**  
**San Juan Water District**  
**May 12, 2015**  
**4:00 p.m.**

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

**District Staff:** Shauna Lorance, General Manager  
Keith Durkin, Assistant General Manager  
Kate Motonaga, Finance Manager  
Teri Hart, Administrative Assistant/Board Secretary

**Topics:** Review and Pay Bills (W & R)  
Other Finance Matters  
Public Comment

**1. Review and Pay Bills (W & R)**

The committee reviewed the presented bills and claims. In accordance with recommended practices, the committee specifically reviews any credit card charges and reimbursements for the General Manager, Assistant General Manager, Finance and Administrative Services Manager, and the Board Secretary. The reviewed bills and claims were found to be in order.

*Staff update: the total amount of bills and claims provided for approval for April payables is \$1,253,358.23.*

*The Finance Committee recommends approval of Resolution 15-06.*

**2. Other Finance Matters (W/R)**

The committee discussed the SGA groundwater pumping allocations and the amount allocated to Sacramento Suburban Water District. Ms. Lorance informed the committee that SJWD-W was not directly allocated any groundwater but was noted to be able to pump groundwater during surface water shortage and emergency conditions. Citrus Heights and Fair Oaks Water Districts pushed for SJWD wholesale customer agencies to not be included in the allocation. The committee requested staff to report back on how the groundwater pumping allocations were made. Ms. Lorance suggested that Rob Swartz make a presentation at a future Board meeting.

In response to Director Costa's comment, Ms. Lorance explained that she provided a staff report in the Board packet which addresses the estimated completion dates for various activities in the Finance Department. In addition, the Personnel Committee discussed the re-naming of the Finance & Administrative Services Manager to Director of Finance.

In response to Director Miller's comment regarding the article in the San Jose Mercury News, Ms. Lorance explained that the San Jose Water Company is allocating a set amount of water to all of their customers with fines if it is exceeded. She explained that according to the newspaper article the water allocations are based on taking the 2013 water usage and dividing it by the number of connections, without regard to property size or the number of people in the household.

**3. Public Comment**

There were no public comments.

The meeting was adjourned at 4:35 p.m.

**San Juan Water District**

**RESOLUTION 15-06  
PAYMENT OF BILLS AND CLAIMS**

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$1,253,358.23; and

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

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

1. The bills and claims attached hereto totaling \$1,253,358.23 are hereby approved.
2. That the depository be and the same is hereby authorized to pay said bills and claims in the total sum of \$1,253,358.23 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 13th day of May 2015, by the following vote:

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

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

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TERI HART  
Secretary, Board of Directors

