

**SAN JUAN WATER DISTRICT
BOARD MEETING AGENDA**

Revised
12/8/2023

**9935 Auburn Folsom Road
Granite Bay, CA 95746**

**December 13, 2023
6:00 p.m.**

This Board meeting will be conducted both in-person at the District's Boardroom at the address above and via videoconference. When all Board members are in the Boardroom, the District's Board meetings are not required to be broadcast via videoconference and are done so as a convenience to the public; furthermore, if the transmission goes down, for any reason, the meeting will continue in person as scheduled. Members of the public may participate in Board meetings via videoconference per the instructions below.

To attend via videoconference, please use the following link:

**Please join the meeting from your computer, tablet or smartphone.
<https://meet.goto.com/245724141>**

**You can also dial in using your phone.
United States: [+1 \(872\) 240-3212](tel:+1(872)240-3212)**

Access Code: 245-724-141

Please mute your line.

Whether attending via videoconference or in person, the public is invited to listen, observe, and provide comments during the meeting. The Board President will call for public comment on each agenda item at the appropriate time – at that time, please unmute your line in order to speak.

*****Important Notice: For any meetings that include a Closed Session, the videoconference will be terminated when the Board adjourns into Closed Session. Members of the public who would like to receive the report out from Closed Session and time of adjournment from Closed Session into Open Session and adjournment of the meeting should provide a valid email address to the District's Board Secretary, Teri Grant, at: tgrant@sjwd.org, before or during the meeting. No other business will be conducted after the Board adjourns from Closed Session into Open Session. Promptly after the meeting, the Secretary will email the written report to all persons timely requesting this information.**

The Board may take action on any item on the agenda, including items listed on the agenda as information items. The Board may add an item to the agenda (1) upon a determination by at least three Board members that an emergency situation exists, or (2) upon a determination by at least four Board members (or by three Board members if there are only three Board members present) that the need to take action became apparent after the agenda was posted.

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. Public comment on items within the jurisdiction of the Board is welcome, subject to reasonable time limitations for each speaker. Upon request, agenda items may be moved up to accommodate those in attendance wishing to address that item. Please inform the General Manager if you have such a request to expedite an agenda item.

Documents and materials that are related to an open session agenda item that are provided to the District Board less than 72 hours prior to a regular meeting will be made available for public inspection and copying at the District office during normal District business hours.

If you are an individual with a disability and need assistance or accommodation to participate in this Board meeting, please call Teri Grant, Board Secretary, at 916-791-0115, or email Ms. Grant at tgrant@sjwd.org.

Please silence cell phones and refrain from side conversations during the meeting.

I. ROLL CALL

II. PUBLIC FORUM AND COMMENTS

This is the opportunity for members of the public to comment on any item(s) that do not appear on the agenda. During the Public Forum, the Board may ask District staff for clarification, refer the matter to District staff or ask District staff to report back at a future meeting. The Board will not take action on any matter raised during the Public Forum, unless the Board first makes the determination to add the matter to the agenda.

III. CONSENT CALENDAR

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

1. Minutes of the Board of Directors Meeting, November 8, 2023 (W & R)

Recommendation: ***Approve draft minutes***

2. Bacon Pump Station Facility Generator Replacement Project (R)

Recommendation: ***To authorize and approve Amendment No. 1 for professional services to Inferrera Construction Management Group, Inc. for the Bacon Pump Station Facility Generator Replacement Project***

IV. NEW BUSINESS

1. 2024 Board Officers (W & R)

Action: ***Elect the Board President and Vice President***

2. RWA and Groundwater Banking (W & R)

Discussion

V. OLD BUSINESS

1. Wholesale Financial Plan and Water Rate Study (W)

Action: ***Approval of Five-Year Wholesale Water Rate Schedule***

2. Conjunctive Use and Groundwater Banking Activities Update (W & R)

Discussion

3. 2023 Hydrology and Operations Update (W & R)

Discussion

4. Fiscal Year 2022-2023 Results of Operations – Budget to Actual (W & R)

Discussion

VI. INFORMATION ITEMS

1. General Manager's Report

1.1 General Manager's Monthly Report (W & R)
Staff Report on District Operations

1.2 Miscellaneous District Issues and Correspondence

2. Director of Finance's Report

2.1 Miscellaneous District Issues and Correspondence

3. Director of Operations' Report

3.1 Miscellaneous District Issues and Correspondence

4. Director of Engineering Services' Report

4.1 Miscellaneous District Issues and Correspondence

5. Legal Counsel's Report

 5.1 Legal Matters

VII. DIRECTORS' REPORTS

1. Sacramento Groundwater Authority (SGA) – T. Costa
2. Regional Water Authority (RWA) – D. Rich
3. Association of California Water Agencies (ACWA)
 - 3.1 ACWA – P. Tobin
 - 3.2 Joint Powers Insurance Authority (JPIA) – P. Tobin
 - 3.3 Energy Committee – T. Costa
4. Central Valley Project (CVP) Water Association – T. Costa
5. Other Reports, Correspondence, Comments, Ideas and Suggestions

VIII. COMMITTEE MEETINGS

1. Finance Committee – November 5, 2023
<https://www.sjwd.org/2023-12-05-committees-meeting-finance>

IX. UPCOMING EVENTS

1. SJWD Employee Awards
December 20, 2023

President Rich to call for Closed Session

X. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Section 54956.9)
Citrus Heights Water District, et al. vs. San Juan Water District, Case Number:
23WM000080, Sacramento County Superior Court
2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to California Government Code Section
54956.9(d)(2) - one case

XI. OPEN SESSION

Report from closed session

XII. ADJOURN

UPCOMING MEETING DATES

January 24, 2024

February 28, 2024

I declare under penalty of perjury that the foregoing agenda for the December 13, 2023, regular meeting of the Board of Directors of San Juan Water District was posted by December 8, 2023, on the outdoor bulletin boards at the District Office Building, 9935 Auburn Folsom Road, Granite Bay, California, and was freely accessible to the public. The agenda and the board packet was also posted on the District's website at sjwd.org.

Teri Grant, Board Secretary

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes
November 8, 2023 – 6:00 p.m.

BOARD OF DIRECTORS

Dan Rich	President
Manuel Zamorano	Vice President
Ted Costa	Director
Ken Miller	Director
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Devon Barrett	Customer Service Manager
Adam Larsen	Field Services Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel
Elizabeth Ewens	Water Counsel
Kristen Castanos	Water Counsel

OTHER ATTENDEES

Attendee	
Caller 01	
User 1	
Mike Spencer	SJWD Employee

AGENDA ITEMS

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

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

I. ROLL CALL

The Board Secretary took a roll call of the Board. The following directors were present in the Boardroom: Ted Costa, Ken Miller, Dan Rich, Pam Tobin and Manuel Zamorano.

II. PUBLIC FORUM

There were no public comments.

III. CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine and are approved by one motion. There was no separate discussion of these items unless a member of the Board, audience, or staff requested a specific item removed. Consent Calendar item documents are available for review in the Board packet.

1. Minutes of the Board of Directors Meeting, October 25, 2023 (W & R)

Recommendation: Approve draft minutes

2. Minutes of the Board of Directors Special Meeting, October 27, 2023 (W & R)

Recommendation: Approve draft minutes

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

IV. OLD BUSINESS

1. Wholesale Financial Plan (W)

Ms. Silva reported that a meeting was held last week to discuss the Wholesale Financial Plan, as part of the 150-day comment period. The attendees included representatives from Citrus Heights and Fair Oaks water districts, SJWD's rate consultant (Mark Hildebrand), and the agencies' rate consultant, along with GM Helliker and herself. They discussed the comments that were submitted and the issues that the agencies had regarding the Wholesale Financial Plan.

Ms. Silva informed the Board that the District's methodology and cost allocation were discussed and that staff indicated to the agencies that no potential ideas or recommendations for a different methodology were received. She noted that she told the agencies that the District would be open to reviewing alternative methods, provided that they did not include allocation of fixed costs based on projected future water use or continuing an allocation based on a rolling five-year average of water use. She commented that the District wants stability in the allocation of the fixed charge.

Ms. Silva informed the Board that the idea of a "Take or Pay" contract was discussed, and staff informed the agencies to put together a proposal for such a contract. She explained that the Board will be reviewing the five-year rate schedule at the December Board meeting, so there is not much time to make substantial changes to contracts. She informed the Board that the agencies asked if there was any flexibility in the deadline and staff indicated that some flexibility into January might be considered; however, she pointed out that the District has not adjusted wholesale rates for almost three years. Therefore, staff recommends that the Board consider adopting the proposed five-year rate schedule either in December or January while continuing any further conversations with the wholesale customer agencies.

GM Helliker informed the Board that he gave the agencies until November 17th to present any proposals. In response to President Rich's question regarding adopting a one-year schedule then amending it later, Ms. Silva explained that there is no benefit in that and suggested that the Board consider the full five-year schedule then amend that schedule if needed.

The Board discussed the timing of the 150-day notice and expressed concern that the agencies waited so long to provide any comments. GM Helliker explained that staff will review/analyze any proposals received, then have further discussion with the agencies to consider how to incorporate any of their requests before bringing the item to the Board for review at the December 13th Board meeting.

In response to Director Costa's question, GM Helliker explained that the agencies challenged the use of the peak value and that Mr. Hildebrand explained at the meeting that his experience with rate structures has been that they more commonly use long term averages rather than peak demands during a certain period of time. However, Mr. Hildebrand informed the agencies that the District's use of peak value is not unusual and is an industry-accepted methodology. GM Helliker explained that he informed the agencies that if they wanted to implement a "Take or Pay" contract, that such a contract would have to be reviewed by Legal Counsel and would have to be approved by all of the wholesale customer agencies. GM Helliker informed the Board that he provided the agencies with some examples of other agencies' methodologies.

GM Helliker informed the Board that a Public Records Act request was received after the meeting for records pertaining to the Wholesale Financial Plan, to which staff will respond. Director Miller voiced concern regarding the July notification which provided ample time for comments to be received and suggested that the Board move forward with reviewing and setting the rate schedule at the December Board meeting.

