

AGENDA
REGULAR MEETING
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
6425 MAIN STREET, GEORGETOWN, CALIFORNIA
MONDAY, MAY 8, 2017
2:00 P.M.

MISSION STATEMENT

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
 - Ensure high quality drinking water
 - Promote stewardship to protect community resources, public health, and quality of life
 - Provide excellent and responsive customer services through dedicated and valued staff
 - Insure fiscal responsibility and accountability are observed by balancing immediate and long term needs.
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1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

2. ADOPTION OF AGENDA

- 3. PUBLIC FORUM** – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments, must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director, followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken.

No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

4. CONSENT CALENDAR

A. Approval of Minutes - Regular Meeting of April 11, 2017

B. Financial Reports

1. May 2017 – Early Pays
2. March 2017 Month End Cash Disbursements Report
3. Month End Revenue and Expense Summary Report
4. Statement of Cash and Investment Balances

Possible Board Action – Approve Consent Calendar.

5. INFORMATIONAL ITEMS

A. President's Report

B. Board Reports

C. General Manager's Report

D. Operation Manager's Report

E. ALT Treatment Plant Update

6. NEW BUSINESS

A. Review and Provide Direction on Treated and Untreated Water Rate Study

Possible Board Action – Provide Staff direction on methodology presented and with recommendations from Finance Committee.

B. Position Letters on Newly Amended Conservation Bills

Possible Board Action – Take official position of opposing AB1667, AB1668, and AB 1669.

7. BOARD MEMBER COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF – Opportunity for Board members to discuss matters of interest to them and provide input for future meetings as well as report on their District-related meeting attendance.

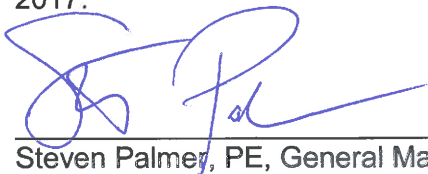
8. ADJOURN TO CLOSED SESSION – EMPLOYEE EVALUATION

Pursuant to Government Code 54957(b)(1), the Board adjourns to closed session for: PUBLIC EMPLOYEE PERFORMANCE EVALUATION to allow for a discussion of the General Manager's draft Work Plan.

TITLE: General Manager

9. NEXT MEETING DATE AND ADJOURNMENT – Next regular meeting June 12, 2017, at 2:00 PM, at the Georgetown Divide Public Utility District office.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Darrell Creeks by telephone at 530-333-4356 or by fax at 530-333-9442. Requests must be made as early as possible and at least one-full business day before the start of the meeting. In accordance with Government Code Section 54954.2(a), this agenda was posted on the District's bulletin board at the Georgetown Divide Public Utility District office, at 6425 Main Street, Georgetown, California, on May 4, 2017.



Steven Palmer, PE, General Manager

5/4/17
Date

PLEASE NOTE: The agenda for the May 8, 2017 regular Board meeting contained the incorrect date for the next regular Board meeting. Please be advised that the next regular Board meeting of the GDPUD Board of Directors is set for Tuesday, June 13, 2017, at 2 PM, at the Georgetown Divide Public Utility District. The agenda for this regular meeting will be posted in accordance with Government Code Section 54954.2(a).

May 24, 2017

CONFORMED AGENDA
REGULAR MEETING
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
6425 MAIN STREET, GEORGETOWN, CALIFORNIA
TUESDAY, APRIL 11, 2017
2:00 P.M.

MISSION STATEMENT

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
 - Ensure high quality drinking water
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 - Provide excellent and responsive customer services through dedicated and valued staff
 - Insure fiscal responsibility and accountability are observed by balancing immediate and long term needs.
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1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

The meeting was called to order at 2:02 pm. Directors present: David Halpin, Jesse Hanschild, Carl Hoelscher, Lon Uso and Dane Wadle. Staff present: General Manager Steve Palmer, Operations Manager Darrell Creeks, Office Manager Diane Schroeder, Engineering Consultant George Sanders, and Meeting Recorder Gloria Omania. Legal Counsel: Robin Baral of Churchwell White.

2. ADOPTION OF AGENDA

Motion by Director Hoelscher to adopt the agenda. Second by Director Wadle.

Public Comment: None

The motion passed unanimously.

- 3. PUBLIC FORUM** – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments, must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director, followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken.

No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

No public comment.

4. CONSENT CALENDAR

A. Approval of Minutes - Regular Meeting of March 14, 2017

B. Financial Reports

1. April 2017 – Early Pays
2. February 2017 Month End Accounts Payable Activity Report
3. Month End Revenue and Expense Summary Report
4. Cash Investment Report

C. Declaration of Projected Water Year

Possible Board Action – Declare 2017 Irrigation Season.

D. Consider Resolution in Support of the 2017 Georgetown Fishing Derby

Possible Board Action – Adopt Resolution 2017-03

Possible Board Action – Approve Consent Calendar.

Director Uso pulled Item C from the Consent Calendar.

Motion by Director Hanschild to approve the balance of the Consent Calendar. Second by Wadle.

The motion passed unanimously.

The Board then considered Item 4C. *Director Uso read a letter from Norm Krizl asking the Board to consider delaying the beginning of the irrigation season, perhaps mid-May, with the thought of extending it during the summer, when customers will need it the most.*

Director Hoelscher stated he thinks there should be a consensus from all irrigation customers. Director Hanschild added that the season could be extended.

Darrell Creeks stated that this is not the first time it has rained near the start of irrigation season. The District has a short window of time to do ditch maintenance, so from an operations' standpoint, it would be tough to push it back.

Ray Kringel commented the Board should stick to the May 1 start date because it is already established.

Motion by Director Hanschild to keep regular Irrigation season. Second by Director Halpin.

The motion passed unanimously.

5. INFORMATIONAL ITEMS

A. President's Report

Director Uso acknowledged the passing of the Steve Gau, a former District employee, and invited Darrell Creeks, who worked closely with Steve, to say a few words.

Darrell expressed his sadness at Steve's passing. He has known Steve for over 20 years. Steve started with the District in 1980 as a water treatment plant operator, then became Operations Manager. He was huge part of the creation of assessment districts, and was a huge part of growing the District.

Director Uso commented on the kind of dedication Steve Gau had for the District. He called for a moment of silence in tribute.

Presentation of Certificate of Recognition to Irene Smith for outstanding and dedicated service to the community.

Director Uso referred to a wonderful article that appeared in the Town Crier about Irene Smith, who will turn 91. As a new resident just getting involved in the community, Director Wadle said

he enjoyed meeting Irene at the Jamboree. She welcomed him and shared stories to help him get to know the area. After reading the article in the Town Crier and learning more about the things she and her husband has contributed to this community, Director Wadle thought it would be appropriate for the District to honor her with a Certificate of Recognition.

Director Uso stated that Irene Smith was not able to come to the meeting, but looked forward to having Director Wadle join him in presenting the Certificate to Irene at another mutually convenient time.

B. Board Reports

Director Wadle reported that he attended the Finance Officers Training. He thanked the Board for the opportunity and stated he will pass on the information to Staff about the importance of long range planning.

Director Wadle reported that he attended the Board meeting of the Georgetown Divide Recreation District on March 27 to show the District's presence at their Board meeting. There are lots of community partnerships going on and opportunities to work together.

Director Wadle also commented that the District should be aware of SB 496 that would prevent the Districts from including indemnification clauses in our public works contracts. He added the District should consider writing a letter and asked Staff to follow up with some information.

C. General Manager's Report

General Manager Steve Palmer summarized his written report.

Director Hanschild asked about the general cost related to complying with the SB 88 measurement and reporting requirements. Mr. Palmer responded that this is not yet available. Staff is working with E-Corps on water rights reporting.

Director Uso asked for a report on unfunded mandates and how it impacts the District's budget. Mr. Palmer stated this will be incorporated into the rate study discussion.

Robin Baral commented that he and Barbara Brenner are making a presentation on State Mandates at the ACWA Conference.

C. Operation Manager's Report

Darrell Creeks summarized his written report and then gave a slide presentation to update the Board on maintenance projects.

D. ALT Treatment Plant Update

George Sanders provided a summary of his written report and provided a slide presentation for a visual update. He referenced the Ground Breaking Ceremony scheduled for April 25 at 10 am at the project site.

Director Uso asked Legal Counsel if the Board needs to adjourn today's meeting to the Ground Breaking Ceremony set for April 25. Robin Baral responded that since it is a ceremonial event, it does not have to be noticed.

Mr. Sanders reported that contract management is being done internally, but expects to get the NEXGEN Contract executed soon.

Director Uso asked Staff to provide the Board with regular reporting on the schedule of expenditures to show how well the project is staying within the budget. Mr. Sanders responded that this was an excellent request and will include this in his future reports.

Director Halpin stated that the report should include an earned rate ratio. He also asked about the process for submittals. George indicated that Staff has received about 70 Submittals and 20 Requests for Information. These are currently being processed internally, but this activity will soon transfer to NEXGEN.

6. NEW BUSINESS

A. Consider 2017 Irrigation Applications

Possible Board Action – Review and Approve

Steve Palmer presented Staff's report and recommendation on the 2017 irrigation applications.

Motion by Director Hoelscher to approve the 2017 Irrigation Applications. Second by Director Hanschild.

Public Comments: *Director Uso raised the matters of offering ½" by next year, how the Prop 218 process impacts irrigation enterprise, the need to begin discussions with irrigation customers about future increases.*

Darrell Creeks discussed the issue of offering a ½" and the problems he learned about from prior staff who had done extensive study on this. Director Uso commented that there are other districts who have provide ½".

The motion passed unanimously.

B. Election of Special District Representative to LAFCO

Possible Board Action - Rank Candidates and Consider LAFCO Quorum Policy

Office Manager Diane Schroeder presented the staff report describing the options for the Board to take.

Director Wadle stated that LAFCO is a very important local agency adding that the Legislature is giving LAFCO more power over special districts. It is important to have the right people to represent the interests of the special districts.

The Board reached a quick consensus on the Yes vote for the quorum policy. After discussing the merits of the candidates, the Board took a vote that resulted in the following ranking:

- #1 – Tim Palmer*
- #2 - Noel Maddick*
- #3 – Del Coco*
- #4 – Holly Morrison*

Motion by Director Hoelscher to submit the ballot with the ranking as stated and with a Yes vote on the quorum policy. Second by Director Halpin.

Public Comment: None

The motion passed unanimously.

C. Draft Long Range Financial Forecast

Possible Board Action – Receive and File Staff Report

General Manager Steven Palmer provided a Power Point presentation on the Draft Long Range Financial Forecast. He pointed out that he will bring this Forecast to the Finance Committee for their feedback when they meet on April 25.

Director Hoelscher thought it was an excellent presentation, adding he appreciated the clarity.

Director Uso asked what can be done to bring the red line and the yellow line closer together-- increase revenue or decrease expenses. Raising rates is the least desirable, but most obvious option.

Director Hanschild stated that he hoped all the small special districts could approach CalPERS to lower these rates for the smaller districts. Director Uso agreed that the District needs to be a part of a larger group with a common purpose.

Ray Kringel and Dennis Goodenow also complimented the General Manager on the presentation. Dennis Goodenow commented that the next step is to develop a revenue strategy.

7. **BOARD MEMBER COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF** – Opportunity for Board members to discuss matters of interest to them and provide input for future meetings as well as report on their District-related meeting attendance.

Director Wadle stated the May meeting was moved to May 8, because the ACWA Conference begins on May 9.

Director Wadle asked about writing letters on legislation. Robin Baral indicated that he will loop GDPUD into legislative advocacy by Churchwell.

Diane Schroeder reminded the Board of the special training being provided in the District Office on April 18 and April 27.

8. **NEXT MEETING DATE AND ADJOURNMENT** – Next regular meeting May 9, 2017, at 2:00 PM, at the Georgetown Divide Public Utility District office.

The meeting was adjourned at 4:25 PM. The next meeting is set for Monday, May 8, 2017, at 2:00 PM.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Darrell Creeks by telephone at 530-333-4356 or by fax at 530-333-9442. Requests must be made as early as possible and at least one-full business day before the start of the meeting. In accordance with Government Code Section 54954.2(a), this agenda was posted on the District's bulletin board at the Georgetown Divide Public Utility District office, at 6425 Main Street, Georgetown, California, on May 4, 2017.



Steven Palmer, PE, General Manager

May 8 2017
Date

GDPUD
PO BOX 4240
Georgetown, CA 95634
(530) 333 4356
Fax: (530) 333-9442

Memo

To: Board of Directors
From: Christina Cross, Administrative Aide II
Date: May 08, 2017
Re: Final Early Accounts Payable for May 2017

Please take note that checks have been printed and mailed prior to May 08, 2017 for the following vendors to take advantage of early payment discounts or to comply with payment deadline.