# Check Register



Vendor Number	Vendor Name	Payment Date	Payment Type	Payment Amount
Bank Code: APBNK-APBNK				
01024	ACQUITEMPS	05/13/2015	Regular	20,690.77
03091	Ace Hardware - Auburn Folsom Act#2051	05/13/2015	Regular	428.58
01026	ACE HARDWARE- Greenback	05/13/2015	Regular	105.81
01039	AFLAC	05/13/2015	Regular	1,135.70
01041	Afman Supply - Todd	05/13/2015	Regular	1,333.84
03109	ALFA LAVAL INC	05/13/2015	Regular	606.16
01068	ALPHA DES - Glenn Walker	05/13/2015	Regular	968.00
01073	AMARJEET SINGH GARCHA	05/13/2015	Regular	1,500.00
03184	American Future Systems Inc	05/13/2015	Regular	299.00
01090	American Water Works Assoc	05/13/2015	Regular	249.00
02463	AnswerNet	05/13/2015	Regular	259.35
01138	AT&T	05/13/2015	Regular	124.84
01182	BARTKIEWICZ,KRONICK & SHANAHAN	05/13/2015	Regular	18,113.46
01219	BORGES & MAHONEY, COMPANY	05/13/2015	Regular	317.38
01234	BRYCE CONSULTING INC	05/13/2015	Regular	2,595.00
03149	BURLINGAME ENGINEERS INC	05/13/2015	Regular	2,647.38
01250	C & D Contractors, Inc.	05/13/2015	Regular	438,527.70
01283	CALIFORNIA MUNICIPAL STATISTICS	05/13/2015	Regular	300.00
01298	CalPERS Long Term Care	05/13/2015	Regular	123.08
03182	CARE MERIDIAN	05/13/2015	Regular	5,886.35
01372	CITY OF FOLSOM	05/13/2015	Regular	60.93
01373	CITY OF ROSEVILLE	05/13/2015	Regular	6,696.47
01375	CITY OF SACRAMENTO	05/13/2015	Regular	3,380.50
01374	CITY OF SACRAMENTO	05/13/2015	Regular	500.00
01391	CODY SINNOCK	05/13/2015	Regular	250.00
01411	CONSOLIDATED COMMUNICATIONS	05/13/2015	Regular	3,152.01
01420	CORT FURNITURE RENTAL	05/13/2015	Regular	124.32
03172	COSENS, ERIC	05/13/2015	Regular	120.00
02556	COSTA, Ted	05/13/2015	Regular	93.15
02214	County of Placer Engineering & Surveying	05/13/2015	Regular	7,926.75
01472	DAWSON OIL CO	05/13/2015	Regular	3,979.02
01492	DEPT OF WATER RESOURCES	05/13/2015	Regular	3,353.00
01266	DERICCO ENTERPRISES	05/13/2015	Regular	530.84
01494	DEWEY SERVICES INC	05/13/2015	Regular	82.00
01509	DOMENICHELLI & ASSOCIATES INC	05/13/2015	Regular	6,567.00
03171	DURAN, VINCE	05/13/2015	Regular	46.06
03147	EDGES ELECTRICAL GROUP LLC	05/13/2015	Regular	685.26
03147	EDGES ELECTRICAL GROUP LLC	05/13/2015	Regular	56.66
03147	EDGES ELECTRICAL GROUP LLC	05/13/2015	Regular	5,678.16
01569	Employee Relations	05/13/2015	Regular	185.45
01630	FM GRAPHICS, INC.	05/13/2015	Regular	845.01
03173	FOLEY, JACQUELINE	05/13/2015	Regular	197.99
01634	FOLSOM LAKE FORD	05/13/2015	Regular	8,861.48
01650	Furniture at Work, Inc	05/13/2015	Regular	43.00
01657	GALIC DISBURSING COMPANY	05/13/2015	Regular	400.00
01659	GARY WEBB TRUCKING	05/13/2015	Regular	155.50