2. Conjunctive Use and Groundwater Banking Activities Update (W & R)

GM Helliker reported that the 2x2 FOWD/SJWD Ad Hoc Committee met a few weeks ago and he was directed to set up a meeting with the general managers but has not received any responses yet. Director Costa would like to put on the December Board meeting agenda, for discussion and possible action, an item regarding groundwater banking and RWA to discuss if RWA is meeting the District's needs. In addition, Director Costa suggested that GM Helliker invite RWA to the Board meeting.

GM Helliker reported that the RWA Program Committee met last week and the same information regarding the water accounting system that was presented at the 2x2 committee meeting with FOWD was presented at the RWA meeting. GM Helliker stated that it is important that the District and its sister agencies define the operating rules that would be acceptable and then compare them with any proposal from RWA. He informed the Board that RWA held two public meetings with little to no attendees, so they asked for input from responsible agencies, and received no input. Therefore, RWA is moving forward with an environmental impact report (EIR), which has raised questions, since there is no specific project that would merit an EIR. In response to Director Costa's comments, GM Helliker informed the Board that SGA discussed the water bank and RWA's concepts, as well as SGA's responsibilities, at their meeting last month.

V. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

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

GM Helliker provided the Board with a written report for October which was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence
No report.

2. DIRECTOR OF FINANCE'S REPORT

2.1 Miscellaneous District Issues and Correspondence
No report.

3. DIRECTOR OF OPERATIONS' REPORT

3.1 Miscellaneous District Issues and Correspondence
No report.

4. DIRECTOR OF ENGINEERING SERVICES' REPORT

4.1 Miscellaneous District Issues and Correspondence
No report.

5. LEGAL COUNSEL'S REPORT

5.1 Legal Matters
No report.

VI. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)
No report.

2. REGIONAL WATER AUTHORITY (RWA)

President Rich reported that RWA meets November 9, 2023, and he will attend virtually; therefore, GM Helliker and Mr. Zlotnick will attend in person and will be able to cast any votes as needed in person.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

Director Tobin reported that FEMA announced funding of \$211 million for dam safety grants nationwide. She reported that there is a special ACWA Executive Committee meeting scheduled for November 16th and along with the regular ACWA Board meeting on November 17th there will be a regular ACWA Executive Committee meeting to discuss the Executive Director's evaluation.

Director Tobin reported that the ACWA Fall Conference has a new conference format that includes public forums so that everyone can participate. In addition, she reported that the ACWA Foundation is awarding \$55,000 in scholarships. She reported that ACWA's Quench California released a new toolkit for the statewide education campaign. In addition, she reported that the Sites Reservoir Project was certified on November 6 by Governor Newsom under SB 149.

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin

Director Tobin informed the Board that there is a District meeting of the Ad Hoc Health Benefits Committee tomorrow to review the ACWA JPIA and CalPERS healthcare benefits.

3.3 Energy Committee - Ted Costa

Director Costa had no report and Mr. Zlotnick will try to attend the Energy Committee meeting at the ACWA Fall Conference if his schedule does not conflict.

4. CVP WATER USERS ASSOCIATION

Director Costa reported that CVP Water Users Association meets December 7, 2023.

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

Director Tobin reported that Sacramento LAFCo moved their meeting to January 2024.

VII. COMMITTEE MEETINGS

1. Finance Committee – October 31, 2023

The committee meeting minutes were included in the Board packet.

At 6:34 p.m., President Rich announced that the Board was adjourning to Closed Session.

VIII. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Section 54956.9)

Citrus Heights Water District, et al. vs. San Juan Water District, Case Number: 23WM000080, Sacramento County Superior Court

IX. OPEN SESSION

The Board gave direction to Legal Counsel.

X. ADJOURN

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

DAN RICH, President
Board of Directors
San Juan Water District

ATTEST: _____
TERI GRANT, Board Secretary

STAFF REPORT

To: Board of Directors
From: Andrew Pierson, Director of Engineering Services
Date: December 13, 2023
Subject: Bacon Pump Facility Generator Replacement Project, ICM Amendment No. 1

RECOMMENDED ACTION

Staff requests a recommendation from the Committee for a Board motion to authorize the Director of Engineering Services to approve Amendment No. 1 to the professional services contract with Inferrera Construction Management Group, Inc. (ICM) for inspection services related to the construction of the Bacon Pump Facility Generator Replacement Project (Project) in the amount of \$48,993 with a construction contingency of \$9,812 (10%) for a total authorized budget of \$107,935.

BACKGROUND

The Project consists of the replacement of two existing emergency diesel generators located at the District's Bacon Pump Facility. Construction includes the removal and disposal of the existing generators, demolition of existing slabs, site grading, new concrete foundations, new diesel generators (400 kW and 600 kW), new electrical panels, new conduits and wires, and the relocation of an existing storm drain. The new generation system will follow all regulatory requirements and is sized to provide emergency system support during a power outage at the site. The construction contract was awarded on April 27, 2022, and the notice to proceed was given on May 13, 2023. Due to delays in acquiring the generators and electrical panels, project construction did not begin until May 2023.

Since starting construction, the Contractor has encountered the following unforeseen conditions which has resulted in additional inspection time for ICM:

- Unanticipated delays in generator deliveries resulting in inefficiency of construction or installation work.
- Encountered unknown utilities, rock, and groundwater during installation of new storm drain.
- Encountered conflict between existing abandoned storm drain and new generator foundation.
- Encountered rock and conflict with existing 42-in water main during construction of electrical conduit runs.
- Unanticipated time for installation of conduits and wires for ARC-N Pump Station.
- Unanticipated troubleshooting time during ARC-N Pump Station equipment integration and conduit installation.

FINANCIAL CONSIDERATIONS

The Project is included in the District's Retail CIP budget for Fiscal Year 2023-2024.

**San Juan Water District
President and Vice President History**

Year	President	Vice President
2025	Division 2	Division 4
2025	Ted Costa (Division 3)	Division 2
2024	Manuel Zamorano (Division 5)	Ted Costa (Division 3)
2023	Dan Rich (Division 1)	Manuel Zamorano (Division 5)
2022	Ken Miller (Division 2)	Dan Rich (Division 1)
2021	Pam Tobin	Ken Miller
2020	Ted Costa	Pam Tobin
2019	Dan Rich	Ted Costa
2018	Marty Hanneman	Dan Rich
2017	Ken Miller	Bob Walters/Dan Rich
2016	Pam Tobin	Ken Miller
2015	Ted Costa	Pam Tobin
2014	Bob Walters	Dave Peterson
2013	Ken Miller	Bob Walters
2012	Pam Tobin	Ken Miller
2011	Ted Costa	Pam Tobin
2010	Dave Peterson	Ted Costa
2009	Bob Walters	Dave Peterson
2008	Ken Miller	Bob Walters
2007	Pam Tobin	Ken Miller
2006	Ted Costa	Pam Tobin
2005	Dave Peterson	Ted Costa

STAFF REPORT

To: Board of Directors
From: Donna Silva, Director of Finance
Date: December 13, 2023
Subject: Wholesale Financial Plan and Water Rate Update Study

RECOMMENDED ACTION

Approve the revised and attached five-year Wholesale Rate Schedule. Direct staff to revise the Wholesale Financial Plan and Rate Study to incorporate the revised rate schedule.

BACKGROUND

The San Juan Water District's (SJWD or the District) Wholesale Financial Plan was last updated in 2017, resulting in a five-year rate schedule, which implemented rate increases through January 2021. In that rate structure, 74% of the revenue requirements were to be recovered through fixed rates and 26% through the variable rate. The majority of the fixed service charge was allocated to each agency based upon their average water deliveries during calendar years 2012-2016. The Debt Service charge was based upon water use in the five years preceding the debt issuance and a small portion of fixed costs were allocated based upon the relative number of customer accounts. Commencing in January 2020 the fixed service charge was re-allocated each calendar year based upon the rolling 5-year average of water deliveries, at the request of the Citrus Heights and Fair Oaks Water Districts (CHWD and FOWD). Under this new methodology, the total amount of revenue to be collected via the service charge remained as set by the Financial Plan, but the allocation changed each January based upon the past five years of water deliveries per agency. Furthermore, the debt service charges were both reduced to reflect savings from debt refinancings and were consolidated into the fixed service charge, instead of being separately billed.

Wholesale water rates were last increased, in aggregate, in January 2021. In May 2022, the District retained Hildebrand Consulting, LLC. to update the District's ten-year wholesale financial plan and to develop recommendations for updating water rates for a five-year period from 2024 through 2028. The purpose of the study was to ensure that the District's wholesale water system continues to meet financial obligations for ongoing operations and maintenance, debt service and capital improvements while maintaining prudent reserves. The project was delayed while the District worked to substantially complete its Wholesale Master Plan, which produces the 10-Year Capital Improvement Plan, a critical component to the financial plan and rate study.

The Board has discussed The Wholesale Financial Plan and Water Rate Update four times as follows:

- May 24, 2023: discussed assumptions to be used in the study.

- June 28, 2023: Draft Wholesale Financial Plan and Rate Study was presented to the Board.
- July 26, 2023: Staff reported back to the Board on issues raised at the previous Board meeting.
- November 8, 2023: Staff provided an update to the Board after the stakeholder meeting held on November 1st.