AARP
AT&T
Blue Cross
Blue Shield of CA
Caltronics
Churchwell White
Corbin Willits
De Lage Landen
Ferguson
Ferrellgas
GEI
HKR Promotions
McNichols Co
MES
Mobile Mini
Myers and Sons Construction LLP
PG&E
Powernet
Precision Built Construction

Premier Access Dental
Pro Line Cleaning Services
Robinson Enterprise
Santander
Thompsons
Verizon Wireless

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
Accounts Payable -May 2017 FINAL

Name Description	Amount	Account	Amount
ACWA JPIA - Employee Benefits-JUNE	\$45,289.20	5118	\$2,312.47
		5218	\$7,158.14
		5318	\$4,160.23
		5418	\$9,994.38
		5518	\$3,855.50
		5618	\$10,546.84
		6718	\$2,626.10
		12-5668	\$4,635.54
All Cycles	\$2,430.22	5138	\$1,123.74
		5238	\$995.59
		5246	\$310.89
American Messaging	\$74.00	5244	\$74.00
Anderson's Sierra Pipe Co. Inc	\$406.86	5238	\$406.86
AT&T-Monthly Service	\$812.46	5344	\$238.16
		5544	\$216.68
		5644	\$190.87
		6744	\$99.86
		30-1226	\$66.89
BJ Pest Control	\$300.00	5676	\$300.00
California Laboratory Services	\$423.36	5484	\$423.36
Caltronics-Copier contract-copy charges	\$441.84	5640	\$441.84
CCS Interactive	\$69.00	5640	\$69.00
Churchwell White	\$31,155.71	5636	\$26,993.21
		5636-010	\$975.00
		5636-012	\$2,937.50
		40-6736	\$250.00
Corbin Willits Service	\$553.20	5580	\$553.20
CSI (CARMODY)	\$59.00	6744	\$59.00
Customer refunds	\$119.11	2010	\$119.11
De Lang-Copier Lease	\$228.20	5640	\$228.20
De Lang-Formax Machine Lease	\$185.65	5640	\$185.65
Department of Water Resources	\$33,628.00	1158	\$33,628.00
Diamond Well Drilling	\$530.00	5384	\$80.00
		5484	\$450.00
<i>Director Payments:</i>	<i>\$2,000.00</i>		
<i>Halpin, Dave-April 2017 Stipend</i>		5670	\$400.00
<i>Hanschid, Jesse-April 2017 Stipend</i>		5670	\$400.00
<i>Hoelscher, Carl- April 2017 Stipend</i>		5670	\$400.00
<i>Uso, Lon-April 2017 Stipend</i>		5670	\$400.00
<i>Wadle, Dane-April 2017 Stipend</i>		5670	\$400.00
Divide Auto Parts	\$88.46	5138	\$29.48
		5238	\$29.49
		5438	\$29.49
Divide Supply, Inc	\$691.08	5138	\$45.01
		5238	\$468.09

		5438	\$177.98
Ecorp Consulting, Inc	\$7,315.36	5128	\$7,315.36
El Dorado Disposal	\$310.74	5344	\$207.16
		5644	\$103.58
EN2 Resources, Inc	\$2,399.50	1650	\$2,399.50
Ferguson	\$2,313.57	5338	\$2,313.57
Ferrellgas	\$271.12	5644	\$271.12
G&O Body Shop	\$105.00	5280	\$105.00
GEI Consultants	\$2,746.50	5180	\$2,746.50
Gempler's	\$32.16	5238	\$32.16
Georgetown Ace Hardware	\$448.14	5138	\$54.23
		5238	\$275.46
		5438	\$118.45
McNichols Co	\$284.83	5238	\$284.83
Medical Eye Services-May 2017	\$337.28	5118	\$18.74
		5218	\$56.22
		5318	\$9.37
		5418	\$37.48
		5518	\$18.74
		5618	\$177.99
		6718	\$18.74
MJT Enterprises, Inc-Temporary Labor	\$10,192.80	5211	\$4,822.20
		5511	\$3,518.40
		5611-010	\$1,852.20
Mobile Mini-Storage Rental	\$184.39	5639	\$184.39
North State Tire Co, Inc.	\$1,766.41	5146	\$466.80
		5180	\$122.00
		5246	\$466.80
		5280	\$122.00
		5446	\$466.81
		5480	\$122.00
Palmer, Steve	\$62.61	5641	\$62.61
PG&E-Utilities Electric	\$10,712.87	5344	\$8,794.68
		5444	\$369.29
		5644	\$595.31
		6744	\$953.59
Pollardwater	\$1,038.23	5438	\$1,038.23
Powernet Global	\$176.75	5644	\$176.75
Precision Built Construction, Inc	\$674.97	6780	\$674.97
Premier Access Dental	\$2,719.57	5118	\$111.56
		5218	\$278.90
		5318	\$55.78
		5418	\$278.90
		5518	\$111.56
		5618	\$1,771.31
		6718	\$111.56
Proline Cleaning Services, Inc	\$250.00	5676	\$250.00
Robinson Enterprise-Gasoline & Diesel	\$3,728.26	5148	\$388.70
		5248	\$1,122.47

		5348	\$403.12
		5448	\$1,686.15
		6748	\$127.82
Robinson Sand & Gravel	\$1,037.21	5438	\$1,037.21
Santander	\$1,230.88	2113	\$1,088.65
		5610	\$142.23
Sierra Chemical Company	\$4,380.22	5338	\$4,380.22
Sierra Safety Company	\$479.41	5138	\$159.80
		5238	\$159.80
		5438	\$159.81
State Water Resources Control Board	\$14,988.00	5384	\$14,988.00
Thompsons Auto & Truck Centers	\$2,599.86	5146	\$866.62
		5246	\$866.62
		5446	\$866.62
Timberline Electronics	\$250.00	5646	\$250.00
US Bank	\$249.10	5339	\$173.58
		5640	-\$794.31
		5642	\$869.83
Vaughn Johnson, CPA	\$1,500.00	5680	\$1,500.00
Verizon Wireless	\$541.33	5344	\$27.25
		5444	\$106.90
		5644	\$380.45
		6744	\$26.73
Walkers	\$452.78	5640	\$452.78
Wells Fargo	\$500.00	7190	\$500.00
White Cap	\$752.52	5138	\$348.41
		5238	\$348.42
		5438	\$55.69
Total General Fund	\$196,517.72		\$196,517.72

RETIREE FUND			
AARP Medicare Rx - M. Davis	\$33.40	12-5668	\$33.40
Blue Shield of CA-J. St Dennis	\$169.00	12-5668	\$169.00
Blue Shield of CA-J. Leu 5/1/17-7/31/17	\$639.00	12-5668	\$639.00
Blue Shield of CA-E. Leu 5/1/17-7/31/17	\$792.00	12-5668	\$792.00
Anthem Blue Cross-Retiree Insurance Prem. 5/1/17-5/31/17	\$265.19	12-5668	\$265.19
Anthem Blue Cross-Retiree Insurance Prem. 5/1/17-5/31/17	\$227.97	12-5668	\$227.97
Anthem Blue Cross-Retiree Insurance Prem. 5/1/17-5/31/17	\$292.50	12-5668	\$205.61
Anthem Blue Cross-Retiree Insurance Prem. 5/1/17-5/31/17	\$265.19	12-5668	\$292.50
Anthem Blue Cross-Retiree Insurance Prem. 5/1/17-5/31/17	\$205.61	12-5668	\$265.19
Unitedhealthcare Ins - Prepay for D Schwagel,	\$145.00	12-5668	\$145.00
Total Retiree Fund	\$3,034.86	FUND #12	\$3,034.86

USDA REQUIRED RESERVE			
Churchwell White	\$245.00	7125	\$245.00
TOTAL USDA REQUIRED RESERVE	\$245.00	FUND #24	\$245.00

STUMPY MEADOWS EMERGENCY RESERVE FUND (SMERF)			
Wells Farge SRF	\$2,296.95	1115	\$2,296.95
Total SMERF Fund	\$2,296.95	FUND#29	\$2,296.95

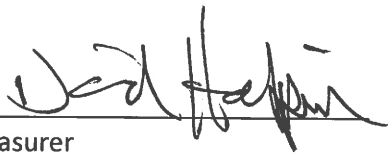
ALT WTP RETROFIT PROJECT			
ARC	\$48.13	5380	\$48.13
Divide Supply		5338	
Easy Signs		5390	
Foothill Associates	\$4,651.84	5380	\$4,651.84
George Sanders		5380	
HKR Promotions	\$319.34	5338	\$319.34
MJT Enterprises, Inc-Temporary Labor	\$1,234.80	5611	\$1,234.80
Myers & Sons Construction LP	\$422,170.50	5323	\$422,170.50
Psomas	\$21,265.00	5324	\$21,265.00
	\$449,689.61	FUND#35	\$449,689.61

Capital Reserve Fund			
Crowton's Excavation & Grading	\$15,875.00	5480	\$15,875.00
Ferguson	\$6,259.66	5238	\$6,259.66
George Sanders		5380	
Georgetown Hardware	\$70.87	5238	\$70.87
Georgetown Pre Cast	\$870.87	5238	\$870.87
McNichols Co.	\$6,501.36	5138	\$6,501.36
MC Engineering, Inc	\$5,128.62	5480	\$5,128.62
Total Capital Reserve Fund	\$34,706.38	Fund #43	\$34,706.38

PILOT HILL SOUTH			
NBS--	\$12,500.00	7190	\$12,500.00
Total Pilot Hill South Debt Service Fund	\$12,500.00	Fund #54	\$12,500.00

TOTAL ALL FUNDS IN GENERAL ACCOUNT	\$698,990.52		\$698,990.52
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Approved for Payment:


Treasurer

General Manager

Georgetown Divide PUD
 Month End Cash Disbursements Report

Check Number	Check Date	Vendor # (Name)	Net Amount
27566	3/1/2017	CAL18 (California State Disbursement Unit)	366.92
27567	3/1/2017	ICM02 (ICMA-R.T.-457 (ee))	788.67
27568	3/1/2017	IUO01 (IUOE, LOCAL 39)	340.70
27569	3/1/2017	IUO02 (PEU LOCAL #1)	138.34
27570	3/1/2017	PER01 (P.E.R.S)	7984.66
27571	3/1/2017	WAL03 (JACOB WALSH)	107.96
27572	3/14/2017	ACW01 (ACWA/JPIA)	11483.00
27573	3/14/2017	ACW05 (ACWA/JPIA HEALTH)	36658.41
27574	3/14/2017	ADT01 (ADT SECURITY SERVICES)	187.28
27575	3/14/2017	ALL01 (ALLEN KRAUSE)	2157.74
27576	3/14/2017	AME08 (AMERICAN MESSAGING)	110.15
27577	3/14/2017	AND01 (ANDERSON'S SIERRA PIPE CO)	137.89
27578	3/14/2017	ARC02 (ARC)	662.70
27579	3/14/2017	ATE01 (A T.E.E.M. ELECTRICAL)	760.00
27580	3/14/2017	BEA01 (BUTTE EQUIPMENT RENTALS)	1050.00
27581	3/14/2017	BER01 (BERKADIA G)	30784.17
27582	3/14/2017	BLU01 (ANTHEM BLUE CROSS)	1256.46
27583	3/14/2017	CAR08 (CSI)	59.00
27584	3/14/2017	CCS01 (CCSINTERACTIVE)	69.00
27585	3/14/2017	CDP01 (California Diesel & Power)	2297.91
27586	3/14/2017	CLS01 (CLS LABS)	3532.48
27587	3/14/2017	COM02 (COMMUNITY DEVELOPMENT AGENCY)	630.84
27588	3/14/2017	DIA01 (DIAMOND PACIFIC - AUBURN)	2764.37
27589	3/14/2017	DIA02 (DIAMOND WELL DRILLING COMPANY, INC)	530.00
27590	3/14/2017	DIV05 (PLACERVILLE AUTO PARTS, INC)	73.27
27591	3/14/2017	DWR01 (DEPT. OF WATER RESOURCES)	33233.76
27592	3/14/2017	ECO01 (ECORP CONSULTING, INC.)	2019.86
27593	3/14/2017	ELD16 (EL DORADO DISPOSAL)	310.74
27594	3/14/2017	EN201 (EN2 RESOURCES, INC)	2654.00
27595	3/14/2017	FRE05 (FREELANCE TECHNOLOGIES,INC)	895.00
27596	3/14/2017	G&O01 (G & O BODY SHOP)	210.00
27597	3/14/2017	GEM01 (GEMPLER'S, INC.)	916.80
27598	3/14/2017	GEO01 (GEORGETOWN ACE HDW)	315.33
27599	3/14/2017	GEO02 (GEORGETOWN GAZETTE)	66.24
27600	3/14/2017	GEO04 (DIVIDE SUPPLY INC.)	1776.06
27601	3/14/2017	GEO12 (GEORGE SANDERS)	5920.00
27602	3/14/2017	GOO01 (THE GOODYEAR TIRE & RUBBER COMPANY)	691.38
27603	3/14/2017	HAC01 (HACH COMPANY)	800.62
27604	3/14/2017	HAN04 (HANGTOWN FIRE CONTROL)	1190.51
27605	3/14/2017	HAR08 (KEITH HARSTON, DC)	100.00

27606	3/14/2017	HEL01 (BRYAN HELM)	281.47
27607	3/14/2017	HOL02 (HOLDREGE & KULL)	2000.00
27608	3/14/2017	MCE01 (MC Engineering, Inc.)	5330.00
27609	3/14/2017	MCN01 (MC NICHOLS CO.)	4735.17
27610	3/14/2017	MED01 (MEDICAL EYE SERVICES)	312.92
27611	3/14/2017	MJT01 (MJT ENTERPRISES, INC.)	6292.28
27612	3/14/2017	PAC02 (PACIFIC GAS & ELECTRIC)	7444.00
27613	3/14/2017	PSO01 (PSOMAS)	705.00
27614	3/14/2017	PUL01 (PULFER, JEFF)	100.00
27615	3/14/2017	RAL02 (RALPH ANDERSON & ASSOCIATES)	18750.00
27616	3/14/2017	ROB02 (ROBINSON ENTERPRISES)	1328.02
27617	3/14/2017	ROC02 (KENNETH D. WELSH)	352.50
27618	3/14/2017	ROS03 (WOLFGANG ROSENAU)	2260.88
27619	3/14/2017	SAN02 (Santander Leasing)	1230.88
27620	3/14/2017	SIE12 (MICHAEL S. SALLAC)	200.00
27621	3/14/2017	SIR01 (REBECCA SIREN)	8085.00
27622	3/14/2017	TEI01 (A. TEICHERT & SON, INC)	1099.50
27623	3/14/2017	TYL01 (ERIC TYLER)	200.00
27624	3/14/2017	UNI03 (UNITED RENTALS NORTHWEST)	1000.00
27625	3/14/2017	UNI06 (UNITEDHEALTHCARE INSURANCE CO)	145.00
27626	3/14/2017	USB05 (U.S. BANK CORPORATE PAYMENT SYSTEM)	6877.67
27627	3/14/2017	VAU01 (VAUGHN JOHNSON)	1800.00
27628	3/14/2017	VEE01 (DOUG VEERKAMP)	1000.00
27629	3/14/2017	WAD01 (DANE WADLE)	443.70
27630	3/14/2017	WAL02 (WALKER'S OFFICE SUPPLY)	906.91
27631	3/14/2017	WEL02 (WELLS FARGO BANK, NA)	2296.95
27632	3/14/2017	WHI02 (WHITE CAP CONST. SUPPLY)	2723.85
27633	3/15/2017	AFL01 (AMERICAN FAMILY LIFE INS)	1467.42
27634	3/15/2017	CAL18 (California State Disbursement Unit)	366.92
27635	3/15/2017	FRA02 (FRANCHISE TAX BOARD)	160.96
27636	3/15/2017	ICM02 (ICMA-R.T.-457 (ee))	937.71
27637	3/15/2017	IUO01 (IUOE, LOCAL 39)	340.70
27638	3/15/2017	IUO02 (PEU LOCAL #1)	138.34
27639	3/15/2017	PER01 (P.E.R.S)	8311.05
27640	3/15/2017	PER01 (P.E.R.S)	34050.53
27641	3/29/2017	CAL18 (California State Disbursement Unit)	366.92
27642	3/29/2017	ICM02 (ICMA-R.T.-457 (ee))	1279.75
27643	3/29/2017	IUO01 (IUOE, LOCAL 39)	335.67
27644	3/29/2017	IUO02 (PEU LOCAL #1)	129.29
27645	3/29/2017	PER01 (P.E.R.S)	8412.21
27646	3/28/2017	AAR01 (AARP MEDICARERX SAVER PLUS, PDP)	33.40
27647	3/28/2017	ATT02 (AT&T)	1281.37
27648	3/28/2017	BLU04 (BLUE SHIELD OF CALIFORNIA)	169.00
27649	3/28/2017	CAL16 (CALTRONICS BUSINESS SYSTEMS CORP.)	376.17
27650	3/28/2017	CHU02 (CHURCHWELL WHITE, LLP)	3262.86
27651	3/28/2017	CWS01 (CORBIN WILLITS SYS. INC.)	553.20
27652	3/28/2017	DEL05 (DELAGE LANDEN, INC)	413.85