01681	GOLDEN STATE FLOW MEASUREMENTS	05/13/2015	Regular	4,767.58
01684	GOVERNMENT FINANCE OFFICER ASN	05/13/2015	Regular	300.00
01687	Grainger, Inc.	05/13/2015	Regular	601.74
01706	Graymont Western US, Inc	05/13/2015	Regular	5,665.35
01733	HARRIS WELDING, INC.	05/13/2015	Regular	1,615.71
01741	HDR ENGINEERING, INC.	05/13/2015	Regular	12,026.97
03072	HUNT & SONS INC.	05/13/2015	Regular	756.60
01796	INSOMNIAC PRODUCTIONS INC	05/13/2015	Regular	473.00
03185	JAMES VOIGTLANDER	05/13/2015	Regular	308.62
01844	JEDEDIAH THORNE	05/13/2015	Regular	250.00
03186	JOHN HARDWICK	05/13/2015	Regular	1,139.21
01904	Kathryn Motonaga	05/13/2015	Regular	776.46
01925	KHUN KHIE	05/13/2015	Regular	440.00
03181	KING, GORDON OR SUSAN	05/13/2015	Regular	125.00
02022	McCurry Business Forms	05/13/2015	Regular	212.99
02024	MCI WORLDCOM	05/13/2015	Regular	94.47
02027	MCMASTER-CARR SUPPLY COMPANY	05/13/2015	Regular	364.33
03088	MDR UTILITY LOCATING SPECIALIST INC	05/13/2015	Regular	1,150.00
01916	Miller, Ken	05/13/2015	Regular	18.40
03058	Naatz, April	05/13/2015	Regular	243.70
03169	NICHELSON, DAVID	05/13/2015	Regular	84.63
02131	OFFICE DEPOT BUS SERV DIV	05/13/2015	Regular	1,161.86
02146	P G & E	05/13/2015	Regular	10.00
02150	Pace Supply Corp	05/13/2015	Regular	8,077.80
03178	PAUL, SCOTT	05/13/2015	Regular	171.98
03026	PFM Asset Management	05/13/2015	Regular	895.26
02210	Placer County Water Agency	05/13/2015	Regular	2,749.25
02223	PLATT - RANCHO CORDOVA	05/13/2015	Regular	1,062.58
02283	Recology Auburn Placer--DB	05/13/2015	Regular	642.20
02293	RFI ENTERPRISES, INC.	05/13/2015	Regular	1,240.50
03092	Rich, Dan	05/13/2015	Regular	134.00
03183	River City Printers LLC	05/13/2015	Regular	10,699.06
03187	ROBERT D STALLINGS	05/13/2015	Regular	290.99
02328	ROCKLIN WINDUSTRIAL CO	05/13/2015	Regular	2,539.13
02334	ROSE STROHMAIER	05/13/2015	Regular	118.80
02357	S M U D	05/13/2015	Regular	10,440.52
02384	SACRAMENTO SUBURBAN WTR DIST	05/13/2015	Regular	10,936.03
02407	SCHEETZ WELDING SERVICE INC	05/13/2015	Regular	21.60
02446	Sierra Chemical Co	05/13/2015	Regular	3,116.91
02452	Sierra National Asphalt	05/13/2015	Regular	981.77
02540	SUTTER MEDICAL FOUNDATION	05/13/2015	Regular	406.00
02567	TERI HART	05/13/2015	Regular	284.53
02580	THE EIDAM CORPORATION	05/13/2015	Regular	23,616.98
02581	THE FERGUSON GROUP LLC	05/13/2015	Regular	858.00
03148	TRIO SYSTEMS LLC - SONICLEAR	05/13/2015	Regular	317.13
02638	TYLER TECHNOLOGIES INC	05/13/2015	Regular	625.00
02651	UNITED PARCEL SERVICE	05/13/2015	Regular	476.52
02667	US Bank Corporate Payments Sys (CalCard)	05/13/2015	Regular	6,059.17
02668	US POSTAL SERVICE	05/13/2015	Regular	128.00
02690	VERIZON WIRELESS	05/13/2015	Regular	303.31
03170	VIDALES, SIPRIANO OR JESSICA	05/13/2015	Regular	106.36
02700	Viking Shred, LLC	05/13/2015	Regular	75.00
01048	AIRGAS INC	05/13/2015	EFT	241.33
01081	AMERICAN MESSAGING	05/13/2015	EFT	14.06
01112	APPLIED COMPUTER SOLUTIONS	05/13/2015	EFT	2,082.32

03133	APPLIED INDUSTRIAL TECHNOLOGIES	05/13/2015	EFT	5,612.71
01242	Bureau of Reclamation-MPR	05/13/2015	EFT	18.00
01378	Clark Pest Control	05/13/2015	EFT	2,451.00
01486	DEPARTMENT OF ENERGY	05/13/2015	EFT	4,215.20
01521	DP2 BILLING SOLUTIONS LLC	05/13/2015	EFT	12,085.06
01532	E&M Electric & Machinery, Inc.	05/13/2015	EFT	1,897.04
01589	Eurofins Eaton Analytical, Inc	05/13/2015	EFT	950.00
01611	FERGUSON ENTERPRISES, INC.	05/13/2015	EFT	159.01
01721	HACH COMPANY	05/13/2015	EFT	1,838.63
01790	Industrial Safety Supply Corp	05/13/2015	EFT	2,516.12
01892	Johnson, Judy	05/13/2015	EFT	200.00
02020	MCC Control Systems	05/13/2015	EFT	625.00
02179	PAYROLL	05/13/2015	EFT	446,162.26
02187	PERFORMANCE PIPING, INC	05/13/2015	EFT	14,677.50
02504	STARR CONSULTING	05/13/2015	EFT	2,800.00
02572	Thatcher Company of CA	05/13/2015	EFT	12,346.57
02162	Tobin, Pamela	05/13/2015	EFT	170.21
03118	WATERSMART SOFTWARE INC.	05/13/2015	EFT	18,500.00

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**Total Paid**

**1,199,704.98**

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**Special Check Run:**

US Bureau of Reclamation US Treasury	48521	100.00
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**Special Check Run - Payroll Benefits:**