The required 150-Day notice of a proposed change in rates was sent to the customer agencies on July 14, 2023. Staff offered to meet and discuss the proposed financial plan and rate study. The following comments have been received:

- June 27, 2023: Letter from CHWD and FOWD to SJWD Board Members:
 - Requested SJWD consider delaying moving forward with the plan for at least 60 days so the plan could be revised.
 - Alleged that SJWD is proposing to subsidize its retail area at the expense of the remaining wholesale service area.
 - Alleged the proposed financial plan purposefully creates a disincentive for the customers that have invested in groundwater infrastructure to pump groundwater to meet customer demand.
 - Expressed dissatisfaction with the change in fixed vs. variable rates and the proposed allocation methodology.
 - Suggests that SJWD should provide an offset for groundwater pumped.
 - Alleges the approach taken in the financial plan and rate structure is neither reasonable nor legal.
- June 28, 2023: comment letter distributed at the SJWD Board meeting, reiterating the above points.
- Comments received at SJWD's June 28, 2023 Board meeting:
 - Mike McRae, FOWD Board President, voiced concern over the rate structure change and the proposed rate increase. He stated there is a conflict of interest for the SJWD Board members who live in the retail service area, to service both the wholesale and retail customers. He requested the Board keep the rate structure the same and be as ethical as the Board possibly could be.
 - Ray Riehle, CHWD Director, voiced concern over using 2013 as a peak year since he doesn't believe it is reflective of CHWD's future water use. He advised that usage over the last five years, or even since 2014, is more reflective of what CHWD usage will be moving forward. Mr. Riehle suggested that the District smooth the curve by distributing the rate structure change over the course of several years.
 - Tom Gray, FOWD General Manager suggested revisiting take or pay contracts instead of the current contracts. He further suggested that the Wholesale Master Plan be completed with the comments being addressed before the financial plan is completed.
- August 17, 2023: received an email from Jeff Ott, Director of Finance and Administration, Sacramento Suburban Water District (SSWD). Mr. Ott commented that the draft Wholesale Financial Plan and rate study failed to remove the

burdened cost of supply from the calculation of their water treatment rate, which was required in the 2017 amendment to the agreement between SJWD and SSWD.

- September 26, 2023: met with Joe Duran, General Manager of the Orange Vale Water Company (OVWC) to discuss the project specific, proposed Capital Facility Fee for the OVWC.
- November 1, 2023: meeting between SJWD staff and wholesale customer agencies
- November 22, 2023: received an email from CHWD consultant requesting SJWD review a financial impact analysis spreadsheet prepared by their rate consultant.
- December 7, 2023: received an email from CHWD and FOWD with a link to their 8-page comment letter (which also included 536 pages of attachments). The letter can be viewed at this link: <https://www.imanageshare.com/pd/48ACRT6MSAE>

Based on feedback from the SJWD Board of Directors, the following changes have previously been made to the draft Wholesale Financial Plan and Rate Study and presented to the Board of Directors:

1. Replaced the 6% inflation assumption for FY 2023-24 with FY 2023-24 Adopted Budget.
2. Reduced fixed portion of expenses from 88% to 83%.

Based on feedback from SSWD the following change has been made to the proposed rate schedule:

3. Corrected SSWD Treat and Wheel rate. The amendment to the agreement with SSWD was done nine months after the Board accepted the 2017 Financial Plan and Rate Study and approved the five-year rate schedule. Staff forgot to provide Hildebrand Consulting with the amended agreement. He was not aware of the contractual obligation to burden the source of supply costs with administrative costs before subtracting it from the rate calculation. The correction has been made and a revised report has been provided to SSWD. No further comments have been received from SSWD.

Based on comments received from the customer agencies staff recommends the following changes be incorporated into the Financial Plan and Rate Study:

4. The capital facility fee for the OVWC was designed to cover the costs of replacing the 12-inch transmission pipeline on Hazel Avenue, from Eden Oaks to the OVWC. Since this pipeline only serves the OVWC it reasonably should bear the cost of replacement. This project was slated to begin in 2024. In the September 26, 2023 meeting with OVWC it was discussed that as an alternative, OVWC could assume ownership of the pipeline and replace it on their timeline. With the recent departure of Joe Duran from the OVWC, and no apparent pressing need to commence the project, staff recommends the Board approve the capital facility fee, but direct staff to first charge the fee in the year that design commences. Staff intends to delay the design until a new General Manager is on Board and ready to commence negotiations over the project and the pipeline.

5. In response to the concerns expressed by the CHWD and FOWD, staff recommends changing the fixed charge allocation methodology from a 10-year peak, to a 10-year average. This change accommodates SJWD's desire to have the allocation based on long term water use, and to ease the administrative burden, but acknowledges the desire of CHWD and FOWD to have recent water use trends be incorporated into the allocation methodology.

As discussed in previous Board meetings, staff does not recommend further reductions to the fixed cost determination of 83%. Setting the fixed rate lower than fixed costs leads to financial instability. 83% is already an aggressive estimate of the District's fixed wholesale costs.

In the November 1, 2023 stakeholder meeting, staff communicated to the customer agencies that they would be willing review proposed draft take or pay contracts. General Manager Paul Helliker advised those would need to be provided to the District by November 17, 2023, to allow staff time to evaluate them and prepare them for consideration by the Board at its December 13, 2023 meeting. As of the writing of this report, draft take or pay contracts have not been received. However, staff are still willing to evaluate such alternatives, even after the Board approves the recommended rate schedule.

The proposed change in allocation of the fixed service charge has the following impacts:

10-Year Peak vs. 10-Year Average Allocation %'s					
Member Agency	10-Year Peak		10-Year Average		Change in Allocation %
	Methodology	Alloc. %	Methodology	Alloc. %	
SJWD-R	14,743	31.86%	11,950	33.76%	1.90%
CHWD	14,327	30.96%	10,600	29.94%	-1.02%
FOWD	10,676	23.07%	7,720	21.81%	-1.26%
OVWC	5,023	10.85%	3,950	11.16%	0.30%
City of Folsom	1,507	3.26%	1,180	3.33%	0.08%
	46,276	100.00%	35,400	100.00%	0.00%

The change in "allocation percents" does not have an equal percentage change effect on the dollar amount of the quarterly service charge that would be assessed. The change in allocation methodology has the following dollar impacts per agency:

Quarterly Fixed Charge					
Member Agency	10-Year		difference	% Difference	
	10-Year Peak	Average			
	Methodology	Methodology			
SJWD-R	\$ 631,775	\$ 668,900	\$ 37,125.00	5.88%	
CHWD	\$ 621,575	\$ 601,675	\$ (19,900.00)	-3.20%	
FOWD	\$ 462,675	\$ 438,000	\$ (24,675.00)	-5.33%	
OVWC	\$ 216,775	\$ 222,725	\$ 5,950.00	2.74%	
City of Folsom	\$ 64,550	\$ 66,050	\$ 1,500.00	2.32%	
	\$ 1,997,350	\$ 1,997,350	\$ -		

Staff recommends adoption of the rates shown in the schedule below, which utilizes the 10-year average allocation methodology for the fixed service charges. Staff further recommends that the Board direct its consultant to incorporate the revised methodology into the final Wholesale Financial Plan and Rate Study report.

Proposed Rate Schedule:

	Current Rates	Proposed Rates (effective January 1st)				
		CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
San Juan Water District - Retail						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$578,808.35	\$645,275.00	\$702,345.00	\$737,462.25	\$766,960.74	\$797,639.17
Hinkle Reservoir Debt Charge ¹	\$133,920.00	\$23,625.00	-----	(see footnote 1)	-----	-----
Citrus Heights Water District						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$533,570.81	\$580,725.00	\$631,758.75	\$663,346.69	\$689,880.56	\$717,475.78
Hinkle Reservoir Debt Charge ¹	\$125,550.00	\$20,950.00	-----	(see footnote 1)	-----	-----
Fair Oaks Water District						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$366,991.51	\$422,725.00	\$459,900.00	\$482,895.00	\$502,210.80	\$522,299.23
Hinkle Reservoir Debt Charge ¹	\$96,255.00	\$15,275.00	-----	(see footnote 1)	-----	-----
Orange Vale Water Company						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$189,735.00	\$214,925.00	\$233,861.25	\$245,554.31	\$255,376.48	\$265,591.54
Quarterly Hinkle Reservoir Debt Charge ¹	\$46,035.00	\$7,800.00	-----	(see footnote 1)	-----	-----
Quarterly Capital Facilities Charge ²	\$0.00	\$66,000.00	\$66,000.00	\$66,000.00	\$66,000.00	\$66,000.00
City of Folsom						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Hinkle Pump Station Surcharge (\$/AF) ⁴	\$102.00	\$79.10	-----	(to be determined ⁵)	-----	-----
Quarterly O, M, R, & D Service Charges	\$56,139.74	\$63,725.00	\$69,352.50	\$72,820.12	\$75,732.92	\$78,762.23
Quarterly Hinkle Reservoir Debt Charge ¹	\$12,555.00	\$2,325.00	-----	(see footnote 1)	-----	-----
Direct Portion of 2022 Debt ³	\$18,476.96	\$19,725.00	\$19,750.00	\$19,775.00	\$19,700.00	\$19,675.00
Sacramento Suburban Water District						
Treat and Wheel Rate (\$/AF) ⁴	\$220.16	\$265.74	\$279.03	\$292.98	\$304.70	\$316.89

Notes:

¹The existing charge associated with the debt service for the Hinkle Reservoir Rehabilitation Project has not yet been assessed to Member Agencies. For illustrative purposes, the revised debt charge has been shown separately for CY 2024. Starting in CY 2025, the Hinkle Reservoir Debt Charge is combined with the Quarterly Fixed Charge.

²This charge only applies to Orange Vale Water Company for the Hazel Ave. 12 inch transmission main replacement.

³Unique charge to City of Folsom for debt that was formerly the 2012 bond.

⁴ Per negotiated agreements.

⁵The District may elect to increase the Hinkle Pump Station Surcharge based on inflation indices.

San Juan Board of Directors directs staff to implement the Orangevale Water Company Quarterly Capital Facilities Charge in January of the year in which design is budgeted to commence. The final payment, in the final year shall be adjusted to reflect actual costs incurred.

Attachments

- Draft Wholesale Financial Report and Rate Study (unmodified for the proposed change in allocation methodology)
- Draft Wholesale Financial Report and Rate Study Power Point Presentation



DRAFT

2023 Wholesale Water Rate Study Report

September 8, 2023



September 8, 2023



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

Re: **Draft** 2023 Wholesale Water Rate Study

Dear Ms. Silva,

Hildebrand Consulting is pleased to present this 2023 Wholesale Water Rate Study (Study) for the San Juan Water District (District). We appreciate the fine assistance provided by you and all of the members of the District staff who participated in the Study, as well as the input and guidance provided by the Board.