27653	3/28/2017	FER01 (FERRELLGAS)	1080.98
27654	3/28/2017	LEG01 (LEGALSHEILD)	170.05
27655	3/28/2017	MOB01 (MOBILE MINI, LLC-CA)	184.39
27656	3/28/2017	NBS01 (NBS)	2061.09
27657	3/28/2017	PAC02 (PACIFIC GAS & ELECTRIC)	1945.82
27658	3/28/2017	POW01 (POWERNET GLOBAL COMM.)	140.86
27659	3/28/2017	PRE01 (PREMIER ACCESS INS CO)	2524.30
27660	3/28/2017	PRO04 (PAUL FUNK)	250.00
27661	3/28/2017	ROB02 (ROBINSON ENTERPRISES)	1661.18
27662	3/28/2017	VER01 (VERIZON WIRELESS)	342.36
27663	3/29/2017	STA09 (STATE WATER RESOURCES)	500.00

		Total for Bank Account 1000 ----->	307182.27

		Grand Total of all Bank Accounts ----->	307182.27
			=====

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Revenue Summary*

For the Months between

07/01/2016-03/31/2017

REVENUE CATEGORY	Budget 16-17	To Date	Balance	% of Budget	Notes
		07/01/2016-03/31/2017		Earned	
Operating Revenue:					
Residential Sales	\$1,285,000	1,014,844	270,156	78.98%	A
Commercial Sales	185,000	168,867	16,133	91.28%	A
Irrigation Sales	225,000	137,042	87,958	60.91%	B
Water Surcharge		164,342			
Wastewater	344,000	257,174	86,826	74.76%	C
Soil Evaluations/Loans					
Penalties	37,000	29,708	7,292	80.29%	D
Other		30,505	(30,505)		E
Total Operating Revenue	\$2,076,000	1,802,482	437,860	86.82%	
Non-Operating Revenue:					
Property Taxes-General	\$1,460,000	1,458,748	1,252	99.91%	F
SMUD	\$105,000				
Pipeline		2,400			
Capital Facility Charge		27,800			
Interest Income	40,000	31,386	8,614	78.46%	H
Water Agency Cost Share	45,000	0	45,000	0.00%	
Leases	70,000	49,496	20,504	70.71%	
Hydro	60,000	43,134	16,866	71.89%	
Other	1,587,847	40,894	1,546,953	2.58%	
Total Nonoperating Revenue	\$3,367,847	1,653,857	\$1,639,190	49.11%	
Total Revenue Before Transfers In	\$5,443,847	3,456,339	2,077,049	63.49%	
Transfers In	268,000		268,000	-	
Total Revenue After Transfers In	\$5,711,847	3,456,339	2,345,049	60.51%	

NOTES:

- A - Revenue accrued through 31-Mar-17
- B - Represents irrigation revenue through 31-Mar-17
- C - Revenue of 31-Mar-17
- D - Penalties for 31-Mar-17

E - Primarily connection and installation fees

F - Property Taxes based on County Estimate

H - The interest revenue represents interest on checking, savings, money markets, time deposits, LAIF and Kelsey and Pilot Hill Assessment Receivable Contracts

*Subject to revision with actual audit.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Expense Summary*

For the Months Between: 07/01/2016 - 03/31/2017

Acct#	EXPENSE CATEGORY	Budget 2016-2017	To Date 07/01/2016 - 03/31/2017	Balance	% of Budget Spent
Operating Expenses:					
5010	Labor	1,153,108	881,848	271,260	76%
5019	Overtime	64,000	49,008	14,992	77%
5017	Standby	55,500	35,440	20,060	64%
5011	Temporary Labor	94,000	48,199	45,801	51%
5014	PERS Benefits	117,592	91,306	26,286	78%
5015	Deferred Compensation	0	298	(298)	-
5016	Payroll Taxes	106,633	80,437	26,196	75%
5018/5	Insurance: Health & Life Plans	271,950	272,682	(732)	100%
5020	Insurance: Worker's Comp.	94,069	40,606	53,463	43%
5027	Audit	22,000	16,640	5,360	76%
5028	Engineering-Studies, including Ecorp.	0	17,609	(17,609)	
5034	Insurance: General	67,695	46,737	20,958	69%
5036	Legal--General	121,000	69,904	51,096	58%
5038	Materials and Supplies	183,650	167,637	16,013	91%
5039	Rentals/ Outsourced Maintenance	27,200	51,198	(23,998)	188%
5040	Office Supplies	48,000	31,208	16,792	65%
5041	Staff Development	10,500	5,634	4,866	54%
5042	Travel--Conference	15,000	3,315	11,685	-
5044	Utilities	198,308	153,223	45,085	77%
5046	Vehicle & Equipment Maintenance	51,000	42,137	8,863	83%
5048	Vehicle Operations	50,200	30,375	19,825	61%
5060	Bank Fees & Payroll Services	5,000	4,460	540	89%
5068	Retiree Health Premiums	132,000	113,274	18,726	86%
5070	Director Stipends	24,000	18,031	5,969	75%
5076	Building Maintenance	9,500	5,428	4,072	57%
5080	Outside Service/Consultants	133,000	172,041	(39,041)	129%
5084	Govt. Regulation/Lab Fees	170,000	105,876	64,124	62%
5090	Other:	2,000	3,481	(1,481)	174%
5090	Other: Recruitment	0	6,250	(6,250)	
5090	Other: County Tax Admin. Fees	37,000	44,799	(7,799)	121%
5089	Other: Memberships	16,500	8,565	7,935	52%
5091	Other: Elections		6,816	(6,816)	-
5094	Depreciation	632,837	474,628	158,209	75%
	Total Operating Expense	\$3,913,242	3,099,091	814,151	79%
Non-operating Expenses:					
7010	Interest Expense	\$33,000	17,452	15,548	53%
7090	Other		6,232	(6,232)	
	Total Non-operating Expenses	\$33,000	23,684	9,316	72%
	Total Expenses Before Transfers	\$3,946,242	3,122,774	823,468	79%
	Net Income (Loss)	\$217,800	\$333,565		153%

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH AND INVESTMENT BALANCES MARCH 31, 2017**

	BEGINNING BALANCE	CASH RECEIPTS	CASH DIS- BURSEMENTS	TRANSFERS IN (OUT)	ENDING BALANCE
8 SMUD Fund	324,069.00				324,069.00
9 CABY Grant	(34,537.19)	23,246.40	(3,146.13)		(14,436.92)
10 General Fund	915,118.01	274,269.09	(331,039.93)	22,572.81	880,919.98
12 Retiree	532,807.19	3,749.64	(7,144.15)		529,412.68
14 Stewart Mine	28,824.87		(4,366.35)		24,458.52
25 Bayne Road & Other Assessment Districts	65,803.51		(31,536.64)		34,266.87
17 Water Development	399,752.88				399,752.88
19 Stumpy Meadows Emergency Reserve Fund (SMERF)	1,044,130.27				1,044,130.27
43 Capital Reserve Cash Clearing	981,349.55		(11,783.83)	(22,572.81)	946,992.91
53 Pilot Hill North	(7,480.80)				(7,480.80)
54 Pilot Hill South	50,136.46				50,136.46
51 Kelsey North	119,153.85		(16,052.04)		103,101.81
52 Kelsey South	209,023.75		(18,490.34)		190,533.41
29 State Revolving Fund	69,616.17	2,296.95	(14,825.77)		57,087.35
30 Small Hydro Fund	597,936.24	2,383.85	(66.89)		600,253.20
31 Pipeline Extension Holding Fund to 26	0.00				0.00
35 Environmental Protection Agency	315,097.95				315,097.95
37 Garden Valley Water Improvement District	71,574.34				71,574.34
39 Capital Facility Charges	1,679,821.74				1,679,821.74
24 ALT - WTP Capital Reserve	766,121.99				766,121.99
40 Auburn Lake Trails (ALT) Zone Fund	926,982.84	46,594.69	(23,903.73)		949,673.80
41 ALT Tank Replacement Loans & Repair Activity	33,791.15				33,791.15
42 ALT CDS Reserve Connection Fund	213,839.92				213,839.92
	9,302,933.69	352,540.62	(462,355.80)	0.00	9,193,118.51

Totals by Type of Account:

El Dorado Savings Bank Checking	64,864.52	Rate Information:	0.03%
El Dorado Savings Bank Savings	2,179,829.97		0.14%
Wells Fargo State Revolving Fund Debt Accounts	26,182.67		2.00%
Wells Fargo Brokered Time Deposits	6,922,241.35		0.28%
Local Agency Investment Fund			
Grand Total	<u>\$9,193,118.51</u>		

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH AND INVESTMENT BALANCES MARCH 31, 2017**

Accounting Basis Unrestricted, Designated and Restricted Funds Recap:
 Unrestricted Undesignated Funds \$880,919.98
Designated Funds are in Italics 4,196,543.13
Restricted Funds are Shaded 4,115,655.40
\$9,193,118.51

District Designated Funds/Reserve Policy Funds Recap:	Estimated 2016-17 Budget	Calculated from 2014-15 Audited
Water - Operations	880,920	510,000
Water - Cash Flow	209,000	197,222
Water - Capital:		
Stumpy Meadows Emergency Reserve Fund	1,044,130	
Capital Facility Charges	1,679,822	
Replacement Reserve (required by USDA)	766,122	
Other reserves	1,096,057	
Sub Total - Water	8,193,835	7,871,516
Debt Service	5,467,051	8,578,738
Retiree Health	452,104	480,991
Hydroelectric	621,235 *	421,765
Wastewater - Operations	504,191	461,219
Zone - Capital	52,000	45,978
Community Disposal System - Capital	5,000	5,000
	250,000	250,211
Sub Total - Wastewater/Zone	307,000	301,189
	10,816,673.00	10,243,902.00

Two month operations expense
10% Water Sales

50% Accumulated Depreciation

Actual amounts
Actual amount
Actual amount

Two month operations expense
Amount set at \$5,000

50% Accumulated Depreciation

Actual total reserves as of June 30, 2015 \$9,162,818
Actual total reserves as of June 30, 2014 \$8,725,362
Actual total reserves as of June 30, 2013 \$8,427,421
Actual total reserves as of June 30, 2012 \$7,595,078

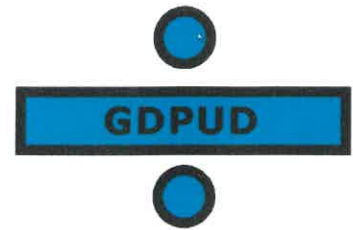
Approved:



Treasurer

General Manager

**REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF MAY 8, 2017
Agenda Item No. 5C**



AGENDA SECTION: INFORMATIONAL ITEMS

SUBJECT: GENERAL MANAGER'S REPORT

PREPARED BY: Steven Palmer, PE, General Manager

A blue ink signature of Steven Palmer, General Manager.

Meter Replacement Project

Bids for the Automated Meter Reading (AMR) and Meter Replacement Project were opened on Wednesday, April 5. Staff is reviewing the bids to determine the responsible and responsive low bidder. The apparent low bidder is Ferguson Water Works, with a total bid amount of \$1,416,883.17; which is less than the engineer's estimate of \$1,900,000. Board action at a future meeting will be required to award the contract.

Holman Capital has informed the General Manager that they cannot fund a loan for the Project at this time because the District does not have enough revenue to adequately fund the loan. One of the metrics that lenders use when evaluating new loans to public agencies is the debt service coverage ratio. The debt-service coverage ratio is the ratio of net operating income to debt service. Lenders typically require a debt service coverage ratio of 1.20. The current treated water rate structure is insufficient to meet a 1.20 debt service coverage ratio in fiscal years 2019-2020 and 2020-2021. Holman Capital predicts that the debt service coverage ratio will drop to less than 1.0 at that time and cause the District to be in technical default from its loan covenants. Consequently, Holman Capital would like to see the District complete the rate study and increase rates before providing a final financing proposal.

The General Manager continues to work with iBank to determine if they are willing to fund a loan for the Project, and has contacted the State regarding potential funding opportunities. It is likely that both iBank and the State will refuse to loan the District funds for the Project until rates are increased to provide a minimum debt service coverage ratio of at least 1.20.

Fiscal Year 2017-2018 Budget

Staff is working to complete a draft operating budget for presentation to the Finance Committee and the Board this month.

REPORT TO THE BOARD OF DIRECTORS

BOARD MEETING OF May 8, 2017

Item No. 5D



GDPUD

AGENDA SECTION: INFORMATIONAL ITEMS

SUBJECT: OPERATIONS MANAGER'S REPORT

PREPARED BY: Darrell Creeks, Operations Manager

APPROVED BY: Steven Palmer, PE, General Manager



Water Treatment (ALT & Walton)

The Auburn Lake Trails Water Treatment Plant produced 13.454 million gallons of potable water for the month of April. This equates to an average of 448,446 gallons per day. This flow is an increase of 2,276,000 gallons per day from the month of March. The Walton Lake Water Treatment Plant produced 15.136 million gallons of potable water for the month of May. This equates to an average of 504,533 gallons per day. This flow is an increase of 796,000 gallons per day from the month of March.