AFLAC	48523	1,135.70
Association of CA Water Agencies Joint Powers Ins Authority	48524	113.85
Association of CA Water Agencies Joint Powers Ins Authority	48525	17,499.00
CalPERS Long Term Care	48526	123.08
GALIC DISBURSING COMPANY	48527	800.00
Wageworks, Inc	404203 EFT	48.00

**Total Special Check Run:**

**19,819.63**

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**TOTAL PAID**

**1,219,524.61**

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**Invoices on Finance Committee List - To be Paid on separate check run:**

Bureau of Reclamation	21,904.14
Pacific Gas & Elec.	4,295.87
Pacific Material Handling Solutions	170.80
Pacific Material Handling Solutions	136.50
Western Area Power Admin - Dept of Energy	1,610.30
Youngdahl Consulting Group	2,776.00
Youngdahl Consulting Group	2,981.00

**Total To Be paid**

**33,874.61**

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**REPORTED TO FINANCE COMMITTEE AS PAID AND PAYABLE**

**1,253,358.23**

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**Adjustments:**

**Credit Adjustment**

Groeniger Co	(159.01)
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**Invoices not on Finance Committee List**

Teri Hart - Vision care Frame/lense reimbursement	200.00
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Regular Checks	689,914.59
EFT's	529,610.02
<b>TOTAL PAID</b>	<b>1,219,524.61</b>

Signature \_\_\_\_\_



Signature \_\_\_\_\_





**DRAFT**

April 13, 2015

Delivered by e-mail to: [Jessica.Bean@waterboards.ca.gov](mailto:Jessica.Bean@waterboards.ca.gov)

Jessica Bean  
Engineering Geologist  
State Water Resources Control Board  
1001 I Street, 24th Floor  
Sacramento, CA 95814

Subject: Comments on Mandatory Conservation Proposed Regulatory Framework Released on April 7, 2015

Dear Ms. Bean:

The Association of California Water Agencies (ACWA) appreciates this opportunity to comment on the State Water Resources Control Board (Water Board) staff's "Mandatory Conservation Proposed Regulatory Framework" (Regulatory Framework) and the draft table entitled "Urban Water Suppliers and Proposed Regulatory Framework Tiers to Achieve 25% Use Reduction" (Conservation Standard/Tiers Table) released on April 7, 2015.

ACWA appreciates that the Water Board staff has quickly responded to the Governor's April 1 Executive Order by preparing these preliminary regulatory proposals to address Executive Order provisions 2, 5, 6, and 7. We appreciate that Water Board staff is seeking input on these proposals to draft an emergency regulation, which will be released for informal public comment on April 17, 2015.

ACWA supports the Governor's Executive Order and its key provision to reduce potable urban water usage by 25 percent statewide over coming months. We appreciate the effort Water Board staff has devoted to meeting with and soliciting input from ACWA and other stakeholders on ways to do this effectively.

**General Comments**

The Emergency Regulation needs to develop and implement the Executive Order in a way that addresses two core policy principles, which are inherent in the Executive Order and the Administration's overall response to the drought:

1. Protect economic uses of potable water, while focusing efforts to substantially reduce water use for ornamental, lower-priority outdoor purposes;
2. Ensure fairness for communities statewide.

### **Protect Economic Uses of Potable Water**

Although the Executive Order now properly directs attention to potable water use reductions for commercial, industrial and institutional (CII) water users, the Emergency Regulation should focus on the immediate need to reduce outdoor irrigation for ornamental purposes and install water efficient fixtures and appliances. It should clearly articulate state policy to protect CII water use for economic or process-related water uses. Local water suppliers should be left with discretion to implement CII water use reduction efforts as locally determined to balance the need to reduce water use with the need to protect local economies.

Additionally, where potable water is used locally for economic agricultural purposes, urban water suppliers should be allowed to deduct this water from reported "Total Water Production," which is used to calculate R-GPCD and assign water use reduction targets. Examples where urban water suppliers serve a significant amount of their total potable water production to agricultural customers occur in northern San Diego County (e.g. Valley Center, Rainbow, Fallbrook, and Yuima water districts). This approach is consistent with how the Executive Order generally addresses agriculture.