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

mhildebrand@hildco.com
(510) 316-0621

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

Sincerely,

A handwritten signature in blue ink that appears to read "Mark Hildebrand".

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure

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SCHEDULE 2 - 10-YEAR CAPITAL SPENDING PLAN

SCHEDULE 3 - 5-YEAR SCHEDULE OF PROPOSED RATES

List of Acronyms

AF	acre-feet (measure of water volume)
AWWA	American Water Works Association
CAFR	Comprehensive Annual Financial Report
CCF	hundreds of cubic feet (measure of water volume)
CIP	capital improvement program
COSA	cost of service analysis
CY	calendar year
DCR	debt service coverage ratio
FY	fiscal year (which ends on June 30 for the District)
O, M, R, & D	operation, maintenance, replacement, and debt
OPEB	Other Post-Employment Benefits
SJWD	San Juan Water District
SSWD	Sacramento Suburban Water District
UWMP	Urban Water Management Plan

Section 1. INTRODUCTION

The San Juan Water District (“SJWD” or “District”) retained Hildebrand Consulting, LLC. to update the District’s ten-year wholesale financial plan and develop recommendations for annually updating water rates for a five-year period from calendar year (CY) 2024 through 2028. The purpose of this Study was to ensure that the District’s wholesale water system continues to meet financial obligations for ongoing operation and maintenance, debt service, and capital improvements while maintaining prudent reserves. This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

The District is a community services district formed under Section 61000 et seq., Title 5, Division 3 of the California Government Code. The District provides both wholesale and retail water service. The wholesale area (which includes the District’s 17 square mile retail area) covers approximately forty-six square miles in northeastern Sacramento and southeastern Placer Counties. The District wholesales water to five “member agencies”: San Juan Water District Retail, Citrus Heights Water District, Fair Oaks Water District, Orangevale Water Company, and the City of Folsom (for its customers north of the American River).

The District’s existing water supply consists of three separate raw water contracts. The first source of water is a settlement contract with the U.S. Bureau of Reclamation (Reclamation) that provides, in perpetuity, for the delivery of 33,000 acre-feet of water from the American River based upon the District’s water rights, which date from 1853 and 1928. The second source is a repayment contract with Reclamation for 24,200 acre-feet of Central Valley Project water. The third source is a contract with Placer County Water Agency for up to 25,000 acre-feet of water. All sources of surface water are either

stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by Reclamation's Folsom Pumping Plant.

1.2 PROJECT BACKGROUND AND SUMMARY

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

The scope of this Study is to prepare a multi-year financial plan, review the allocation of costs to member agencies, and propose a 5-year rate schedule. The primary objectives of this Study are to:

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

One focus of this 2023 wholesale water financial plan is to help ensure adequate funding of the District's wholesale capital improvement program (CIP). The CIP includes a \$23 million project to replace the cover and liner of the Hinkle Reservoir. The financial plan presented herein indicates the funding of the debt that was issued in 2023 to fund this

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

capital program. Based on financial plan analyses, all other planned capital improvement projects over the next 10 years can be funded on a pay-as-you-go basis.

In other respects, the wholesale financial plan provides a strategy for maintaining sufficient reserves to cash fund most capital projects in the future.

Wholesale water rate calculations were updated based on the revenue needs developed through the financial planning process. The cost allocation methodology used in the rate calculations is consistent with past studies, with the exception of the following modifications.

- 1) While the wholesale water rates will continue to include a uniform water usage charge and fixed service charge, this Study proposed to ensure that all of the District's fixed costs are recovered through the fixed service charges. This completes a shift in this direction that was started in the 2017 Wholesale Rate Study. Fixed costs are considered to be any cost that does not increase or decrease in direct response to increases or decreases in water deliveries. This Study has found that about 83 percent of the District's revenue requirements are fixed costs.
- 2) While the 2017 Wholesale Rate Study had a separate fixed charge for debt service obligations, this Study proposes to have all fixed costs paid by a single fixed charge (as has been the District's practice over the past few years).
- 3) While variable rates are clearly charged based on actual water deliveries to each member agency, the allocation of fixed costs has been a source of debate. The 2017 Wholesale Rate Study proposed to allocate fixed costs based primarily on the average water usage by each member agency over the previous 5 years. Since that time, the District has agreed to allocate fixed costs based on each agency's most recent five-year average water usage. This Study proposes to allocate fixed costs based on each agency's peak annual water usage over the past 10 years. A more detailed explanation is provided in Section 3.2).

Continuing with current practices, fixed service charges as well as capital facilities charges (see Section 4), will be billed to each member agency on a quarterly basis in

advance, and water usage charges will be billed in arrears following the end of each quarter based on the actual water used during the quarter.

During the course of this Study, preliminary results and recommendations were presented to the District's Board of Directors. In addition, member agencies were provided with a 150-day period during which to comment on this report. This report reflects consideration of comments received from member agencies, new information that became available since prior drafts, as well as direction provided by the District's Board of Directors and staff.

1.3 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as laid out in the AWWA M1 Manual and all applicable law. The study began with a review of the District's current financial dynamics and latest available data for the District's operations. A multi-year financial management plan was then developed to determine the level of annual rate revenue required to cover projected annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. This portion of the Study was conducted using an MS Excel®-based financial planning model which was customized to reflect financial dynamics and latest available data for the District's operations in order to develop a long-term financial management plan, inclusive of projected annual revenue requirements and corresponding annual rate adjustments. The financial plan is a cash-flow model and differs from standard accounting income statements and balance sheets which include non-cash accounting such as depreciation expense.

Revenue requirements calculated for fiscal year ending June 2024 (FY 2023/24²) were then used to perform a detailed cost-of-service analysis (COSA). The COSA and rate

² Fiscal years are sometimes indicated by their ending years. For example, FY 2023/24, starts on July 1, 2023, and ends on June 30, 2022, can also be expressed as FY 2024.

structure design were conducted based upon principles outlined by the AWWA, legal requirements and other generally accepted industry practices to develop rates that reflect the cost of providing service.

Section 2. WHOLESALE FUND FINANCIAL PLAN

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

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

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

2.1 FUND STRUCTURE

The financial plan is an annual cash flow model. As a cash flow model, it differs from standard accounting income statements and balance sheets. The financial plan models sources and uses of funds into, out of, and between the two Wholesale Water funds: Wholesale Operating Fund (Fund 10) and Wholesale Capital Fund (Fund 11). The financial plan model is based on the Wholesale fund structure and reserve policies currently used by the District. Similarly, the Board has designated certain revenue streams to be accounted for within this fund and dedicated to the Capital Program and

the financial plan for this study has attempted to replicate those policies as best as possible.

The two funds serve the following purposes:

- **Wholesale Operating Fund (Fund 10)** – The Operating Fund is the primary fund within the Wholesale enterprise. Most Wholesale revenues, including rate revenues, flow into the Operating Fund and all operating and maintenance costs, including debt service payments, are paid out of this fund. In addition, the Operating Fund also supports part of the water enterprise's capital improvement program. Funds are transferred from the Operating Fund to the Capital Fund (Fund 11), which processes the execution of all capital projects.
- **Wholesale Capital Fund (Fund 11)** – The Capital Fund is primarily supported by transfers from Fund 10, but also receives property tax revenue, connection fee revenue, and capital facility charge revenue (see Section 4). All capital projects are executed through this fund.

2.2 BEGINNING FUND BALANCES

The budgeted ending reserve balance for FY 2021/22 in the Wholesale Operating Fund was approximately \$2,054,000 while the ending reserve balance in the Wholesale Capital Fund was approximately \$18,784,000. These reserve balances were used to establish the “starting point” for the reserve levels for this 10-year financial plan. It should be noted that the amount of cash that the District keeps in reserves is a product of its reserve policies (see Section 2.9).

2.3 HISTORICAL AND FORECASTED WATER USAGE

Historical water usage by member agency by fiscal year is summarized in **Table 1** and in **Figure 1**. This data provides some context into the District’s recent water usage trend as well as context when addressing peak annual water usage data (see Section 3.2).

Table 1: Historical Annual Water Deliveries by Fiscal Year

	San Juan Water District (Retail)	Citrus Heights Water District	Fair Oaks Water District	Orange Vale Water Company	City of Folsom	Total
FY 2007	16,482	19,147	12,140	4,312	1,861	53,942
FY 2008	17,226	16,594	10,729	4,796	1,661	51,006
FY 2009	14,943	14,879	10,519	4,154	1,708	46,204
FY 2010	12,686	11,366	10,707	4,363	1,334	40,456
FY 2011	12,700	12,684	10,307	4,215	1,308	41,214
FY 2012	13,569	13,091	10,122	4,506	1,469	42,758
FY 2013	14,743	14,327	10,676	5,023	1,507	46,276
FY 2014	13,142	12,160	8,766	4,586	1,299	39,952
FY 2015	10,552	10,016	7,787	3,671	1,187	33,213
FY 2016	10,213	9,134	7,137	3,190	963	30,637
FY 2017	10,752	9,775	7,288	3,473	1,062	32,349
FY 2018	11,520	11,202*	6,400	3,950	1,132	34,204
FY 2019	10,864	9,734*	6,394*	3,822	1,080	31,895
FY 2020	11,920	11,407	7,780	3,790	1,194	36,091
FY 2021	13,690	10,361	8,202	4,141	1,239	37,634
FY 2022	12,143	7,852	6,723	3,883	1,092	31,693

*FY 2018/19 surface water deliveries to CHWD & FOWD were reduced by 1,446 and 1,587 acre feet respectively, due to a groundwater substitution transfer that occurred.