As of July 2014, the District is required to report to the State the amount of total potable water produced through the two plants (ALT and Walton) monthly, and to compare that value with the demands of the prior year over the same reporting period. The table that follows shows the percentage increase (+) or decrease (-) for 2017 compared to 2016 and 2013.

Month	Total Prod. M.G. 2017	+/- % of 2016	+/- % of 2013	Month	Total Prod. M.G. 2017	+/- % of 2016	+/- % of 2013
Jan.	28.532	+1%	-8%	Jul.			
Feb.	23.775	-9%	-9%	Aug.			
Mar.	25.518	-7%	-22%	Sep.			
Apr.	28.590	-14%	-34%	Oct.			
May				Nov.			
Jun.				Dec.			

On April 26, 2017, the State Water Resources Control Board rescinded the water supply stress test requirements and mandatory conservation standards for urban water suppliers. Therefore, the District is no longer required to reduce water consumption by 29% compared to 2013. The State Water Resources Control Board kept in place the water use reporting requirements and prohibitions against water waste. Customers are still prohibited from outdoor watering during or within 48 hours of a rain event, washing sidewalks, and overwatering landscaping such that water runs off onto the sidewalk. The District is still required to reduce 20% by 2020 on a gallon per capita, per daily basis.

Water Quality

The District conducted the required water quality monitoring at the treatment plants and in the distribution system and submitted the required water quality monitoring reports to the State

Water Resources Control Board (SWRCB). Under contract with the District, Becky Siren prepared the required reports and reviewed key elements of the same with the Interim General Manager prior to submittal.

The Treatment Plant reports showed compliance with all drinking water standards, with the exception of the Auburn Lake Trails Water Treatment Plant, which is currently under a compliance order from SWRCB for failure to meet the requirements of the Surface Water Treatment Rule.

The distribution system monitoring results showed all samples absent/negative of any bacteriological contamination and adequate levels of disinfection through the system.

A copy of the report, as submitted to the SWRCB, has not been included in this report due to the technical nature and overall size of the document.

Waste Water: Auburn Lake Trails

The District received the attached Notice of Violation (NOV) from the Regional Water Quality Control Board this week related to the Auburn Lake Trails On-Site Wastewater Disposal. The NOV was issued because the average monthly flow rate into the community disposal system (CDS) during the months of February and March 2017 exceeded the average monthly flow permitted by the Waste Discharge Requirements (Order R5-2002-0031). This flow violation is directly related to rainfall and storm water runoff infiltrating into the sewer collection system.

The NOV establishes two deadlines for the District.

First; prior to June 1, 2017, the District must submit the existing Sanitary Sewer Maintenance Plan for the collection system, two years of maintenance and inspection records, and a description of work planned to locate or reduce infiltration and inflow (I&I). The District already maintains this information. As the Operations Manager, I am taking the lead on gathering the data and we will be working together to provide a response.

Second; prior to August 1, 2017 the District must submit a Leach Field Capacity Report and a Water Balance Report. I am taking the lead on this requirement and will be preparing a Request for Proposals to select an engineering firm(s) to prepare these reports. These reports are intended to quantify the ability of the CDS to handle increased storm runoff, quantify the need to reduce infiltration and inflow, identify any necessary improvements, and develop a timeline for implementation.

It is likely that the District will be required to make improvements to the sewer collection system to reduce I&I within the next year. Some improvements that can be made include lining sewer lines and manholes, sealing septic tanks, and replacing septic tanks. These options and others will be evaluated as we move forward with the engineering studies that are required by the Regional Water Board.

Average daily flows in the community disposal system were 51,702 gallons per day. This value does not exceed the limit of 71,800 gallons per day as identified in the Waste Discharge Requirements.

The District has, to date, completed all required laboratory monitoring of groundwater, surface water and wastewater effluent.

The District is currently up to date in the monitoring of waste water systems in the zone. It is anticipated the District will stay on schedule because of permanent staff dedicated to this effort.

Stumpy Meadows Reservoir

As of May 2, 2017, Stumpy Meadows Reservoir showed a reservoir elevation of 4,262 feet, representing storage of 20,000 acre-feet, or 100% of capacity. Stumpy continues to spill.

Current releases from Stumpy on this date, at the base of the dam were 30.0 CFS. Additional water flows out of Stumpy over the spillway. Flow into Stumpy on the day of this report was recorded at 69 CFS.

Field Work Activities – Distribution and Maintenance

Treated Water Distribution: The Distribution crew worked throughout the District distribution system repairing leaks, repairing meters, installation of new services, and adjusting altitude and pressure reducing valves. The Distribution crew completed all required water quality sampling and “USA” survey's. They also helped the Maintenance Crew Get the Canals ready for Irrigation season, including installing the new pipe line under Spanish Dry Diggins Road for the irrigation ditch.

Maintenance: The Maintenance crew began running water from Stumpy to fill the ditches. Two Syphons are leaking that will need to be repaired.

RECOMMENDATION: Receive and file this report.

**REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF APRIL 11, 2017
Agenda Item No. 5E**



AGENDA SECTION: INFORMATIONAL ITEMS

SUBJECT: ALT WATER TREATMENT PLANT PROJECT UPDATE

PREPARED BY: George Sanders, Engineering Consultant

APPROVED BY: Steven Palmer, PE, General Manager

A handwritten signature in blue ink, appearing to be "S. Palmer", is written over the name "Steven Palmer" in the "APPROVED BY" line.

This is a summary of the various work activities at the ALT Treatment Plant for the month of March. In addition to the construction work, performed by Myers & Sons, the District is also under contract with NEXGEN for construction management, PSOMAS for Engineering Support during Construction, Youngdahl Consulting Group for the material testing, and Foothill Associates for CEQA compliance together with assisting with the implementation of portions of the Storm Water Pollution Prevention Plan (SWPPP).

Myers & Sons Construction

Construction activities have concentrated on mobilization, locating miscellaneous underground utilities, demolition of the lab building, construction staking and replacement of a portion of the 30-inch diameter raw water pipeline. In addition, the contractor has made approximately 70 submittals along with 20 requests for information (RFI). The contractor has initiated one meeting at the District office and one conference call on matters relating to the filters and various control systems.

PSOMAS

The primary function of Engineering support during construction is to review and respond to contractor submittals, requests for information (RFI) and provide added clarity on various construction related matters. Approximately 55 of the contractor submittals have been addressed and all the 20 RFI's have been answered. The design engineer for the project is Ernie Leporini. Ernie has participated in three meetings at the construction site and has responded to numerous phone and email inquiries.

Youngdahl Consulting Group

The material testing at the site has been limited to compaction tests of the backfill used in the placement of the 30-inch diameter raw water pipe. In addition, this firm has provided technical assistance with the implementation of the dust Mitigation Plan and the Asbestos Dust Mitigation Plan.

Foothill Associates

Working in conjunction with the District and the Contractor, this firm has assisted in the implementation of the SWPPP. This work has consisted of, but not limited to, conducting pre-storm event inspections together with inspections and sampling as required during rain events.

Filter Building Color – Environmental Compliance

The Contractor has provided the District with a color selection chart for the Filter Building and the Raw Water Pump Station Building. The Environmental Document contains Mitigation Measure AES-1 (Aesthetics) which places limitations on the color of the Filter Building. Those limitations are identified as follows:

“Exterior coatings for the filter building shall incorporate earth tone colors neutral tones to reduce the contrast of the structure with the surrounding landscape as viewed from the Auburn Lake Trails community gate.”

The color selection chart was sent to *Foothill Associates* to assure compliance with Mitigation Measure AES-1. In the review by *Foothill*, they have identified CYPRESS GREEN and SURREY BEIGE as the only two colors on the chart that meet the requirements of this Mitigation Measure.

It is the intent of staff to proceed with the selection of CYPRESS GREEN for the roof color and SURREY BEIGE for the wall color on both the Filter Building and the Raw Water Pump Station Building.

A copy of the color chart is attached for reference.

NEXGEN

Working closely with District staff, this firm will provide Construction Management services. The District has started transitioning construction management functions to NEXGEN. In the meantime, District staff continues to fill the role of construction management.

Budget

Project expenses since start of construction as compared to budget are summarized in the table below. At this point, projected expenditures are within the approved project budget.

Phase	Expended to Date	Budget
Construction	\$422,170	\$11,249,000
Construction Engineering, Construction Management, and Environmental	\$33,827	\$1,076,226
Total	\$455,997	\$12,325,226

Information contained in this report will be supplemented with project-related photos. This concludes the ALT update for the month of March. Staff remains available to answer questions.

Nucor PVDF Panel Paint Systems

WALL

Nucor Classic Wall™



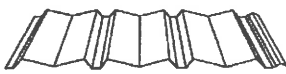
36" Panel Coverage / 26 Gauge*

Nucor Reverse Classic Panel™



36" Panel Coverage / 26 Gauge*

Nucor Accent Panel™



36" Panel Coverage / 26 Gauge*

ROOF

Nucor CFR™



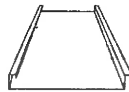
24" Panel Coverage / 24 Gauge*

Nucor Classic Roof™



36" Panel Coverage / 26 Gauge*

Nucor VR16 II™



16" Panel Coverage / 24 Gauge*

Our PVDF coatings feature fade-resistant color, incredible durability and environmentally friendly "cool" technology.

Colors shown are representative of actual colors offered and are NOT intended for matching purposes. Exact color match should be made from metal color chip samples.

Initial Solar Reflectance (IR) is the fraction of the total solar energy that is reflected away from a surface. To be considered "cool", products must have a Solar Reflectance of at least .25.

Initial Thermal Emittance (IE) is the relative ability of the roof panel to radiate absorbed heat.

Solar Reflectance Index (SRI) is calculated by using the values of solar reflectance, thermal emittance, and a medium wind coefficient. The higher the SRI value, the lower its surface temperature and consequently, the heat gain into the building.

Galvalume® gutters, rake, and downspouts are available as an upcharge. Galvalume® ratings are .680 Initial Solar Reflectance (IR), .10 Initial Thermal Emittance (IE), and 56 Solar Reflectance Index (SRI).

Base angle flash is available in Burnished Slate and Polar White only.

All Standard PVDF colors shown on this chart feature a 30 year finish warranty. Unpainted Galvalume® panels feature a 25 year finish warranty. See Warranty Guide for specific warranty information. (Warranties apply only to the finish coat of exterior mounted panels. Backer side primer colors may vary.)

The term "TBK" on the Nucor Order Document refers to "To Be Selected from Standard Nucor PVDF Colors" as shown on this chart.

In keeping with a continuing program of product improvement, all information contained herein is subject to change without notice.

*Other gauges are available with extended lead-times and additional charges.

† Galvalume® is a registered trademark of BIEC International, Inc.



www.Nucorbuildingsystems.com

DARK BRONZE (DB)
IR: .31 IE: .87 SRI: 32

CYPRESS GREEN (CY)
IR: .31 IE: .85 SRI: 31

ROYAL BLUE (RO)
IR: .30 IE: .86 SRI: 31

TERRA COTTA (TC)
IR: .35 IE: .84 SRI: 35

SURREY BEIGE (SU)
IR: .48 IE: .83 SRI: 53

MEDIUM GRAY (MG)
IR: .36 IE: .83 SRI: 37

WARM WHITE (WW)
IR: .62 IE: .84 SRI: 73

REGAL WHITE (RW)
IR: .72 IE: .85 SRI: 88

**REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF MAY 8, 2017
Agenda Item No. 6A**



AGENDA SECTION: NEW BUSINESS

**SUBJECT: REVIEW AND PROVIDE DIRECTION ON TREATED AND
UNTREATED WATER RATE STUDY**

PREPARED BY: Steven Palmer, PE, General Manager

A handwritten signature in blue ink, appearing to be "S. Palmer", is written over the printed name of the General Manager.

BACKGROUND

Current treated water and untreated water rates were last reviewed and updated in 2008. That 2008 review and update included a 5-year phase in period and rates increased between 2008 to 2011. Rates have remained unchanged since July 1, 2011. It is considered best practices to evaluate water rates every three to five years.

At the September 27, 2016 Board Meeting, the District initiated the process to enlist Rural Community Assistance Corporation (RCAC) to perform a water rate study. RCAC receives funding from the State to help communities like the District to stay in compliance with regulations. The purpose of the work by RCAC and the study is to determine the level of revenue required to adequately fund the treated and untreated water systems while providing customers with safe and reliable water that meets State and Federal requirements. The Study will provide an explanation and justification of the calculated treated and untreated water rates for five years, and documents compliance with laws and regulations.

In California, the primary legal requirement for "property related" fee increases is compliance with what is commonly known as Proposition 218. Proposition 218 was approved by California voters in November 1996. This ballot measure added Articles XIII C and D to the California Constitution and requires the following when a local government agency increases fees:

- Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments.
- No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

More recently, a legal case, Capistrano Tax Payers Association v. City of San Juan Capistrano California, was resolved which resulted in additional, strict guidance regarding how water rates can be

calculated. This case established that rate tiers, like those currently used in the District, must “correspond to the actual cost of providing service at a given level of usage.” This means that in order to charge a different price per unit of water at different usage tiers, the District must demonstrate that the cost of delivery is higher per unit of water at the higher tiers.

DISCUSSION

Since the Board of Directors authorized work with RCAC on September 27, 2016, District Staff has met with John Van den Bergh of RCAC several times and worked to evaluate expenses and develop a study.

On April 25, 2017, Staff and RCAC provided the District Finance Committee with a presentation regarding the methodology being followed for the current rate study and requested input regarding several policy related decisions. The policy questions discussed at the April 25, 2017 Finance Committee meeting are summarized below:

1. Subsidy Program for Low Income Customers

Board has provided direction to make it an option for employees to contribute money to a local nonprofit to provide water bill assistance to low income customers. The Finance Committee expressed concern about the District expanding their role in this program due to increased time and cost to administer.