### **Fairness**

#### **A. Relevant Factors**

The calculated indicator of residential gallons per capita per day (R-GPCD) from September 2014 is proposed by Water Board staff as the sorting mechanism for the proposed Conservation Standard/Tiers Table to assign conservation targets to water suppliers. This one-month "snapshot" in time does not provide a fair measure of comparative water use efficiency, as it is fundamentally biased by local climate conditions (inland or coastal), among other factors that vary significantly from one community to another statewide. Indeed, the Water Board correctly states on its website "It is *not appropriate* to use Residential Gallons Per Capita Day (R-GPCD) water use data *for comparisons across water suppliers, unless all relevant factors are accounted for*" (emphasis added), and then provides an example list of such factors in "An Important Note" (see Attachment 1). None of these factors are accounted for in the first draft of the Conservation Standard/Tiers Table.

We recognize that provision 2 of the Executive Order explicitly states that "these restrictions should consider the relative per capita water usage of each water supplier's service area, and

require that those areas with high per capita use achieve proportionally greater reductions than those with low use”. However, the principle of fairness indicates the need for adjustments to account for the level of conservation already achieved by water suppliers since June of 2014, and consideration of different climate conditions and land use patterns. Other considerations that may warrant adjustments may include use of recycled water to offset potable water use. “Proportionally greater reductions” can still be assigned with a revised methodology that gives due consideration to these factors (as described in more detail below).

## **B. Exception Process**

Another element that is essential to ensure fairness is the inclusion of an “exception process” as part of the Emergency Regulation. This process would allow water suppliers to present to the Water Board specific information and evidence supporting target adjustments to address extenuating circumstances or unreasonable local impacts. Such “exception processes” are commonly used by water suppliers to address specific hardship situations on a case-by-case basis. An example of “extenuating circumstances” could be where a relatively small water supplier has a relatively large state agency water customer (such as a prison, highway or office complex) that consumes a substantial proportion of the water suppliers’ production but which has not reduced their water use despite local demands and state policy direction. The “exception process” could require water suppliers to disclose proposed actions that would partially mitigate effects on overall water use reductions.

More specific comments are below.

## **Answers to Staff Questions**

The Water Board’s Fact Sheet requests consideration of the following general questions. We will offer our more detailed comments in response to these questions.

- 1. Are there other approaches to achieve a 25% statewide reduction in potable urban water use that would also impose a greater responsibility on water suppliers with higher per capita water use than those that use less?*

Yes. As described above the proposed Conservation Standard/Tiers Table should be amended to incorporate adjustments that will result in a more fair assignment of conservation targets for water suppliers in light of relevant factors. Following are specific suggestions.

- a. Average R-GPDC** - The first adjustment would be to amend the R-GPCD calculation for all water suppliers to indicate the average R-GPCD from June 2014 to February 2015 (back-calculated using monthly water production and population data for each month

and then averaging for the period). The resulting average R-GPCD would reduce the effect of erratic monthly changes that are reflected in monthly reporting for many water suppliers. The water production data used for this calculation should deduct potable water supplies for economic agricultural purposes (see “Protect Economic Uses of Potable Water” above).

- b. **Adjust for Climate** - Next, an adjustment column should be added to the table to assign a reasonable outdoor irrigation water use allocation factor based on the location of each water supplier within three or more climate zones, using readily available evapotranspiration data.
- c. **Adjust for Immediate Past Performance** - Next, a weighting factor should be applied using the data from the column “Percent Saved from June 2014 to February 2015 compared to 2013” to further modify the relative ranking of water suppliers in the table to take into consideration immediate past performance.
- d. **Assign Custom Conservation Standard** - Finally, a range of Conservation Standards would be applied to the entire list of water suppliers to achieve an overall statewide water use reduction of 25%. The Conservation Standard would not be assigned in tiers in order to eliminate abrupt changes between “adjacent” water suppliers on the tiered list. Instead, the amended table would indicate a “custom” Conservation Standard for each water supplier based on its average R-GPDC adjusted for climate and its recent conservation performance.