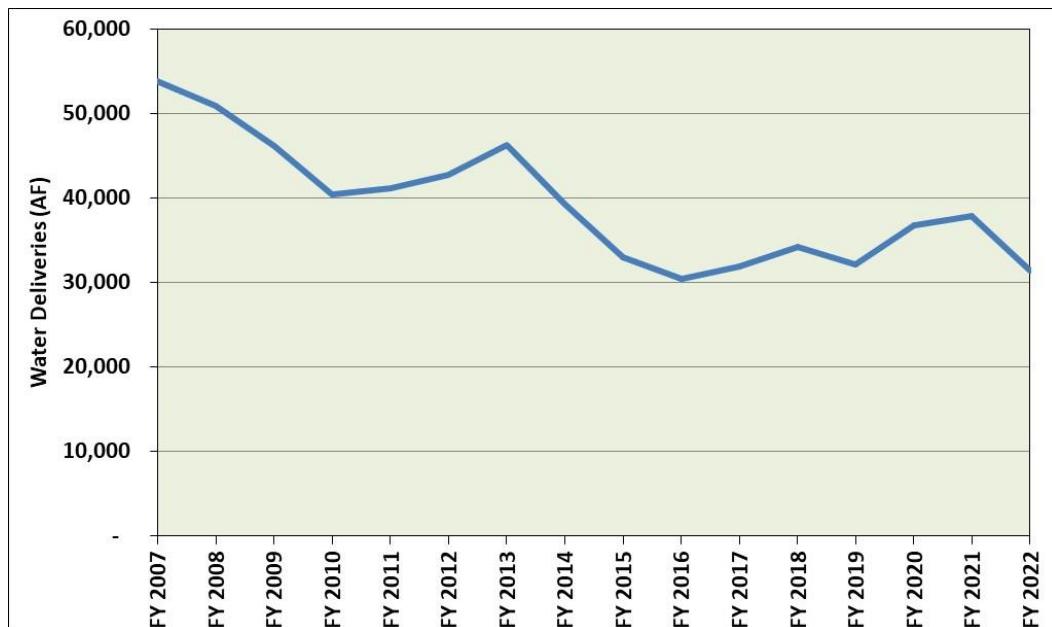


Figure 1: Historical and Projected Annual Water Deliveries

The Sacramento region has predominantly been in drought conditions over the past 10 years, interspersed with record rainfall years such as the current rain season. As such, it is difficult to predict the collective future water demands by the member agencies. This

Study relies on each member agencies' respective 2020 Urban Water Management Plan (UWMP) to provide the best available forecast of future water usage. The UWMPs' projections of water usage include assumptions regarding growth and future conservation trends. The projected water demands for calendar years 2025, 2030 and 2035 provided in **Table 2** considers both UWMP projections as well as (1) an assumption that Fair Oaks Water District will derive 30 percent of its water supply from local groundwater (based on a recent policy that was not considered in the UWMP) and (2) starting in CY 2025 Orangevale Water District will begin to derive 500 AF of water supply from a rehabilitated well.

In the most recent complete calendar year (CY 2022), the District provided 31,693 AF to its member agencies (see Table 2). The forecast numbers in Table 2 represent an overall increase in total water demand of 2.4 percent per year between 2022 and 2025, an overall increase of 0.3 percent per year between 2025 and 2030 and an overall increase of water usage of just over 0.1 percent between 2030 and 2035. This Study uses these water usage trend projections in applicable analysis.

Table 2: Projected Annual Water Deliveries

	San Juan Water District (Retail)	Citrus Heights Water District	Fair Oaks Water District	Orange Vale Water Company	City of Folsom	Total
FY 2022¹	12,143	7,852	6,723	3,883	1,092	31,693
FY 2023¹	11,194	7,595	4,732	3,760	1,045	28,327
FY 2024³	11,229	8,713	5,612	3,700	1,025	30,279
CY 2025²	11,300	10,949	7,372	3,200	1,123	33,944
CY 2026³	11,320	11,014	7,383	3,220	1,124	34,061
CY 2027³	11,340	11,079	7,395	3,240	1,125	34,179
CY 2028³	11,360	11,145	7,407	3,260	1,126	34,298
CY 2029³	11,380	11,211	7,418	3,281	1,127	34,417
CY 2030²	11,400	11,273	7,430	3,300	1,128	34,531
CY 2031³	11,380	11,326	7,455	3,300	1,122	34,582
CY 2032³	11,360	11,379	7,480	3,300	1,115	34,634
CY 2033³	11,340	11,432	7,505	3,300	1,109	34,686
CY 2034³	11,320	11,486	7,530	3,300	1,103	34,738
CY 2035²	11,300	11,537	7,554	3,300	1,096	34,787

¹ Based on actual flows

² Based on 2020 UWMP projections and other assumptions (see text)

³ Inferred based on other values in table (see text).

2.4 RATE REVENUE

Rate revenue is the revenue collected from member agencies for wholesale water service. The District collects rate revenue on a quarterly basis from member agencies in the form of Water Usage Rates and a Quarterly Service Charge. The financial plan starts with rate revenue levels that were budgeted for FY 2023/24. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule 1**.

2.5 NON-RATE REVENUES

In addition to rate revenue, the District receives “non-rate revenue” from sources such as miscellaneous operating revenue, property taxes, connection fees, treat-and-wheel rates (see Section 5), miscellaneous water sales to other entities (namely Granite Bay Golf Course), capital facility fees (see Section 4), and Hinkle pumping surcharges (see Section 6), and interest revenue on investments. Projections for miscellaneous operating revenue, property taxes, and connection fees were based on FY 2023/24 budgeted revenues. The least predictable source of revenue is the treat-and-wheel rates paid by SSWD, due to the highly variable amount of water purchased by SSWD from one year to the next. Over the past 10 years, SSWD has purchased as much as 13,600 AF and as little zero AF. Due to this variability, and no minimum purchase requirement for SSWD, it is very difficult to predict how much water SSWD will purchase going forward. Given the uncertainty of this source of revenue, the financial plan assumes no revenue from SSWD after FY 2023/34. Prior wholesale financial plans have excluded this revenue source for the same reason.

Future annual interest income was calculated based upon projected fund balances and assumed interest rate of 1.0 percent, which is consistent with the District’s historical interest earnings relative to its total reserve levels. Property tax revenue is forecasted to increase by 2 percent per year. Budgeted non-rate revenues are depicted in **Figure 2** below and listed in detail in **Schedule 1**.

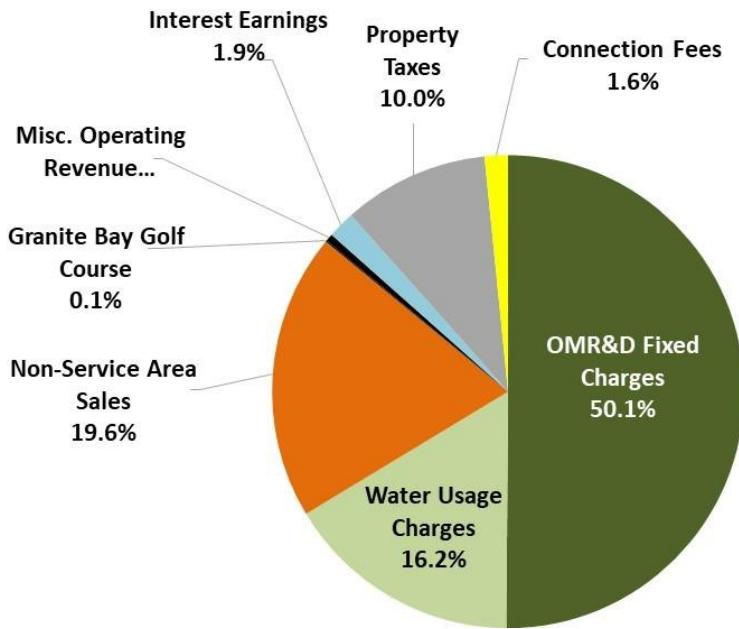


Figure 2: Revenue Categories (FY 2022/23 Mid-Year Estimate)

2.6 CURRENT AND PROJECTED OPERATING EXPENSES

The District's expenses include operating and maintenance expenses, debt service, and capital spending. Debt service expenses are addressed in Section 2.10 and capital spending is addressed in Section 2.8.

Future operating and maintenance expenses were projected based upon the budgeted expenditures for FY 2023/24 and adjusted for inflation. There was one exception of the carry-over of the FY 2023/24 budget to FY 2024/25: the “one-time” \$500 thousand cost for environmental review for the Warren Act contract renewal in the FY 2023/24 Source of Supply budget was not repeated in subsequent years.

Major budgeted expense categories are depicted in **Figure 3**. Projected operating and maintenance costs are listed in detail in **Schedule 1**. This schedule specifically breaks out the costs of energy, chemical and maintenance since these variable expenses are a key topic of discussion in the proposed rate structure modifications (see Section 3).

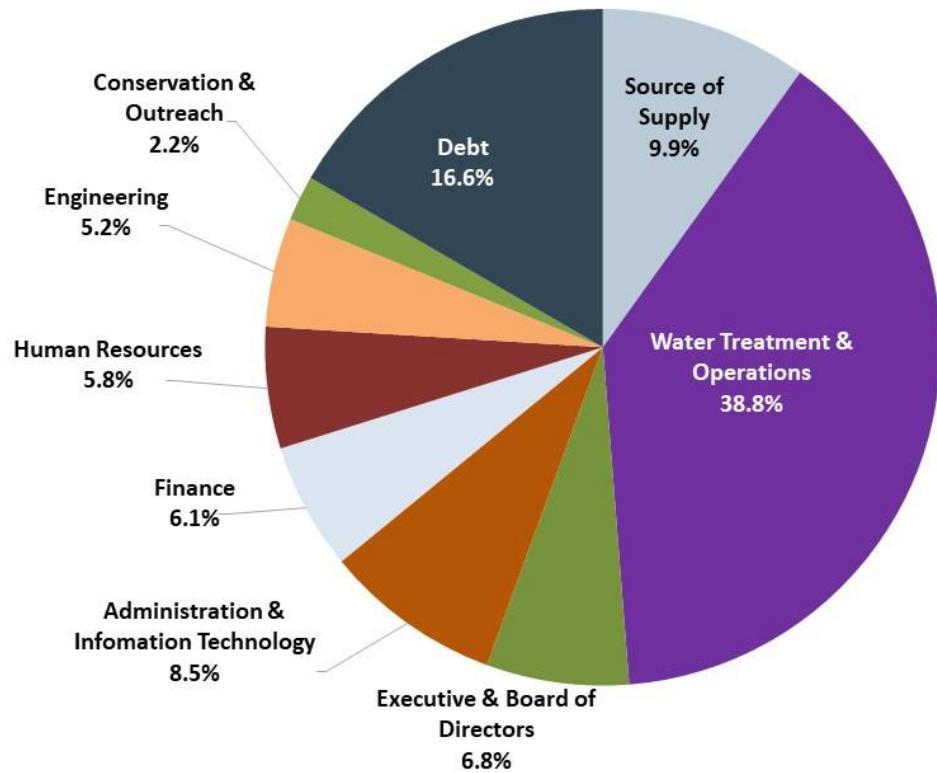


Figure 3: Operating Expense Categories (FY 2022/23 Mid-Year Estimates)

Annual cost escalation factors for various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff regarding recent trends. During the projection period, inflation is projected to increase by 4 percent in FY 2024/25, and 3 percent thereafter. Construction costs are projected to increase by 3 percent per year for the study period.