2. Capital Reserve Fund Balance

The Capital Reserve Fund needs to have enough funds to allow the District to replace aging infrastructure before it fails, and this amount is a critical component of the rate calculation. Finance Committee recommended revising the recapitalization amount to follow the following guidelines:

- Do not include recapitalization of costs less than \$3,000
- <\$50,000 – 100% cash
- \$50,000 to \$100,000 – 75% cash
- \$100,000 to \$500,000 – 50% cash
- >\$500,000 – 25% cash

3. Non-Operating Revenue/Property Tax Allocation

A significant portion of the District’s revenue are from revenue sources with flexible funds which can be spent on multiple aspects of the District. Examples are property tax and hydroelectric lease revenues. Finance Committee recommended the following approach to allocating these revenues:

- Use to fund capital reserve funds for treated and untreated water only
- Distribute based on weighted capitalization cost

4. Rate Tiers

The San Juan Capistrano court case established that rate tiers must be based on the actual cost of providing water. The District has only one source of water supply that is used year round, regardless of demand. Since there is one source of water, the District cannot show that it costs more to produce higher tiers of water. For this reason, the proposed rate structure consists of a base rate and a usage rate. Every customer will pay a base rate plus a usage rate for each unit of water used.

5. Function Cost Allocation (Base rate vs. usage rate)

This characterizes expenses as either fixed costs or variable costs, and divides rate revenue into either base rate or use rate. At this time, Staff and RCAC estimate that 75% of operating expenses are fixed cost and 25% are variable cost, excluding recapitalization. Allocating more expenses to the base rate has the effect of making the

District less vulnerable to decreases in consumption similar to what was seen during the recent mandatory drought restrictions. A significant drawback is that a higher base rate has a large impact on low income customers. The Finance Committee did not have any comments on the allocation as presented by RCAC.

Staff is presenting this information to the Board to obtain Board concurrence on moving forward with this methodology for the rate study. Once this direction is provided, Staff and RCAC will enter this information into the model and calculate a draft rate structure and amounts for presentation and further action to the Finance Committee and Board.

FISCAL IMPACT

The Draft Long Range Financial Forecast that was presented by the General Manager at the April 18, 2017 Board Meeting illustrates that total District revenue has decreased since 2009. Operating expenses are forecast to exceed future revenue projections by significant and ever increasing amounts, reaching over \$300,000 annually within three years.

The Draft Long Range Financial Forecast and a recent proforma prepared by a lender, show that the District's debt-service coverage ratio will decrease to 1.0 in 2020. The debt-service coverage ratio is the ratio of net operating income to debt service. Lenders require a minimum ratio of 1.20 to qualify for loan programs.

Additionally, the District is not currently setting aside enough funds to fund capital replacement costs. Current restricted reserves total \$4.5M, and unrestricted reserves total \$5.5M. While this is adequate to fund required debt service accounts, it does not allow enough funds to repair or replace aging infrastructure.

Updating the rates is necessary for the future sustainability of the District. Rates must be updated to account for years of inflation since 2011, reduction in revenue due to water conservation, elimination of tiered water rates, and to set aside adequate funding to replace capital infrastructure. If rates are not updated, initially the District will be forced to draw from reserves to fund operating expenses and to defer much needed capital improvements and replacements. Once reserves are depleted the District will be unable to pay its bills and obligation. Ultimately, this lack of keeping rates current will result in pressure from the State to consolidate with a neighboring district, and could result in the State taking over the assets and obligations of the District.

CEQA ASSESSMENT

This is not a CEQA Project.

RECOMMENDED ACTION

Staff recommends the Board of Directors review the recommendations from the Finance Committee that are presented in this report and provide Staff direction on whether to move forward with the methodology presented herein and with the following recommendations from the Finance Committee:

1. Revise the recapitalization/reserve amount to follow the following guidelines:
 - a. Do not include recapitalization of costs less than \$3,000
 - b. <\$50,000 – 100% cash
 - c. \$50,000 to \$100,000 – 75% cash
 - d. \$100,000 to \$500,000 – 50% cash
 - e. >\$500,000 – 25% cash
2. Allocating non-operating revenues (e.g. property tax) as follows:
 - a. Use to fund capital reserve funds for treated and untreated water only
 - b. Distribute based on weighted capitalization cost

ATTACHMENTS

1. Presentation

What is RCAC?

- Rural Community Assistance Corporation
- State funded to help communities like Georgetown Divide
- ...stay in compliance with the rules and regulations



RCAC

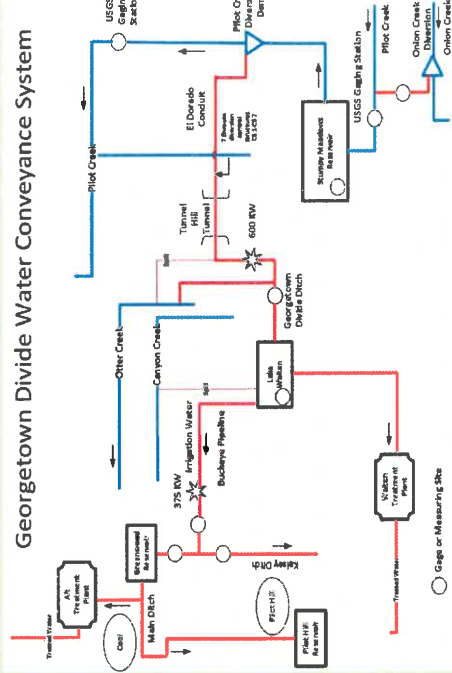
Georgetown Divide PUD Water Rates

Finance Committee Roll

- Review methodology
- Provide feedback to rate study team
- Provide recommendations on policy questions
- Resource to educate and share information



Georgetown Divide Water Conveyance System



Background

- Rate Study Purpose
 - Identify "true cost" to deliver water
 - Determine funding needed over the next 5-10 years to operate and maintain the system
 - Create adequate revenue to fund capital improvements
 - Ensure costs are allocated equitably
 - Establish appropriate rates for 5 years
 - Meet legal requirements for treated water and irrigation water rates



Background

- Rate Study Purpose
 - Stay solvent
 - Required for grants and loans
 - Current Affordability: 1.25%
 - Disqualification for State and USDA Grants
 - Should be 1.50% to 4.00%



Legal Requirements

- Proposition 218
 - Shall not exceed the funds required to provide the service
 - Shall not be used for any other purpose
 - Shall not exceed the proportional cost of service
 - Affects all properties with water service available



Legal Requirements

- Proposition 218 Implementation
 - Must provide a Public Hearing Notice
 - Amount of rate
 - Basis of rate calculation
 - Reason for the rate
 - Date, time, location of public hearing
 - One **written** protest per parcel (owner OR tenant, not both)
 - Rate cannot be increased if >50% of property owners protest



Legal Requirements

- San Juan Capistrano Case
 - 2015 case that created strict standards on how tiered rates can be created
 - Tiers need to "...correspond to the actual cost of providing service at a given level of usage..."
 - In response, many agencies have eliminated tiered rates or revised their tiered rates



Legal Requirements

- Subsidies
 - Subsidies between customer types are prohibited in rates
 - Subsidies must be funded by:
 - Funds not related to rates (eg. property tax)
 - Voluntary donations by other customers




Draft Long Range Financial Forecast

- Over 70 miles of canals & ditches
- Two water treatment plants
- 10 storage tanks
- 5 pumping stations
- Three reservoirs
- Two State regulated dams
- Two miles of sewer pipelines
- 5 community wastewater disposal fields
- Corporation yard & office building



Draft Long Range Financial Forecast

- 21 full time employees
- Encompasses 415 square miles
- Approximately 15,000 residents
- Approximately 3,600 treated water connections

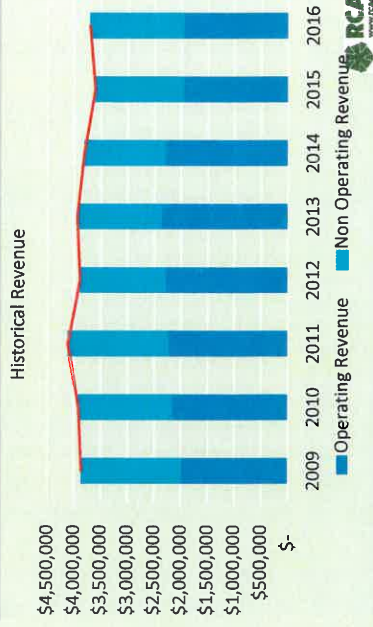


Draft Long Range Financial Forecast

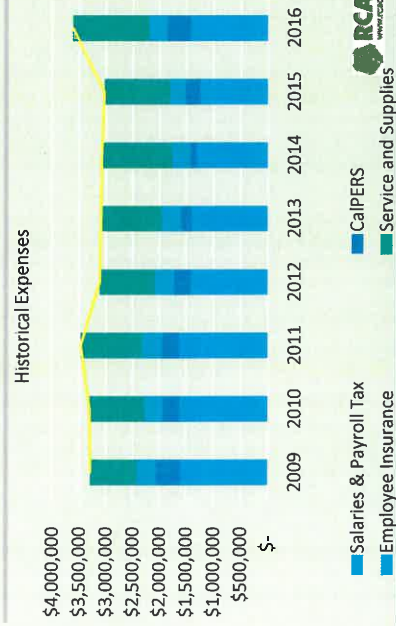
- Historical Perspective
 - End of Statewide 6-year drought
 - Snowpack low of 15% of average
 - Reservoir storage low of 66% of average
 - Stumpy Meadows storage low of 41% of capacity
 - Operating revenue dropped by 17% as compared to 2013



Draft Long Range Financial Forecast



Draft Long Range Financial Forecast



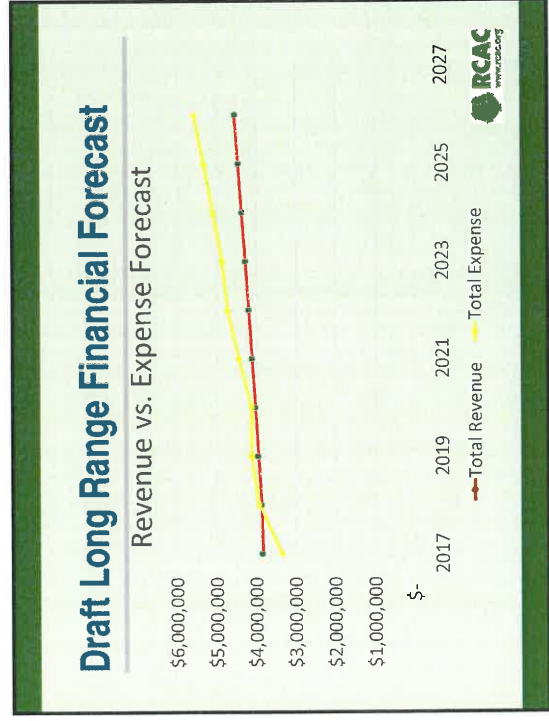
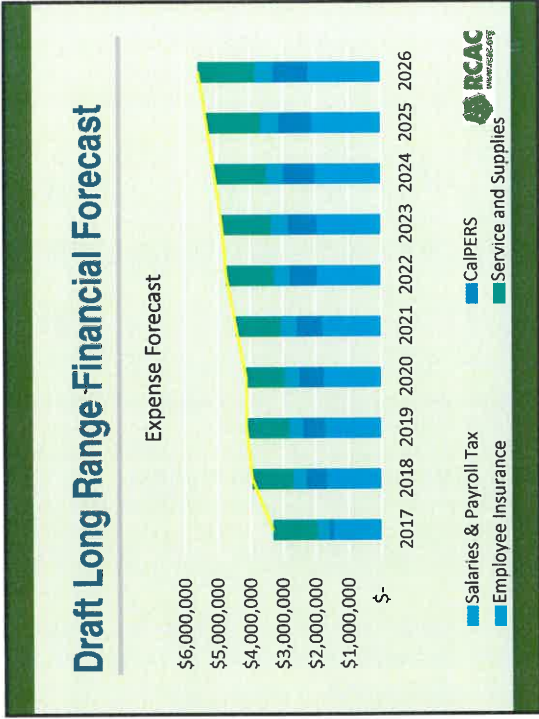
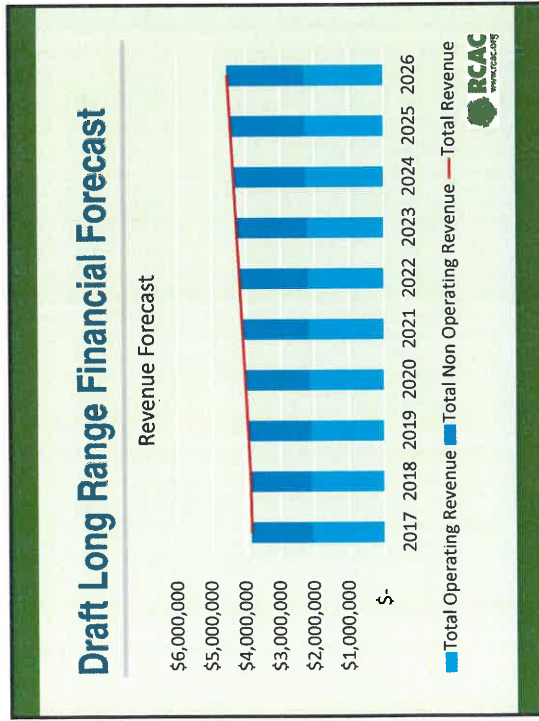
Draft Long Range Financial Forecast

Forecast Assumptions

Revenue	Forecast Growth per Year
Water Sales	1.1%
Property Tax	3.0%
Misc (penalties, etc)	2.5%

Expenses	Forecast Growth per Year
Salary	2.5% after 17/18
Pension	6.0% after 20/21
Health Insurance	6.0%
Payroll Tax	2.5%
Materials & Supplies	5.0%






- ### Draft Long Range Financial Forecast
- Observations
 - Total revenue has decreased since 2009
 - Non-operating revenue (property tax) is forecast to increase faster than operating revenue (rates)
 - CalPERS
 - Significant portion of annual expenses
 - Increases are expected to continue
 - Expenses are forecast to exceed revenue by \$55,000 in FY17/18 and \$328,000 in FY20/21
- RCAC
www.rcac.org

Draft Long Range Financial Forecast

- Current Reserves
 - Restricted - \$4.5M
 - Unrestricted, Designated - \$4.5M
 - Unrestricted, Undesignated - \$1.0M




Treated vs Irrigation Water

- Reasons for splitting
 - Different assets
 - Different cost structure
 - Different rates
- Split
 - Assets
 - Budget
 - Reserves




Treated Water Rate Study

- Current Rate Structure
 - Adopted on September 9, 2008
 - Last rate increase on July 1, 2011



Treated Water Rate Study


- Current Rate Structure
 - Bi-monthly charge for consumption up to 2,000 cubic feet
 - Residential = \$ 47.14
 - Commercial = \$ 50.32
 - Bi-monthly Supplemental Charge for treatment plant construction loan:
 - \$30.16