The intended result of this alternative approach would be to assign a Conservation Standard to water suppliers that better reflects their unique attributes relative to other water suppliers. Water suppliers in hot inland locations with higher R-GPCDs and relatively poor past performance would still be assigned a relatively higher Conservation Standard than other agencies similarly situated but with better performance. In the same way, water suppliers in cooler coastal areas but relatively poor past performance would still be assigned a relatively higher Conservation Standard than similarly situated water suppliers with better past performance, which would still be assigned a lower Conservation Standard. This approach would meet the requirements of Executive Order provision 2 and yet help implement the principle of fairness that will be a key to the effectiveness of the Emergency Regulation.

We look forward to collaborating with Water Board staff and our colleagues as this regulatory process proceeds to help refine and improve the resulting proposal.

2. *How should the regulation differentiate between tiers of high, medium and low per capita water users?*

As described above, tiers or classifications of “high”, “medium” and “low” per capita water suppliers would be replaced by a “custom” Conservation Standard for each water supplier.

3. *Should water suppliers disclose their list of actions to achieve the required water reductions?*

Given the need water agencies to implement significant new actions to get substantially greater conservation results in very short timeframe, we believe that additional effort to prepare and submit lists of actions should not be a requirement of the Emergency Regulation. Such list of actions could be required as part of an “exception process” (as described above), or as part of the Water Board’s enforcement response (as described below). Water suppliers will be identifying, implementing, and experimenting with different combinations of actions, policies, procedures and programs based on variable conditions and capabilities based on local conditions in coming weeks and months, but documenting such actions to the Water Board could distract agency staff from the primary objective of achieving results.

4. *Should these actions detail specific plans for potable water use reductions in the commercial, industrial, and institutional (CII) sectors?*

See the answer to Question 3. However, as described under general comment on the need to protect economic uses of water, the Emergency Regulation should affirm the immediate need to reduce outdoor irrigation for ornamental purposes, install water efficient fixtures and appliances, and avoid unnecessary restrictions on CII water use for economic or process-related water uses. A significant constraint for water suppliers that intend to focus on reducing CII water use for outdoor irrigation is the widespread lack of dedicated irrigation meters. Water suppliers will need flexibility to use different approaches to target and account for reductions in CII water use.

New CII reporting requirements should be “lumped” rather than disaggregated as proposed by Water Board staff. Water supplier metering and billing information does not generally support classifications of commercial (“large landscape commercial” such as golf courses, amusement parks) industrial, and institutional (“large landscape institutional water users” such as cemeteries, college campuses) into readily identifiable subsectors. Indeed, definitions and classification systems are currently quite variable among water suppliers. Resulting data submittals would likely not be comparable, and would require significant effort to impose standardization. Such efforts in the context of the Emergency Regulation will divert limited resources that need to be focused on action and results.

5. *Should additional information be required in the monthly conservation reports for urban water suppliers to demonstrate progress towards achieving the required water reductions?*

The Water Board staff should amend and standardize calculation methods to account for bimonthly billing cycles, different numbers of days in each billing cycle, and different methods of calculating and reporting water production which are evidenced in previous

reporting. Water agencies need to be assured that reported data used comparatively for regulatory and enforcement purposes are actually comparable.

6. *How and when should compliance with the required water reductions be assessed?*

Monthly reporting should be monitored and objective thresholds established for Water Board response. Failure to submit reports should be immediately addressed and technical assistance should be offered as the initial remedy. Significantly below target performance (>-30 percent?) on a two to three month cumulative basis could trigger informal enforcement, again with the primary focus on offering technical assistance to improve performance.

7. *What enforcement response should be considered if water suppliers fail to achieve their required water use reductions?*

Failure to achieve required water use reductions should be finally determined only at the end of the 270-day duration of the Emergency Regulation. Water suppliers should be subject to "graduated" enforcement based on the relative significance of their non-compliance. Compliance should be evaluated in consideration of information water suppliers provide on the actions they have taken to achieve compliance. If the drought emergency is continuing at that time, water suppliers should be ordered to prepare a "corrective action plan" identifying measures to be implemented to come into compliance. Any Water Board action to issue Cease and Desist Orders and impose Administrative Civil Liabilities of up to \$10,000 for non-compliance is quite likely to divert scarce resources away from on-going local efforts and should be considered an extreme "last resort".