2.7 EXISTING DEBT EXPENSES

The Wholesale enterprise's current debt obligations include a 2017 refunding revenue bond and a 2022 refunding private placement loan. A portion of these debt obligations is shared with the Retail enterprise (Wholesale is responsible for 60 percent of the 2017 debt and 64.81 percent of the 2022 debt). In FY 2022/23, the Wholesale portion of annual

debt service on the 2017 bonds totals about \$581,000 and about \$937,200 for the 2022 loan. While the cost of the Wholesale debt is allocated among the member agencies as described in Section 3, the City of Folsom is also directly responsible for a portion of the 2022 refunding loan.

In addition to the above debt, the District has recently received a loan for the Hinkle Reservoir cover replacement project, as detailed in Section 2.9.

2.8 CAPITAL IMPROVEMENT PROGRAM

The District has developed a 2022 Master Plan that describes the capital projects and spending that is necessary in order to pro-actively address water system rehabilitation needs associated with aging pipes, pump stations, water tanks, and other system deficiencies. Over the past seven years, the District has spent an average of approximately \$3.1 million per year in capital reinvestment projects. The Wholesale 2022 Master Plan calls for a slight increase in the average annual capital spending (to \$3.4 million) with the exception of a single outlier project: the Hinkle Reservoir Cover & Liner Replacement project in 2024 for \$23.1 million dollars. A detailed list of capital projects and associated costs is provided in **Schedule 2**. Notable projects include Filter Channel Lining/Underdrain Inspection (\$3.3 million), Administration/FO/Engineering Building Improvement/Replacement (Wholesale portion \$3.2 million), Reline 60" Pipe from Filters to Inlet Structure (\$1.8 million), Hinkle Reservoir Temporary Tanks, Piping, & Electrical (\$1.6 million), Powdered Activated Carbon System (\$1.5 million), and Drying Bed Improvements (\$1.2 million).

2.9 DEBT STRATEGY

While the District typically tries to cash-finance capital projects whenever possible, there are instances when debt financing is appropriate. Such instances are typified by abnormally large spikes in capital spending, such as the Hinkle Reservoir cover replacement project. Such spikes in capital spending can either be addressed by drawing down existing reserves or by issuing new debt.

Dating back to the 2017 Wholesale Rate Study, the District has planned to debt-finance the Hinkle Reservoir cover replacement project. In fact, the District has already adopted a “Hinkle Reservoir debt service charge” which is designed to pay for the debt service associated with the project³. **Figure 4** shows how this debt strategy effectively “shaves” the spike in capital spending created by the Hinkle Reservoir project, and subsequently mitigates the need for cash in the immediate future.

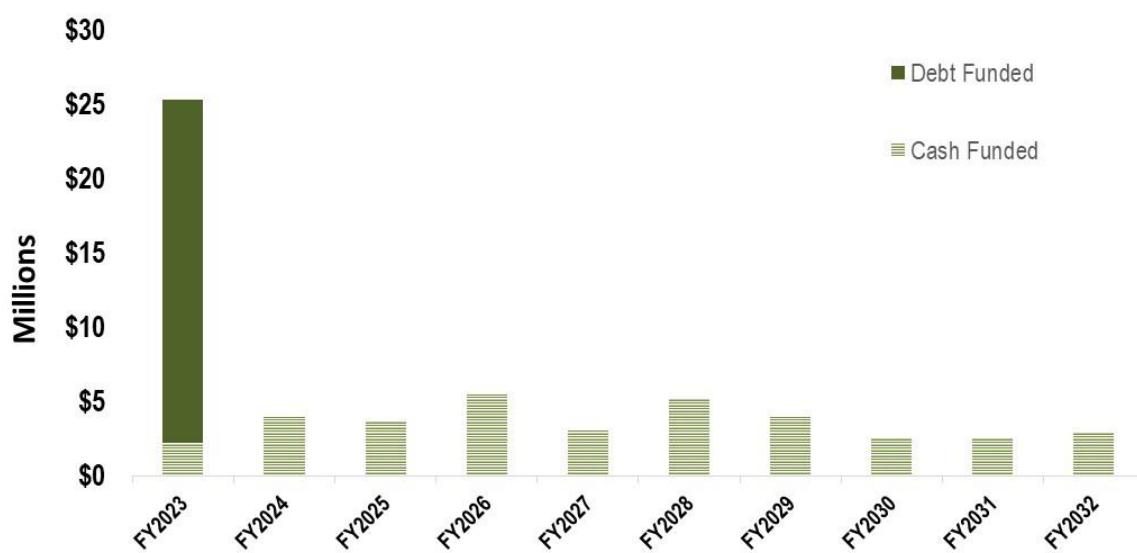


Figure 4: Forecasted Capital Spending with Debt Strategy

This Study accounts for the fact that the District has received a loan through the State of California’s Drinking Water Revolving Loan Fund (SRF) with a repayment period of 30-years, a fixed interest rate of 1.2 percent and no issuance costs⁴. The total proposed debt principal amounts to \$23.12 million.

³ The existing Hinkle Reservoir debt service charge, which has not actually been collected from member agencies, will be superseded by the recommendations of this Study.

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

Table 3 summarizes some of the details of the proposed new debt issues, including the timing and the ensuing annual debt service.

Table 3: Summary of Proposed Debt Issue

Total Loan Issue	\$23,120,600
Interest Rate on Borrowings	1.2%
Debt Maturity (years)	30
First Full Payment Year	FY 2024
First Year of Interest Payments	FY 2023
Approx. Annual Debt Payments	\$922,281

2.10 DEBT SERVICE COVERAGE

The District's 2017 bond requires the District to maintain a debt service coverage ratio (DCR) of at least 1.15. The DCR is calculated based on the combined financial capacity of both San Juan Water District's Retail enterprise and Wholesale enterprise. Based on published guidance from Fitch Ratings, utility systems with *midrange* financial profiles should maintain a DCR greater than 1.5 times annual debt service. The new Hinkle loan (see Section 2.7) requires that the District maintain a minimum DCR of 1.2. This financial plan estimates that a DCR of at least 2.14 will be maintained throughout the planning period.

2.11 RESERVE POLICIES

Reserve policies are cash balances targets that are retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan and maintaining prudent reserves is an essential component of any sound financial management strategy. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans. The target levels of the policies below are consistent with 1) the District's established policies and practices; 2) the findings of reserve studies conducted by the AWWA; 3) a healthy level of reserves for a utility per the evaluation criteria

published by rating agencies (e.g., Fitch, Moody's, and Standard & Poor's); and 4) Hildebrand Consulting and The Reed Group's industry experience for similar systems.

The following recommended reserve policies are based on Board-approved policies (Policy FIN 5.9) which were last updated in 2018 (after the 2017 Wholesale Rate Study). The policy recommendations are intended to help the District mitigate and manage financial risk while meeting service and financial obligations.

Wholesale Operating Reserve - The purpose of the Operating Reserve is to provide sufficient funds (working capital) for operations of the District. The reserve will be maintained in an amount equal to at least 20 percent of the annual operating expenditures (excluding depreciation). This amounts to about \$1.70 million in FY 2023/24.

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

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

The purpose of the second component is to avoid and/or minimize the future issuance of debt for capital asset replacement.

In addition to the reasons for the capital reserve cited by the District's policy, the "cushion" provided by working capital reserves allows the District to draw down on reserves during above-average capital spending years and build the reserve back up during subsequent years. In reviewing the District's 2021/22 Comprehensive Annual

Financial Report (CAFR), the Wholesale enterprise's accumulated depreciation is approximately \$43 million. While the District's long-term goal of creating such healthy reserves is commendable, it is not reasonable to achieve such reserve levels within the next ten years. As such, this Report recommends a Capital Reserve target equal to 10-year average annual capital spending levels (excluding the Hinkle Reservoir cover replacement project as an outlier) as an interim goal. This equates to a reserve target of \$3.6 million.

Hinkle Debt Reserve – The terms of the Hinkle Reservoir SRF loan (see Section 2.9) requires the District to set aside a cash reserve equal to one year of debt service for the loan (\$922 thousand).

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

It should be noted that a series of reserves that existed during the 2017 Wholesale Rate Study are no longer used by the District, including the Rate Stabilization Reserve, the Compensation Absence Reserve, the PERS Stabilization Reserve and the Delta / Water Rights Reserve.

2.12 PROPOSED RATE REVENUE INCREASES

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

Based upon the previously discussed financial data, assumptions, policies, and debt strategy, this Study proposes a 5-year schedule of annual rate adjustments as detailed in **Table 4**.

It is important to understand three important complexities with respect to the percentages shown in Table 4.