Treated Water Rate Study

- Current Rate Structure
 - Consumption exceeding 2,000 cubic feet during a billing period:

2,001 – 4,000 cf	\$0.0138 per cf
4,001 – 6,000 cf	\$0.0165 per cf
6,001 – 8,000 cf	\$0.0193 per cf
8,001+ cf	\$0.0221 per cf



Treated Water Rate Study

- Methodology
 - Calculate operating costs
 - Calculate capital replacement costs
 - Establish reserve targets
 - Allocate costs into fixed and variable
 - Distribute fixed costs by meter size
 - Calculate usage rates based on usage



Treated Water Rate Study

- Operating Costs
 - Recent budgets and projections
 - \$2.7M per year excluding depreciation, and capital improvements – treated water only



Treated Water Rate Study

- Capital Needs
 - Recapitalization Cost
 - List all assets and infrastructure
 - Assign year constructed, constructed value, life span, remaining life, and estimated future replacement cost
 - Estimated future cost \$116M
 - Assume amounts funded with grants, loans, and cash



Treated Water Rate Study

- **Capital Needs**
 - Reserve Amounts
 - Based on cost of projects funded with cash
 - Minimum recommendation is 20% cash



Treated Water Rate Study

- **Functional Cost Allocation**
 - Expenses allocated to fixed and variable
 - Base rate based on fixed expenses
 - Usage rate based on variable expenses
 - 74% fixed costs
 - 26% variable



Irrigation Water Rate Study

- **Current Rates**
 - Bi-monthly in advance
 - May 1 through September 1

0.5 miner's inch	\$94.00
1+ miner's inch	\$145.48 per miner's inch



Irrigation Water Rate Study

- **Methodology**
 - Calculate operating costs
 - Calculate capital replacement costs
 - Establish reserve targets
 - Distribute costs by service size/flow rate




Irrigation Water Rate Study

- **Capital Needs**
 - Recapitalization Cost
 - List all assets and infrastructure
 - Assign year constructed, constructed value, life span, remaining life, and estimated future replacement cost
 - Estimated future cost \$40M
 - Assume amounts funded with grants, loans, and cash



Irrigation Water Rate Study

- **Capital Needs**
 - Reserve Amounts
 - Based on cost of projects funded with cash
 - Minimum recommendation is 20% cash



Finance Committee Recommendations

- Subsidies
 - Concerned about time and cost to administer
- Recapitalization Costs/Reserve Needs
 - Do not include costs less than \$3,000
 - <\$50,000 – 100% cash
 - \$50,000 to \$100,000 – 75% cash
 - \$100,000 to \$500,000 – 50% cash
 - >\$500,000 – 25% cash



Finance Committee Recommendations

- Non-Operating Revenue/Property Tax Allocation
 - Fund reserves
 - Exclude wastewater
 - Based on weighted recapitalization cost
- Functional Cost Allocation
 - No comments



Tough decisions must be made



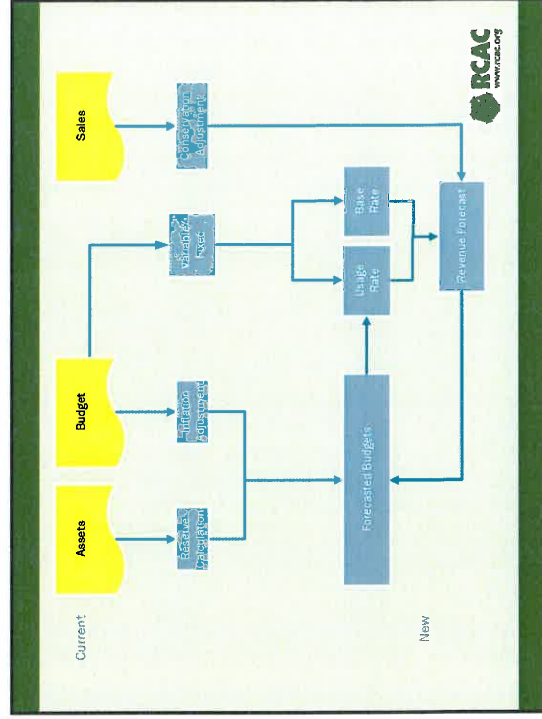
Consequences of not raising rates enough

1. Reduction in reserves
2. Inability to pay bills
3. Inability to maintain system
4. Extra pressure from state to consolidate with neighboring systems
5. Take-over by the state=Receivership



Guiding Principles of this Rate Study

- Sustainable
- Fair
- Conservation
- Justifiable



Fixed – Variable Expense Split

Component	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
Utilities	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
Repairs	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00
Fuel	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Maintenance	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Insurance	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Taxes	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Depreciation	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Professional Fees	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Travel	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Miscellaneous	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Contingency	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Total Operations & Maintenance Expenses	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
GENERAL & ADMINISTRATIVE EXPENSES	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Salaries	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Benefits	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Travel	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Miscellaneous	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Total General & Administrative Expenses	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
TOTAL EXPENSES	2,566,414.00	2,650,348.28	2,645,384.43	2,666,284.03	2,703,281.25



Budget (Treated Water)

Component	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
Utilities	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
Repairs	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00
Fuel	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Maintenance	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Insurance	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Taxes	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Depreciation	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Professional Fees	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Travel	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Miscellaneous	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Contingency	1,420,414.00	1,504,348.28	1,500,384.43	1,520,284.03	1,557,281.25
Total Operations & Maintenance Expenses	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
GENERAL & ADMINISTRATIVE EXPENSES	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Salaries	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Benefits	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Travel	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Miscellaneous	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
Total General & Administrative Expenses	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00	1,125,000.00
TOTAL EXPENSES	2,566,414.00	2,650,348.28	2,645,384.43	2,666,284.03	2,703,281.25



Reserve Calculation (Irrigation Water)

Component	View	Year	Rate	Volume	Cost	Rate	Volume	Cost	Rate	Volume	Cost	Rate	Volume	Cost	Rate	Volume	Cost
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Electricity	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Gas	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Insurance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Taxes	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Depreciation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Professional Fees	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Travel	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Miscellaneous	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Contingency	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00



Annual Reserve Requirement: \$259,406

Budget (Irrigation Water)

	2017	2016	2015	2014	2013
EXPENSES AND SAMPLES OF FUNDS					
OPERATIONS & MAINTENANCE EXPENSES					
Water Production	57,822,467	53,852,134	52,429,144	54,452,511	62,407,323
Electricity	2,100,000	1,920,000	1,800,000	1,700,000	1,600,000
Maintenance & Repairs	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Materials	500,000	500,000	500,000	500,000	500,000
Travel	100,000	100,000	100,000	100,000	100,000
Telephone	100,000	100,000	100,000	100,000	100,000
Printing	100,000	100,000	100,000	100,000	100,000
Professional Fees	100,000	100,000	100,000	100,000	100,000
Contractual	100,000	100,000	100,000	100,000	100,000
Utilities	100,000	100,000	100,000	100,000	100,000
Depreciation	100,000	100,000	100,000	100,000	100,000
Other	100,000	100,000	100,000	100,000	100,000
Total Operations & Maintenance Expenses	63,822,467	59,872,134	58,429,144	60,452,511	68,407,323
GENERAL & ADMINISTRATIVE EXPENSES					
Office Salaries	0.00	0.00	0.00	0.00	0.00
Operating Salaries	0.00	0.00	0.00	0.00	0.00
Benefits	0.00	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00	0.00
Telephone	0.00	0.00	0.00	0.00	0.00
Printing	0.00	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	0.00	0.00	0.00
Contractual	0.00	0.00	0.00	0.00	0.00
Utilities	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00
Total General & Administrative Expenses	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	63,822,467	59,872,134	58,429,144	60,452,511	68,407,323



Summary/Recommendations

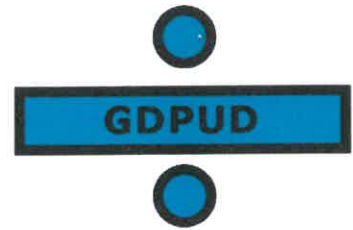
- Subsidies
- Recapitalization Costs/Reserve Needs
- Property Tax Allocation
- Functional Cost Allocation



Tough decisions must be made



REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF MAY 8, 2017
Agenda Item No. 6B



AGENDA SECTION: NEW BUSINESS

**SUBJECT: PROVIDE DIRECTION REGARDING POSITION LETTERS ON
NEWLY AMENDED CONSERVATION BILLS**

PREPARED BY: Steven Palmer, PE, General Manager

A handwritten signature in blue ink, appearing to be "S. Palmer", is written over the printed name of the General Manager.

BACKGROUND

The California Legislature has been working on several bills addressing long term water conservation and water shortage contingency planning. Three of the bills addressing water conservation and water shortage contingency planning were amended on April 18, 2017 to implement recommendations included in the State of California report "Making Water Conservation a California Way of Life," which implements Executive Order B-37-16. The intent of the report and the Executive Order is to make the water use reductions and conservation seen during the drought the "new normal" for the State of California. The full text of the report and the executive order can be found at <http://www.water.ca.gov/wateruseefficiency/conservation>.

On April 21, 2017, the State Legislative Committee of the Association of California Water Agencies (ACWA) took an oppose position on the three State Assembly Bills that were amended on April 18, 2017 (AB1667, AB1668, and AB1669). ACWA issued an Outreach Alert asking its members to send letters of opposition as soon as possible and remind their local Assembly and Senate members that local water agencies have a long standing commitment to water use efficiency and are engaging their customers to invest in permanent improvements in efficiency and drought preparedness. The ACWA Outreach Alert is included as Attachment 1.

Mountain Counties Water Resources Association (MCWRA) has also taken action relative to these bills and sent letters to Senators and Assembly Members on April 14 and April 21. MCWRA's letters are included as Attachment 2.

El Dorado Irrigation District (EID) has also taken a position to oppose these bills, and their General Manager, Jim Abercrombie, wrote a letter to the editor of the Mountain Democrat outlining EID's opposition. The letter to the editor is included as Attachment 3.

DISCUSSION

AB1667 amends the State Water Code expanding monitoring and reporting requirements and placing new requirements on agricultural water suppliers as follows:

- Submit annual reports of water delivery data to the State.
- Post annual reports on the internet in a manner that allows for comparison across water suppliers
- Offer demand delivery within 24 hours of a request

-
- Facilitate or promote beneficial on-farm practices that improve soil health and moisture retention
 - Use a State approved methodology for determining that an efficient water management practice is not locally cost effective or technically feasible
 - Update its agricultural water management plan on or before April 1 in years ending in six and one.
 - Agricultural management plans shall:
 - Describe quantity and quality of water including drainage, recycled water, precipitation, private groundwater pumping, service area water budgets for previous five years.
 - Quantify measures to increase agricultural water use efficiency using State approved methods.
 - Describe a water management strategy
 - Develop a drought plan

AB1668 amends the State Water Code to require the following of a distributor of a public water supply:

- The distributor shall declare a water shortage emergency upon determining a water shortage level 4 or greater exists, defined as 40% or greater shortage in a public water supplier's water supply.
- Each urban water supplier shall develop its own water shortage contingency plan that describes conservation measures taken, and how the supplier will mitigate for lost revenue.
- Urban water management plan shall describe impacts from climate change
- Provide a detailed discussion regarding availability of each source of supply under normal year, dry year, and five-year drought
- After 2021, submit data to show whether the urban water supplier met the distribution loss standards adopted by the State

AB1669 amends the State Water Code, directing the Water Board to develop long term standards for water conservation and water use by May 20, 2021 and authorizing the Water Board to adopt interim regulations until permanent regulations are established. The standards will include requirements for:

- Indoor residential water use
- Outdoor irrigation
- Industrial, institutional, and commercial water use

Additionally, AB1669 authorizes the Water Board to require distributors of public water supply to submit information relating to water production, water use, or water conservation.

ACWA and other local water agencies are concerned that some provisions in these bills are overly prescriptive and will result in limiting water use throughout California without regard to local water supply conditions, water rights and contracts, or local investments in water supply reliability and drought resiliency. These bills have all moved on to the appropriations committee and have not yet been scheduled for further action. ACWA will issue another Outreach Alert when it requests action by its member agencies.

If approved as written, these bills will result in additional expenses and Staff time for the District to comply with new regulations. Initially, this will be in the form of additional studies, reports, and plans. Longer term requirements depend on the water conservation and water use standards that are developed by the Water Board. The District would likely be required to increase monitoring, reporting, and infrastructure improvements to better quantify and reduce water loss and leakage.

FISCAL IMPACT

There is no fiscal impact of the Board taking a position on these bills.

CEQA ASSESSMENT

Not a Project under CEQA as defined in California Code of Regulations, Title 14, Section 15378.

RECOMMENDED ACTION

Staff recommends the Board of Directors take the official position of opposing AB1667, AB1668, and AB1669; and authorize the General Manager to issue written letters related to water conservation in response to future requests by ACWA and MCRWA during the 2017-2018 legislative session.

ALTERNATIVES

Alternatively the Board may take a position to support these bills, or take a neutral position.

ATTACHMENTS

1. ACWA Outreach Alert
2. MCWRA Letters
3. EID Letter to the Editor

 **OUTREACH ALERT**

April 21, 2017

Opposition Letters Needed on Newly Amended Conservation Bills

Administration's Budget Trailer Bill Language is Now in Policy Bills Set for April 25 in Assembly Water, Parks and Wildlife Committee

ACWA is urging its members to send letters of opposition on three bills addressing long-term conservation and water shortage contingency planning.

The bills – AB 1667 (Friedman), AB 1668 (Friedman) and AB 1669 (Friedman) – were amended April 18 to include problematic language proposed by the Brown Administration to implement recommendations in its final report, ["Making Conservation a California Way of Life."](#)

ACWA's State Legislative Committee took an oppose position on the measures at its April 21 meeting. The bills will be heard April 25 in the Assembly Water, Parks and Wildlife Committee along with two ACWA-supported bills that are based on water community proposals.

The water community-supported bills – AB 968 (Rubio) and AB 1654 (Rubio) – are being actively supported as alternatives to the Administration's approach.

ACWA is asking its members to send 1) letters as soon as possible to the Assembly Water, Parks and Wildlife Committee and 2) remind their local Assembly and Senate members that local water agencies have a long-standing commitment to water-use efficiency and are engaging actively with their customers to invest in permanent improvements in efficiency and drought preparedness.