Thank you for your consideration of these comments. ACWA will continue to work with the Water Board and our member water agencies to identify ways to effectively implement the Executive Order and the resulting Emergency Regulations. If you have any questions, please contact me at [daveb@acwa.com](mailto:daveb@acwa.com) or (916) 441-4545.

Sincerely,

David Bolland  
Special Projects Manager

Jessica Bean  
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March 12, 2015

cc: Honorable Felicia Marcus, Chair  
Honorable Frances Spivy-Weber, Vice Chair  
Honorable Dorene D'Adamo, Board Member  
Honorable Tam Doduc, Board Member  
Honorable Steven Moore, Board Member  
Mr. Tom Howard, Executive Director  
Ms. Caren Trgovcich, Chief Deputy Director  
Mr. Eric Oppenheimer, Director of the State Water Board's Office of Research, Planning  
and Performance  
Mr. Max Gomberg, Climate Change Advisor

## Conservation Activities between 4.30.15 and 5.13.15

- Working on a mailer to advise customers about the Governor's Executive Order, the State Board mandates and our Stage 4 restrictions.
- We will be imprinting the odd-even watering schedules on our billing envelopes – a low cost method of getting the word out.
- Updated the rate calculator on our website with the drought rates.
- Added a GPCD calculator on our website.
- Created a GPCD conversion chart for a bill insert (with Stage 4 defined on back).
- Made formatting and clarification changes to Stage 4 that were distributed yesterday and are posted on our website.
- The first home water reports were emailed to approximately 1,800 single family residential customers last Monday which generated about 200 phone calls and emails. Our WaterSmart account manager reported that we had an impressive 10% engagement rate on the first day. Also, 78% of those customers used less than 500 GPD (per household). Another 2,350 reports will be mailed next week.
- WaterSmart has the ability to alert customers using more than their 2013 water use and we will start doing that on the second report.
- WaterSmart is working to expand their program to include multi-family and non-residential customers; something we can offer to customers in the future.
- We are compiling a list of key messages & FAQs.
- Updating bills and billing system to include the drought rate.
- Changing bill back to include 2 years' history so customers can easily compare their usage to 2013.
- Conservation staff has reached out to landscapers who manage streetscapes and HOA's and they are getting a great response. Many have started removing turf and converting to drip.
- Customer Service and Conservation staff have talked with hundreds of customers about the Stage 4 water restrictions.
- We hired one conservation temp to assist with phones, data entry, and monthly reporting requirements.
- Will soon post the position for seasonal conservation temp to assist with field work.
- Working on an RFP for after-hours water waste patrol by a security service, a low cost enforcement method.

# STAFF REPORT

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To: Board of Directors

From: Shauna Lorange, General Manager

Date: May 4, 2015

Subject: Financial System Process Update

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## RECOMMENDED ACTION

This is an informational item, and as such does not require any action.

## BACKGROUND

At the March 11, 2015 Board of Directors meeting, a financial system process update was provided. The Board of Directors requested staff to provide estimated dates of completion, with routine updates on the status of meeting the estimated schedule.

## CURRENT STATUS

There were multiple actions included in the financial system process update. I have included a summary of what is complete, what is currently ongoing, and estimated completion dates.

### Complete

The overall transition, updating and reconciliation of the financial data in Solomon were estimated to take two years. The process began in March of 2014, and is now in the second year. The entire process is anticipated to be completed by March 2016.

The process:

The Tyler finance module is the accounting system being used for all finance activities, including accounts payables. As part of the process to confirm accurate information in Tyler, data from Solomon is still being reviewed and reconciled.

- Solomon was used up through the end of the 2014 fiscal year. It still needs to be maintained to complete the 2014 audit process and for historical reference. It is expected that items will come up from time to time that require adjustments in Solomon.
- As the District requested of the auditors, the audit is identifying additional fixes in Solomon from the 2014 fiscal year and they are being reconciled.

- The audit is identifying improved controls that are necessary and, the vast majority, are already included in the Tyler processes. It is anticipated that the presentation of the 2014 fiscal year audit at the May 27 Board meeting will identify any additional controls that need to be implemented in the Tyler processes.
- As modifications are made to Solomon data, the information in Tyler must be revised and reconciled. This will be ongoing.
- All finance and budget information is being implemented in Tyler, no 2015 data is being input into Solomon

The payroll system has been transitioned from ADP to Tyler. Dual payroll systems were run for 2 payroll cycles in December. The 2015 calendar year payroll will be solely in Tyler.