- 1) While Table 4 shows a 5 percent increase in rates in FY 2023/34, the *actual* change to the District's adopted rates will be significantly lower because the Table 4 percentages *are relative to the revenue that the District has actually collected* from member agencies. While the Hinkle Reservoir Debt Service Charge was previously adopted by the District, the member agencies have not yet been asked to pay that charge. As is detailed in Section 3, the Hinkle Reservoir Debt Service Charge will be replaced by a revised rate schedule which will ultimately yield rates that are lower than a 5 percent increase to member agencies.
- 2) In addition to the above, the relative change in the rates paid by member agencies will also differ slightly among the member agencies due to the fact that any time there is an update to the cost allocation data, each rate payer will be affected differently.
- 3) The rate increases will happen at the midpoint of each fiscal year; therefore, the revenue increase will only be effective for half of the year. This means that the District's revenue increase in Fiscal Year 2023/24 will only be 2.5 percent.

Table 4: Recommended Water Rate Revenue Increase

Fiscal Year	Rate Implementation Date	Proposed Rate Revenue Adjustment
2023/24	January 1, 2024	5.0%
2024/25	January 1, 2025	5.0%
2025/26	January 1, 2026	5.0%
2026/27	January 1, 2027	4.0%
2027/28	January 1, 2028	4.0%

The numbers provided in **Schedule 1** (cash flow proformas) are summarized graphically in **Figure 5**.

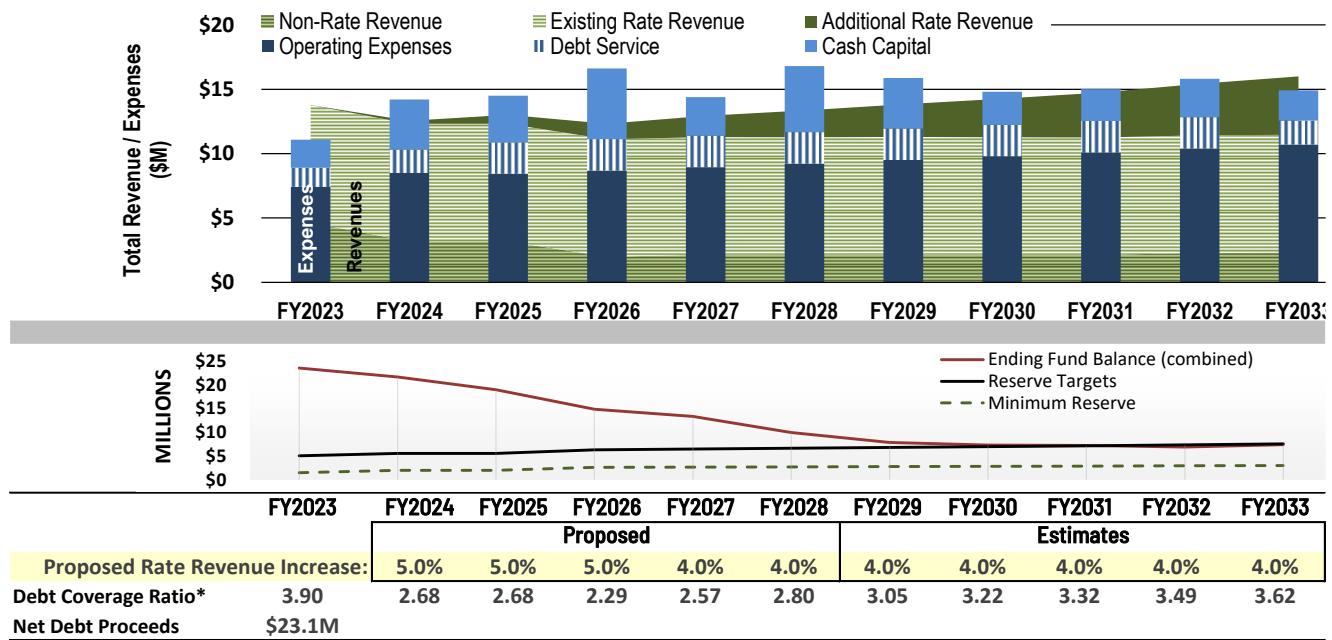


Figure 5: Financial Projection with Recommended Rate Revenue Increases

It is important to understand that the rate revenue increases that are being proposed are only slightly higher than assumed inflation rates (see Section 2.6). The projected rate increases after FY 2027/28 shown in Figure 5 are only estimates to demonstrate that, based on current forecasts, larger rate increases are not anticipated for that time period.

This financial plan has been developed based on a number of assumptions. It is understood that actual results (such as water usage or inflation) may deviate materially from the projections shown in this report. While it is recommended that the Board adopt the 5-year rate schedule (as shown in Schedule 3), it is also recommended that the District actively monitor the state of reserves over the course of the next 5 years. In the event that reserve levels fall short of projections, it may be necessary to consider higher rate increases than recommended by this report. Conversely, if reserve levels

begin to build materially higher than projected by this report, the Board may decide to modify some of the rate increases that had previously been adopted.

Section 3. COST OF SERVICE & RATE STRUCTURE

The Cost-of-Service analysis (COSA) evaluates the cost of providing water and allocates those costs to rate structure components to ensure the proposed rates are aligned with the costs to provide service. The COSA is performed in order to comply with applicable law, which requires the wholesale water rates to not exceed the reasonable costs of providing the service.

Upon completion of the COSA, a rate structure analysis was performed to evaluate rate structure modifications and calculate specific rate schedules for implementation starting in CY 2024. The complete schedule of proposed rates for CY 2024 through CY 2028 as detailed in **Schedule 3**.

The rate structure proposed by this Study is designed to:

- ▶ Fairly and equitably recover costs through rates
- ▶ Conform to accepted industry practice and legal requirements
- ▶ Provide fiscal stability and recovery of system fixed costs

The wholesale water rates proposed herein were calculated using the same general rate methodology originally developed by the District in 1998 and updated several times since then. The wholesale water rates include a uniform water usage rate applicable to each acre-foot (AF) of water deliveries⁵, a fixed quarterly service charge (which now included debt service costs), and quarterly capital facilities charges (applicable to only some wholesale member agencies and related to specific limited-benefit capital improvement projects, see Section 4).

⁵ The City of Folsom pays an additional usage rate for the Hinkle Pumping Surcharge (see Section 6).

3.1 CURRENT RATES

Current wholesale water rates are presented in **Table 5** for reference purposes. The water rates were last adjusted in January 2023, which was done to re-allocate fixed costs among member agencies based on their most recent water usage, with no change in the total amount of the overall rate revenue received by SJWD.

Table 5: Current Wholesale Rate Schedule

Calendar Year	2023
San Juan Water District	
Water Usage Rate (\$/AF)	\$81.14
Quarterly Fixed Charge	\$578,808.35
Quarterly Hinkle Reservoir Debt Charge ¹	\$133,920.00
Total Quarterly Charge	\$712,728.35
Citrus Heights Water District	
Water Usage Rate (\$/AF)	\$81.14
Quarterly Fixed Charge	\$533,570.81
Quarterly Hinkle Reservoir Debt Charge ¹	\$125,550.00
Total Quarterly Charge	\$659,120.81
Fair Oaks Water District	
Water Usage Rate (\$/AF)	\$81.14
Quarterly Fixed Charge	\$366,991.51
Quarterly Hinkle Reservoir Debt Charge ¹	\$96,255.00
Total Quarterly Charge	\$463,246.51
Orange Vale Water Company	
Water Usage Rate (\$/AF)	\$81.14
Quarterly Fixed Charge	\$189,735.60
Quarterly Hinkle Reservoir Debt Charge ¹	\$46,035.00
Total Quarterly Charge	\$235,770.60
City of Folsom	
Water Usage Rate (\$/AF)	\$81.14
Hinkle Pump Station Surcharge (\$/AF) (2)	\$102.00
Quarterly Fixed Charge	\$56,139.74
Quarterly Hinkle Reservoir Debt Charge ¹	\$12,555.00
Direct Portion of 2022 Refunding Loan ² (Quarterly)	\$18,476.96
Total Quarterly Charge	\$87,171.70
Sacramento Suburban Water District	
Treat and Wheel Rate (\$/AF) (3)	\$220.16

¹ Adopted charge in anticipation of debt for the Hinkle Reservoir Rehabilitation Project. Charges have not yet been assessed.

² Unique charge to the City of Folsom

3.2 ALLOCATION OF COSTS AND PROPOSED RATES

The process for calculating water rates involves (a) determining the annual water rate revenue requirements (as detailed in Section 2) then (b) allocating those costs to each member agency based on the cost of providing service (also known as the cost-of-service analysis, or COSA). This study allocated costs using the District's broad (departmental) cost classifications, including source of supply, water treatment and operations, executive and board of directors, administration and information technology, finance and purchasing, human resources, engineering, water conservation and outreach, debt service, and cash-funded capital expenses (see Table 7). Non-rate revenues and changes in the operating fund balance were also factors in determining the annual revenue requirement.

While this Study proposes a methodology for allocating costs that is consistent with the methodology employed in the 2017 Wholesale Water Rate Study, this Study proposes to further increase the amount of revenue that is collected through fixed charges. The 2017 study began a shift towards recovering more fixed costs through fixed charges, and this current Study proposes to complete the shift by recovering all fixed costs through fixed charges. There are a number of reasons why fixed costs are best recovered with a fixed revenue source, particularly for a wholesale agency with only five member agencies. Fixed costs are (by definition) a certainty for the wholesaler and therefore it stands to reason that those same costs should also be a certainty for the member agencies. Furthermore, recovering fixed costs through a fixed charge provides financial certainty to both parties. Consistent with legal requirements, it is “reasonable” that a wholesale agency require its member agencies to support the wholesaler’s fixed financial obligations through fixed charges. While it is common for *retail* water agencies to recover a certain portion of their fixed revenue through variable charges, it is not appropriate to apply the same rate setting approach to wholesale agencies. There is a material difference in the dynamics of recovering revenue from thousands of end users (with a wide range of water needs) versus recovering revenue from five utilities that are in the same business of providing water service to others.

The following describes the allocation of costs shown in Table 7.