Sample letters and talking points are provided below.

Basis for Opposition

ACWA and its members are committed to water-use efficiency and support the goals of AB 1667, AB 1668 and AB 1669. While there are some good elements in the bills and in the Administration's proposals, ACWA believes some provisions are overly prescriptive and represent an overreach in granting permanent authority to the State Water Resources Control Board to develop water conservation standards. Those standards could limit water use throughout California today and into the future regardless of local water supply conditions, water rights and contracts, and ratepayer investments in water supply reliability and drought preparedness.

AB 1667 (Agricultural Water Management): This bill would revise requirements for agricultural water management plans and additionally impose new requirements that go beyond agricultural water suppliers' abilities and authorities. These requirements would be extremely costly without any verifiable improvements in water-use efficiency.

AB 1667 diverges from the collaborative approach taken by the Agricultural Advisory Groups over the past several months as well as from concepts outlined in the Brown Administration's final framework report. ACWA and its members support an approach that more closely mirrors the direction laid out in the Administration's final report.

AB 1668 (Urban Water Management Planning): This bill would augment the existing drought planning process with additional requirements for water suppliers' Urban Water Management Plans, including reviewing water shortage risks for the next or more consecutive years. While ACWA appreciates this proactive approach, there are some concerning provisions.

AB 1668 would establish arbitrary numeric targets based on a one-size-fits-all approach that does not consider local circumstances, potentially stranding investments in local drought-resilient supplies and negatively affecting local economies. The bill also would require water suppliers to include information on the energy intensity of their water suppliers Urban Water Management Plans.

In addition, it includes enforcement provisions that are vague and appear to subjectively penalize water suppliers.

AB 1669 (Urban Water-Use Efficiency Standards and Use Reporting): This bill would grant the State Water Board authority to adopt "interim" standards (prior to 2021) for urban conservation via emergency regulation, and unlimited and ongoing authority to adopt long-term standards (2021 and beyond) that "are in addition to, or exceed the standards" initially adopted under these provisions. It also would authorize the State Water Board to issue a cease and desist order and associated penalties for the violation or threatened violation of any regulation adopted by the board.

ACWA is concerned that the bill would provide the State Water Board with unprecedented permanent authority to limit water use into the future, regardless of local water supply conditions and investments in drought preparedness. There also are concerns about the lack of transparency in the processes outlined in the bill.

Action Needed Now

ACWA is urging its members to take the following steps as soon as possible.

1. Send letters in opposition to AB 1667, AB 1668, and AB 1669 to the Assembly Water, Parks and Wildlife Committee ASAP. Sample letters are available [here](#). Letters may be faxed to

committee secretary Chinook Shin at Chinook.Shin@asm.ca.gov and committee members as provided below:

ASM Water Parks and Wildlife Committee

Fax: (916) 319-2196

Chair Eduardo Garcia

Fax: (916) 319-2156

Assembly Member James Gallagher

Fax: (916) 319-2103

Assembly Member Frank Bigelow

Fax: (916) 319-2105

Assembly Member Steven Choi

Fax: (916) 319-2168

Assembly Member Kansen Chu

Fax: (916) 319-2125

Assembly Member Laura Friedman

Fax: (916) 319-2143

Assembly Member Todd Gloria

Fax: (916) 319-2178

Assembly Member Jimmy Gomez

Fax: 916) 319-2151

Assembly Member Matthew Harper

Fax: (916) 319-2174

Assembly Member Marc Levine

Fax: (916) 319-2110

Assembly Member Devon Mathis

Fax: (916) 319-2126

Assembly Member Blanca Rubio

Fax: (916) 319-2148

Assembly Member Rudy Salas

Fax: (916) 319-2132

Assembly Member Tony Thurmond

Fax: (916) 319-2115

Assembly Member Jim Wood

Fax: (916) 319-2102

2. Please also fax or email your letter to Marie Meade at 916-325-4927 or mariem@acwa.com.
3. Call your Assembly and Senate members and remind them of your agency's long-standing commitment to water-use efficiency and the tremendous progress made to improve efficiency and local drought-preparedness. These efforts – and the active engagement of your customers – are the primary reason California weathered the drought with minimal impact to the urban economy. Mandatory conservation targets imposed by the state were far less important to that success.
4. Be ready to respond further. ACWA remains actively engaged in the policy discussion on this topic in both the regulatory and legislative arenas. ACWA members should be prepared to respond quickly to additional alerts.

Questions

Members with questions about conservation legislation should contact ACWA Senior Legislative Advocate [Whitnie Wiley](#).

Members with questions about the final long-term conservation framework should contact ACWA State Regulatory Relations Director [Dave Bolland](#).



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 Barbara Balen, (TUD) – Vice President
 Neil Cochran (FPUD) – Director
 Jim Holmes (County of Placer) – Director
 Mike Lee (PCWA) – Director
 Brian Oneto (County of Amador) – Director
 Michael Ranalli (County of El Dorado/EDCWA) – Treasurer
 Scott Ratterman (CCWD) – President

Bill George, past (EID) – Ex Officio
 Norm Krizl, past (GDPUD) – Ex Officio

Dave Breninger, retired (PCWA) – Ambassador

John Kingsbury – Executive Director

Executive Members

- Amador Water Agency (AWA)
- Calaveras County Water District (CCWD)
- Calaveras Public Utility District (CPUD)
- County of Amador
- County of Calaveras
- County of El Dorado
- County of Placer
- County of Tuolumne
- El Dorado County Water Agency (EDCWA)
- El Dorado Irrigation District (EID)
- Foresthill Public Utility District (FPUD)
- Georgetown Divide Public Utility District (GDPUD)
- Grizzly Flats Community Services District (GFCSD)
- Nevada Irrigation District (NID)
- Placer County Water Agency (PCWA)
- South Tahoe Public Utility District (STPUD)
- Tuolumne Utilities District (TUD)
- Twain Harte Community Services District (THCSD)
- Utica Water & Power Authority (UWPA)

Weimar Water Company

Affiliate Member

- City of Folsom
- City of Roseville

Associate - County

- County of Alpine
- County of Nevada

April 14, 2017

To: Honorable California State Assembly Members and Senators

Regarding: Opposition to Permanent Water Conservation Regulations

Dear Assembly Member,

On behalf of the Mountain Counties Water Resources Association (MCWRA), I write to strongly oppose the process and legislation being proposed in the Governor's budget Trailer Bill 810 to establish permanent water conservation rationing on the water districts, counties, and communities in the Mountain Counties Area. This draconian and arbitrary rationing decision tramples upon the personal rights of individuals to make choices on their beneficial use of water, undermines local conditions, undermines local control, the state's water rights priority system and Area-of-Origin water right assurances in this region.



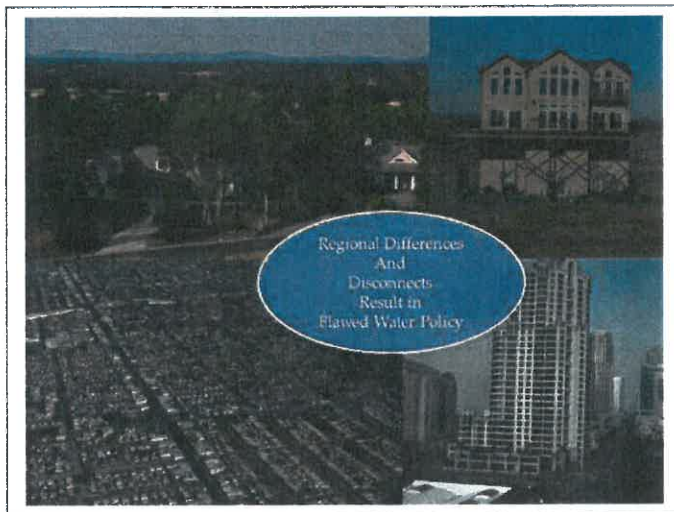
MCWRA advocates for the water interests of its members in all or a portion of 16 counties from the southern tip of Lassen County down to Fresno County.

As California recovers from the drought, it is troubling that there is push by certain interest groups to move legislation by adding to a trailer bill and to establish permanent water conservation mandates, beyond this emergency. It seems that these groups are focused more on their ideology or political agenda than on the real impacts that such a permanent "state of emergency" will have on other people's lives and livelihoods. There are concerns with this strategy and I would like to offer the following comments and suggestions for your consideration.

Permanent conservation does not equal water use efficiency. Brown lawns are not a sign of efficiency; they are a sign of rationing. California should use the term “conservation” when there is a drought, broken water line, tank out, water quality issue, or other emergency, but not as a permanent term. Over time, the term “conservation” will lose its effectiveness. People will be hesitant to respond effectively in the next emergency, or unable to, if efficiency measures have hardened their water demands to the breaking point.

The state would greatly benefit from a more strategic approach to water management than what is being proposed in Sacramento.

1. Why the need for permanent regulations on urban uses when 90% of the statewide water use comes from other uses?
2. Why not focus/fix the several other issues identified in the California Water Action Plan 2016 that could increase water supply, thus lessening the urban and agricultural water demand issues?
3. Why does the state encourage local control, yet seeks to expand regulatory authority to execute the recommendations in the framework?
4. Why impose indoor and outdoor targets/standards on water agencies that have demonstrated responsible stewardship, invested for the future, and created a water supply portfolio that provides water reliability and resiliency for their ratepayers?
5. How will “hardened demand”, created by the continued ratcheting and rationing, build resilience to future droughts, especially when the warming climate will only increase water demand?
6. Why not consider funding improvements to increase water supply for the next generation to thrive rather than only survive with permanent rationing?



Obviously a “one size fits all” approach to water use in California does not work. Whether you live in the rural mountain communities, the Sacramento San Joaquin Delta, southern CA, or in an apartment high rise with a potted plant for landscape, we live in these areas for diverse socioeconomic reasons, sometimes by necessity, and often for a certain quality of life. As such, people should not be governed by the same regulations and be expected to thrive. People have different needs depending on where they live, as do the varied ecosystems.

If permanent conservation regulations become law, they would erode water rights, adversely affect local control over land use decisions, wildlife and aquatic habitats, recreation, tourism, our economies and the quality of life people enjoy in this region. The proposed standards have the potential to increase fire-prone vegetation, tree mortality and the risk of catastrophic fire in the Wildland Urban Interface (WUI) which characterizes the mountain counties region.

Unlike coastal urban areas, all the water in this region, both indoors and outdoors not used by people or for the environmental needs of wildlife, landscape, and soil, moves down into the streams and creeks, provides beneficial uses to the valley floor, and replenishes the ground water aquifers. The people and the environment in this region are knitted together. Unless intelligently crafted, conservation measures can harm the environment, the region’s unique ecosystem, and the resident’s quality of life.

As proposed, there will be likely be new water-use standards including a water-use target methodology based on some calculated formula for all indoor water use (55 gallons per day, per person) and outdoor landscape based on data collected per parcel from Light Detection And Ranging (LiDAR) imaging systems. LiDAR imaging systems allow mapping professionals to examine both natural and manmade environments, including rural landscapes. Make no mistake, once fully implemented, targets and standards will be ratcheted downward for both indoor and outdoor usage by subsequent state mandates. Water districts will be required to calculate their unique water use targets based on customer household population, residential landscape area by parcel, landscape age, an applied evapotranspiration adjustment and other factors.

The proposal goes to the heart of water right erosion. There are several longstanding state assurances that are paramount to this regions quality of life and should be honored unequivocally such that no state and/or federal agency exert authority to hinder or reallocate area-of-origin and/or watershed-of-origin water supplies that lays harm to the communities and eco-systems in the Mountain Counties Area. This functions as a backdoor to allow a junior water right to take from a senior water right. Someone looking to overturn the priority principle of California water rights could hardly have designed a cleverer takings strategy.

The state would greatly benefit from a more comprehensive, strategic and holistic approach relying on local and regional water managers to manage water supply rather than by implementing permanent water-use standards. Water conservation and shortage regulations require social solutions at the local level.

The Department of Water Resources, when referring to the fundamental principle of Integrated Regional Water Management (IRWM) framed it correctly, "regional water managers, who are organized into regional water management groups, are best suited and best positioned to manage water resources to meet regional needs."

The California Water Action Plan has 10 Action Items. While "making conservation a California way of life" and "manage and prepare for dry periods" are two of the 10 Action Items, why does the state not address the other eight Action Items with as much vigor?

It is inconceivable why hundreds of thousands of acre-feet of water is dumped into the ocean annually, while other parts of the state are parched for lack of water.

- Why has the state not expedited Proposition 1 bond funds to add surface storage to increase supply, reduce flooding and take pressure off the fragile levee system.
- Why is it acceptable to let the Sierra Nevada and Delta ecosystem die? Does it not warrant an Executive Order Emergency by the Governor? Over 20 years ago, in 1996, the Sierra Nevada Ecosystem Project (SNEP) released a report to Congress on an assessment of the Sierra Nevada ecoregion. The report said that development of streams and other resources of the Sierra Nevada over the past 150 years has met the downstream demands of society throughout California, but has impaired the quality and availability of water for both ecological and social needs in many parts of the mountain range.

{The connection between watershed condition and downstream water supply and quality is rarely recognized and almost none of the high economic value of water at its end use is returned to the source area. Sierra runoff accounts for an even larger proportion of the developed water resources and is critical to the state's economy.}

Yet, legislators look to establish permanent conservation rationing and excessive and costly controls over California water purveyors and their ratepayers.

Customers willingly sacrificed landscape and adjusted habits to save water supply for another year. Extensive education and messaging created a high level of public awareness and made consumers more mindful of our finite fresh water supply. Consumers have learned to use water wisely without additional state mandates.

In the near term, the State should first adjust its priorities and focus on and rectify the regulatory and environmental impediments to implement all the Action Items in the Water Action Plan. Then the State should encourage and assist struggling water-short communities, provide funding to improve drought-resiliency, encourage new water-use efficiency technology development, and provide other incentives such as water transfers from this region of conserved water, rather than legislate with a blunt instrument.

As you address the challenging and complex aspects of long term water management, I would like to provide you with an inland northern mountain counties perspective “**OVERVIEW**” of the statewide issues and what needs to happen in California for its healthy future.

I hope this information is helpful.

If you have questions or if you would like to discuss this information, please contact me at (530) 957-7879.