The accountant position has been filled with a regular, full time employee (Rose Gagliani).

The Comprehensive Annual Financial Report (CAFR) has been completed, with the final audited information to be included in mid-May.

Entirely new financial processes have been developed to comply with best practice internal controls and in line with the new financial system. The audit is anticipated to provide direction on any additional revisions to the processes that may be necessary.

Purchasing controls have been implemented into the purchasing processes and work flow.

The allocation of projects to expenses versus capital has been completed. The allocation of costs to billable projects has been completed.

The 2015/2016 approved fiscal year budget will be input into Tyler to allow tracking of status by managers and the Board.

#### Ongoing with estimated completion dates

While the draft CAFR is complete; the audited CAFR report will be not be complete after the audit is completed and reviewed with the BOD. The estimated completion date is May 31, 2015.

Process manuals are being developed for all accounting, finance and purchasing processes. The estimated completion date is March 2016.

Preparing and documenting bills and payments from Wholesale Customer Agencies, shared projects with other agencies, etc. are the responsibility of the finance department. The accounts receivable module is estimated to be fully implemented by July 31, 2015. This project is dependent on the schedule of

Tyler staff. We are still waiting on confirmation from Tyler for the exact implementation date.

Finance staff is developing specialized reporting for reserve balances. The estimated completion date is July 31, 2015.

The District must submit a Comptrollers report annually. The new financial system has a reporting module that is estimated to be implemented by August 30. This is somewhat delayed from our expectations due to the delay in the AR module and staff support from Tyler.

The District must submit an annual CAFR. Tyler has a module to assist in this process. The module is estimated to be implemented by Sept 30. This is also dependent on confirmation of the implementation date by Tyler.

One of the benefits of the Tyler system is managers' access to financial information on their computers that is automatically updated. Kate is targeting completion of this task and training before she leaves on Sept 30.

#### Reconciliations

- The updated reconciliation information in Solomon will be input into Tyler by May 31, 2015.
- Once all the updated reconciliation information in Solomon has been updated in Tyler, the fiscal year 2014-15 reconciliations need to be completed for all accounts for all months. The estimated completion date is July 31, 2015.

There are many other tasks that are being worked on concurrently

- The bond financing requires annual reporting, as well as an updated project report. This is done concurrently with the FY 2014-2015 CAFR. The preliminary bond report was completed and any changes in the CAFR will be provided as an update to the report.
- The wholesale and retail budget for fiscal year 2015-2016 is being developed; the recent announcement of a required 36% reduction in water usage will have significant impacts and is requiring a complete overhaul of the draft budget. The completion date will depend on action by the Board of Directors and the Proposition 218 notice requirements.
- Other post-employment benefits (OPEB), California employers retirement benefit trust (CERBT) and GASB 43/45 Annual Retirement Contribution actuarial calculation and reporting requirements are completed by July 31 every year.
- Fiscal Year 2015 Audit will begin in June 2015 and is anticipated to be completed in October 2015. This is one month out from our preliminary expectations due to changes in Auditors calendars and due to vacation in the Finance department.

- General ledger reconciliations from the 2013/2014 audit will be completed after the audit is complete. It is estimated this could impact many processes and overall should be completed by March 2016.
- Fixed asset allocations are being reviewed to confirm all assets are included and allocations between retail and wholesale are correct. This will be completed by March 2016.

Hiring of Finance Director (previously titled Finance and Administrative Services Manager)

The role of the Finance and Administrative Services Manager has been reviewed and discussed with the Board. The Finance and Administrative Services Manager position must be a high level executive that can provide strategic assistance to the executive team as well as oversee the department. To accurately portray the role of the position, the title has been changed to Finance Director.

As this position has undergone many changes over the past couple of years, keeping the board apprised of the actions to fill this position is critical this year.

The recruitment process has begun. The draft recruitment brochure has been completed. A personnel committee is being scheduled to review the brochure and recruitment schedule. The draft recruitment schedule is:

- Begin advertising in May
- Applications due in June
- Interview June/July
- First day of employment August/September