Sincerely,



John Kingsbury, Executive Director
Mountain Counties Water Resources Association

C: Board of Directors, Mountain Counties Water Resources Association

The Honorable:

Senator Tom Berryhill

Senator Ted Gaines

Senator Jim Nielsen

Assembly Member Frank Bigelow

Assembly Member Brian Dahle

Assembly Member James Gallagher

Assembly Member Kevin Kiley



OVERVIEW

STATEWIDE WATER ISSUES

Watershed Health, Permanent Conservation, the Delta, Tunnels, Bay-Delta Flow Objectives,
Climate Warming, Sustainable Groundwater Management

REGULATORY ISSUES

- Water Right Curtailments
- Wild & Scenic River Designations
- Dismantling the historical Water Rights system
- Eroding Area-of-Origin Assurances
- Environmental and Regulatory Overreach

WHAT'S AT STAKE

Agriculture – Consumptive & M & I – Economy – Environment
Hydro Power – Recreation – Tourism

PROBLEMS

Watershed Health

- Lack of connection between watershed and downstream water supply, value, and quality.
- Lack of proper management to create healthy forest and foothills
- Forest prone to disease from competition of water resources due to overstocked forest
- Decreased water supply due to overstocked forest
- Increased risk of catastrophic fires like the Rim, King, Butte, and other fires
- A fire suppression objective rather than a fire prevention objective
- Sediment clog waterways, degrade water quality, warms streams, reduces reservoir storage capacity
- Critically degraded ecosystem/wildlife habitat due to lack of proper management and "mega fires"

Permanent Water Conservation

- Permanent Conservation – *Brown lawns are not a sign of efficiency, they are a sign of rationing*
- Regulatory Overreach – *inequitable, invasive, illegal*
- Rural vs Urban environments – *Rural water moves down into the streams and creeks, providing beneficial uses to the valley floor, and replenishing the ground water aquifers – Lack of recognition for statewide significance*

Sacramento/San Joaquin Delta Issues

- Seismic risk - potentially severing water supplies to 25 million people in southern California
- Endangered species – Drivers (stressors) - Not simply a flow issue
- Pumping impacts from exports on energy costs and fish losses
- Sea level rise – A recent report claims that the Bay Area will see the ocean swell as much as 3-4 feet by 2100. This will require an increase in fresh water supplies from northern California to hold X2
- There will be increased levee pressure from flooding due to lack of surface storage and due to the lack of proper forest management
- Increased subsidence, reduced agriculture
- Lack of food and cover for endangered fish species
- Increased water quality issues (salt, pesticides, nitrogen, etc., etc.)
- The Delta in its current form is inefficient for water conveyance and a healthy Delta

Bay-Delta Water Quality Control Plan – More water for the fish (Salmon/Smelt)

The State Water Resources Control Board looks to increase the Delta tributary inflows of from 35 percent to 75 percent of “unimpaired flow”

State Water Resources Control Board

“Unimpaired flow is the total volume of water that would flow past a point of interest if no diversions (impairments) were taking place in the watershed above that point”.

- Lack of balance between human, agricultural, and environmental needs
- Potential collateral damage to the environment and a multitude of species

Water Flow to the Ocean Millions of Acre-Feet Annually – irrecoverable loss

Delta Stewardship Council – Independent Science Board Reports

April 2015 – Currently the science on fishes and flows in the Delta is inadequate to make reliable predictions of how water management affects fishes because the underlying processes that connect changes in habitat conditions to fishes are inadequately understood.

August 2015 – The theme in this review is research on how freshwater flows affect Delta fish populations

- 1) Historical flow conditions in the Delta had more marsh area, more dynamic flow and salinity regimes, higher turbidity, and more seasonally and tidally inundated wetlands.
- 2) Flow is but one factor affecting fishes: Five major drivers are considered as agents of change in any given ecosystem. These are habitat alteration and loss, resource use and exploitation, invasive species, pollution, and climate. All of these drivers have played a role in the Delta and affected fishes.
- 3) It is almost impossible to assess how flows affected fishes historically in the Delta because the ecosystem has undergone and is still experiencing dramatic alterations, in habitat, species composition and interactions, channel morphology, and water quality.
- 4) Effects of flows and other drivers on fishes need to be examined for their direct and indirect effects on essential fish production processes and vital rates.

California's Warming Climate and Environment

- Increased persistence of longer drought periods
- Sea level rise and increased salt intrusion in the Delta
- Higher water demands from higher temperatures
- A greater demand for groundwater to produce crops
- Warming will see more a shifting of snow to rain events
- Warmer water temps in streams and reservoirs, increased flooding and flood frequency due to the lack of surface water storage and forest management
- Longer, more intense fire seasons complicated by lack of proper forest and foothill management
- Population – Vehicles – There are almost as many registered vehicles as people in California
- Increased asphalt, cement, plastic grass harms the environment and produces heat

What Needs to Happen for California and its future

- 1) Water Purveyors must have a unified voice, retain local control as social solutions require local decisions. Water managers are best suited and positioned to manage their local water resources
- 2) Water purveyors must have operational and regulatory certainty and assurances for planning
- 3) State must guard and defend the historical water rights priority system and area-of-origin assurances
- 4) Educate and cultivate support from County Supervisors/State Legislators
- 5) Focus the discussion and act to bring balance to water for all beneficial uses
- 6) Fix the Forest – (Abandonment)
 - a. Advance the stewardship in the watersheds and headwaters in the State
 - b. Increase the water carrying capacity in the watersheds
 - c. Healthy forest will improve groundwater basins naturally
- 7) Fix the Delta – (Stressors) Provide food and cover, then add water
 - a. Inefficient water conveyance system
 - b. Pumping impacts on energy and fish
 - c. Endangered species
 - d. Invasive plants
 - e. Water quality issues
 - f. Subsidence
 - g. Reduce export water demand
- 8) Improve water-use-efficiency practices and technology, and provide funding incentives
- 9) Increase surface water storage, both upstream and downstream
- 10) Recover lost storage; dredge and raise existing reservoirs
- 11) Apply Co-Equal Goals to all of California
- 12) Re-operation existing water systems and increase opportunities and ability for water transfers
- 13) Optimize recycling, groundwater injection, storm water capture, groundwater banking, and desalination



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April 22, 2017

The Honorable Eduardo Garcia, Chair
 Assembly Committee on Water, Parks and Wildlife
 1020 N Street, Room 160
 Sacramento, CA 95814

Delivery Hand Carried 4/22/17

Regarding: AB 1667 (Friedman) – OPPOSE

Dear Chair Garcia,

On behalf of the Mountain Counties Water Resources Association (MCWRA), I write to express our opposition to AB 1667 (Friedman), related to agricultural water management plans. While we are dedicated to the goals of long-term water-use-efficiency and are supportive of the author's intent, we do not believe AB 1667 is currently workable.

As amended on April 18, 2017, AB 1667 goes beyond many agricultural water agencies' abilities and authority and will prove extremely costly without yielding the intended results. For example, delivering water within a 24-hour window in many cases simply will not be possible due to the location of storage facilities or flow and power restrictions.

We are also very concerned that AB 1667 does not include a collaborative stakeholder process, as outlined in the administration's final framework, "Making Conservation a Way of Life." MCWRA would like to participate in a stakeholder process to develop an approach that more closely aligns with the "Making Conservation a Way of Life" framework and ensures the efficient use of agricultural water resources.

For these reasons, MCWRA opposes AB 1667 (Friedman) and respectfully requests your "NO" vote when the bill is heard in the Assembly Water, Parks and Wildlife Committee on April 25, 2017.

If you have questions or if you would like to discuss this information, please contact me at (530) 957-7879.

Sincerely,



John Kingsbury, Executive Director
Mountain Counties Water Resources Association

- c: Board of Directors, Mountain Counties Water Resources Association - *(email transmittal)*
- Tim Quinn, Executive Director, Association of California Water Agency - *(email transmittal)*
- John Woodling, Executive Director, Regional Water Authority - *(email transmittal)*
- Ryan Ojakian, Senior Consultant, Assembly Water, Parks and Wildlife Committee
- Robert Spiegel, Principal Consultant, Assembly Republican Caucus
- John Kennedy, Policy Consultant, Assembly Republican Caucus

The Honorable:

Assembly Member Laura Friedman

Members of the Assembly Water, Parks and Wildlife Committee

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- Assembly Member Frank Bigelow
- Assembly Member Steven Choi
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- Assembly Member Tony Thurmond
- Assembly Member Jim Wood

- Assembly Member Brian Dahle
- Assembly Member Kevin Kiley
- Senator Tom Berryhill
- Senator Ted Gaines
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- County of Nevada

April 22, 2017

The Honorable Eduardo Garcia, Chair
Assembly Committee on Water, Parks and Wildlife
1020 N Street, Room 160
Sacramento, CA 95814

Delivery Hand Carried 4/22/17

Regarding: AB 1668 (Friedman) – OPPOSE

Dear Chair Garcia,

On behalf of the Mountain Counties Water Resources Association (MCWRA), I write to express our opposition to AB 1668 (Friedman), which seeks to augment the existing drought planning process. While we agree with Assembly Member Friedman's efforts to develop an enhanced drought planning structure based on lessons learned from the state's recent drought, we are very concerned with some aspects of the bill.

MCWRA detailed its opposition in general to this bill (AB 1668) and the related companion bill (AB 1669) in a letter delivered to your office and to each Assembly Member's office on Friday, April 14, 2017, which has been included herein for reference. The state would greatly benefit from a more strategic approach to water management than what is being proposed in this legislation. I encourage discussion and consideration of the questions and concerns raised in the April 14, 2017 letter.

Specifically, AB 1668 would establish arbitrary targets that would trigger specific water shortage contingency actions, without considering local water supply conditions. One very important lesson from the drought is the value of local water supply investments and the wide variance in local and regional water supply conditions, which this approach does not consider.

Additionally, this bill also would require energy intensity information from water suppliers, without stating a specific purpose for the collection of the data.

However, requiring this data will not help a water supplier plan for emergency water-related situations and is contrary to the intent of existing statute (SB 1036, Ch. 485, Stat. 2014).

Lastly, with respect to requirements related to noncompliance and subsequent enforcement actions, this language is vague and seems to penalize water suppliers.

For these reasons, and the reasons detailed in the April 14, 2017 letter, MCWRA opposes AB 1668 (Friedman) and respectfully requests your "NO" vote when the bill is heard in the Assembly Water, Parks and Wildlife Committee on April 25, 2017.

If you have questions or if you would like to discuss this information, please contact me at (530) 957-7879.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JKingsbury', written over a light blue horizontal line.

John Kingsbury, Executive Director
Mountain Counties Water Resources Association

Attachment: Letter dated April 14, 2017

- c: Board of Directors, Mountain Counties Water Resources Association - *(email transmittal)*
- Tim Quinn, Executive Director, Association of California Water Agency - *(email transmittal)*
- John Woodling, Executive Director, Regional Water Authority - *(email transmittal)*
- Ryan Ojakian, Senior Consultant, Assembly Water, Parks and Wildlife Committee
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- John Kennedy, Policy Consultant Assembly Republican Caucus

The Honorable:

Assembly Member Laura Friedman

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April 22, 2017

The Honorable Eduardo Garcia, Chair
Assembly Committee on Water, Parks and Wildlife
1020 N Street, Room 160
Sacramento, CA 95814

Delivery Hand Carried 4/22/17

Regarding: AB 1669 (Friedman) – OPPOSE

Dear Chair Garcia,

On behalf of the Mountain Counties Water Resources Association (MCWRA), I write to express our opposition to AB 1669 (Friedman), which would grant new authorities to the State Water Resources Control Board (SWRCB).

MCWRA detailed its opposition in general to this bill (AB 1669) and the related companion bill (AB 1668) in a letter delivered to your office and to each Assembly Member's office on Friday, April 14, 2017, which has been included herein for reference. The state would greatly benefit from a more strategic approach to water management than what is being proposed in this legislation. I encourage discussion and consideration of the questions and concerns raised in the April 14, 2017 letter.

While we are committed to the goals of long-term water-use efficiency, AB 1669's "command-and-control" approach is fundamentally flawed.

Specifically, it is not necessary to transfer the responsibility for developing conservation standards from the California Department of Water Resources (DWR) to the SWRCB. DWR has a proven track record of success and the expertise and regulatory structure needed to develop any future efficiency standards.

Additionally, the use of emergency regulations to adopt interim conservation standards also is unnecessary and violates public trust given that there are current standards in place and the drought emergency has been lifted.

Despite the author's best intentions, unfortunately, AB 1669 would limit water use throughout California without regard to local water supply conditions, water rights and contracts, or local investments in water supply reliability and drought resiliency.

For these reasons, and the reasons detailed in the April 14, 2017 letter, MCWRA opposes AB 1669 (Friedman) and respectfully requests your "NO" vote when the bill is heard in the Assembly Water, Parks and Wildlife Committee on April 25, 2017.

If you have questions or if you would like to discuss this information, please contact me at (530) 957-7879.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JKingsbury', with a long horizontal stroke extending to the right.

John Kingsbury, Executive Director
Mountain Counties Water Resources Association

Attachment: Letter dated April 14, 2017

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Letters

EID opposes proposed water use standards

By Letters to the Editor

From page A7 | April 28, 2017

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EDITOR:



During the recent multi-year drought, El Dorado Irrigation District customers and the community within EID's service area stepped up to conserve when water supply conditions warranted conservation and in accordance with EID's Drought Management Plan. The State responded with emergency conservation regulations that reflected a one-size-fits-all approach to managing our water supplies.

While the Governor has lifted the drought emergency, his agencies are now proposing to implement permanent and enforceable water conservation standards that could negatively affect EID customers. You can read Assembly Bill 1669 at <http://bit.ly/2q7x0rI>.

EID has long advocated that local agencies are best suited to manage water supplies for their local service areas, not by one-size-fits-all State edict.

We at EID are paying close attention to this proposed legislation. We hope that any state-mandated permanent conservation requirements account for local supply conditions like ours.

EID has spent years investing in supplies and infrastructure on behalf of our customers with the goal of providing resilience and certainty in our water supplies. The rates our customers pay reflect that investment in reliability. If the state forces our customers to reduce water use when such reductions are not needed, then EID supplies and infrastructure are not used as planned and investments could be stranded.



Please know that EID will closely monitor this legislation and continue to actively advocate on behalf of our ratepayers.

JIM ABERCROMBIE
EID General Manager