- 1) **Variable costs** are allocated based on actual water deliveries to the member agencies. For the purpose of this Study, variable costs are defined as those costs that change as a *direct result of increased or decreased water deliveries*. These costs include energy (electricity & fuel), chemicals, water purchase costs and some variable maintenance expenses. These costs will ultimately be paid by member agencies based on actual water usage during a given payment period. For the purpose of this Study, it was assumed that the projected water delivery *totals* for FY 2024 represent an average year for the next five years (note that the relative amount used by each respective member agency during that fiscal year does not affect the calculations).
- 2) **Most fixed costs** (hereafter “District fixed costs”) are proposed to be allocated to the respective member agencies based on their respective *peak annual water deliveries* over the past 10 years. These fixed costs include most labor, benefits, administration, maintenance, Board expenses, and debt service. The 2017 Wholesale Rate Study allocated such costs based on *average annual water usage* over the 5-year period that immediately preceded the study, while current District practice is to allocate such costs based on the most *recent five-year average water usage (otherwise known as a rolling five-year average)*. It is recommended that the District allocate these fixed costs based on their peak water deliveries from a relatively long time period because peak water usage is an accepted industry standard for measuring the amount of infrastructure that is needed to serve customers. The size (and therefore costs) of the District’s water infrastructure, and operations as a whole, is predominantly driven by the District’s peak water demands. This concept is identical to the commonly used and standard approach for retail water rate setting, which allocates fixed costs to retail customers based on the (peak) capacity of their meter (regardless of how often that full capacity is actually used by the customer). Consistent with the previous discussion regarding fixed versus variable revenue, it is important to understand that the use of a variable metric to allocate fixed costs (such as using the most recent five-years of actual water usage, as has been the District’s recent practice) is both inequitable (because recent actual water usage does not affect the District’s fixed costs) and it creates financial uncertainty and rate volatility for the member agencies. To further underline this last point, the exercise of allocating fixed costs to member agencies is a “zero sum game,” meaning that if one member agency pays less than the other must pay more because the fixed costs need to come from somewhere. Under

the current practice, when one member agency uses relatively less water, more fixed costs are allocated to the other agencies even if their water usage did not change. This creates both financial uncertainty for the member agencies and an arguable inequity (since recent water usage does not actually affect the District's fixed costs). It is worth noting that the peak demands for all five member agencies occurred in the same year (2013, see Table 1).

A final point in support of the use of the (static) peak water usage metric to allocate fixed costs is eliminating the need to recalculate rates every year (as is the current practice), which currently creates additional administrative effort for the District and creates financial uncertainty for the member agencies.

- 3) **Some specific customer-related fixed costs** are allocated to the respective member agencies based on their respective number of retail customers. This is limited to costs that are driven by the number of individual retail customers that are served. These costs are limited to conservation and outreach costs.

Table 6 presents the metrics that are used for allocating costs to the member agencies. These include projected water demands (from FY 2024 as previously explained), peak water usage over the past 10 years, and number of retail accounts.

Table 6: Cost Allocation Metrics

Wholesale Customer	Annual Water Use		Number of Customers (Accounts)
	Variable Costs	Fixed Costs	
	Projection for FY 2024 (AF)	10-Year Peak (AF)	
San Juan WD - RSA	11,229	14,743	10,967
Citrus Heights WD	8,713	14,327	19,845
Fair Oaks WD	5,612	10,676	14,174
Orange Vale WC	3,700	5,023	5,621
City of Folsom	1,025	1,507	1,076
Totals	30,279	46,276	51,684

Table 7 show the departmental costs being allocated to one of the three types of costs described above (Variable, District fixed, or Customer-related fixed). Miscellaneous revenues

and the use of reserves is credited entirely to the District-fixed costs category. Note that costs and revenues in Table 7 are taken from FY 2024, which is intended to be a representative year of costs and revenues. For this reason, the Miscellaneous Revenue in Table 7 excludes the budgeted revenue from SSWD for FY 2024, which results in a larger Use of Cash Reserves than indicated in the financial plan (Section 2). This deviation from the financial plan assumptions does not change the calculated rate for Member Agencies since the Miscellaneous Revenues and Use of Cash Reserves affect the rates identically.

The lower portion of Table 7 shows how the costs in each category are summed and then expressed as unit costs by dividing the sum total by the applicable metric. For example, the total variable costs are \$1,603,700 and the unit cost is \$52.96 per AF after dividing those costs by 30,279 AF.

Table 7: Cost Allocation Steps

1 2 Cost Category	Total Costs (FY 2024)	District Variable Costs	District Fixed Costs	Customer-Related Fixed Costs
		<u>Units of Service</u>		
		30,279 AF	46,276 AF	51,684 Accounts
3 Source of Supply	\$1,364,900	\$490,700	\$874,200	
4 Water Treatment & Operations	\$3,909,700	\$1,113,000	\$2,796,700	
5 Executive & Board of Directors	\$657,000		\$657,000	
6 Administration & Info. Tech.	\$921,000		\$921,000	
7 Finance & Purchasing	\$533,200		\$533,200	
8 Human Resources	\$476,800		\$476,800	
9 Engineering	\$473,400		\$473,400	
10 Conservation & Outreach	\$170,700			\$170,700
11 Existing Debt Service	\$1,518,200		\$1,518,200	
12 Hinkle Reservoir Debt Service	\$280,000		\$280,000	
13 Capital Outlay	\$3,909,000		\$3,909,000	
14 Offsetting Miscellaneous Revenues	-\$1,799,400		-\$1,799,400	
15 Use of Cash Reserves	-\$2,821,300		-\$2,821,300	
16 Total Revenue Requirement	\$9,593,200	\$1,603,700	\$7,818,800	\$170,700
17 Unit Costs of Service		\$52.96 per actual AF	\$168.96 per peak AF	\$3.30 per account

Table 8 summarizes the proposed rate for the member agencies based on the unit rates shown at the bottom of **Table 9** and the peaking values assigned to each respective member agency. The Quarterly O, M, R, & D Service Charge (operation, maintenance, replacement, and debt) includes both the District fixed costs and the Customer-base fixed costs. Note that Table 8 separates the 2019 Hinkle Debt Service Charge from the O, M, R, & D Service Charge for demonstration purposes only. Going forward the District will combine the two charges (as shown in Schedule 3).

Table 8: Proposed Rates for CY 2024

Member Agencies	Quarterly Charges		
	O, M, R, & D Service Charges	Hinkle Debt Charges	Total Quarterly Charges
San Juan Water District	\$609,475	\$22,300	\$631,775
Citrus Heights Water District	\$599,900	\$21,675	\$621,575
Fair Oaks Water District	\$446,525	\$16,150	\$462,675
Orange Vale Water Company	\$209,175	\$7,600	\$216,775
City of Folsom	\$62,275	\$2,275	\$64,550

Notes:

2023 Hinkle Debt Service Charge is shown separately for transparency only, the adopted rate schedule will include all debt in the O, M, R, & D Service Charge. Capital facilities charges are not shown. City of Folsom is also subject to a pumping surcharge and an additional debt service charge.

Table 9 has been provided as an estimate of the total costs to each member agency in CY 2024. Only an estimate can be provided since the actual Usage charge will depend on actual usage by each respective member agency. As with Table 8, the 2019 Hinkle Debt Service Charge has been broken out from the O, M, R, & D Service Charge for demonstration purposes only.

Table 9: Estimated Total Costs to Member Agencies for CY 2024¹

Wholesale Customers	Usage Rates	District Fixed Cost Charge	Customer-Related Fixed Charge	2023 Hinkle Debt Service Fixed Charge	Total Estimated Annual Costs (\$)	(%)
Unit Costs of Service -->	\$52.96 per actual AF	\$162.91 per peak AF	\$3.30 per account	\$6.05 per peak AF		
San Juan Water District (Retail)						
Units of Service	11,229	14,743	10,967	14,743		
Allocation of Costs	\$594,700	\$2,401,700	\$36,200	\$89,200	\$3,121,800	32.5%
Citrus Heights Water District						
Units of Service	8,713	14,327	19,845	14,327		
Allocation of Costs	\$461,400	\$2,334,100	\$65,500	\$86,700	\$2,947,700	30.7%
Fair Oaks Water District						
Units of Service	5,612	10,676	14,174	10,676		
Allocation of Costs	\$297,200	\$1,739,300	\$46,800	\$64,600	\$2,147,900	22.4%
Orange Vale Water Company						
Units of Service	3,700	5,023	5,621	5,023		
Allocation of Costs	\$196,000	\$818,200	\$18,500	\$30,400	\$1,063,100	11.1%
City of Folsom						
Units of Service	1,025	1,507	1,076	1,507		
Allocation of Costs	\$54,300	\$245,500	\$3,600	\$9,100	\$312,500	3.3%
Totals:	\$1,603,600	\$7,538,800	\$170,600	\$280,000	\$9,593,000	100%

¹The costs in this table are only estimated because the variable costs assume the water usage as projected for CY 2025. Actual variable costs for each member agency will depend on actual water usage. The fixed costs are accurate for CY 2024. Some bottom-line totals do not match Table 8 totals due to rounding.

Section 4. CAPITAL FACILITY CHARGES

In 2015, the District adopted a system of capital facilities charges related to a small number of planned wholesale capital improvement projects that benefit some, but not all, of the wholesale customers. The charges help to ensure equitable and timely cost recovery for these projects and recover the costs for projects with unique cost sharing attributes. The capital facilities charges recover costs through fixed quarterly charges over a five-year period, beginning 18 months prior to the year of construction of affected projects.

The capital facility charges adopted in 2017 have all been paid off. Going forward, the only new project that is a candidate for a capital facility charge is the Hazel Ave 12-inch transmission main replacement project, of which this Study assumes that Orangevale Water Company will be responsible for \$330,000. **Table 10** presents an updated capital facilities charges schedule reflecting the timing of the above charges.

Table 10: Capital Facility Charge Schedule for Orangevale Water

Company

CY 2024	\$66,000
CY 2025	\$66,000
CY 2026	\$66,000
CY 2027	\$66,000
CY 2028	\$66,000

Section 5. TREAT-AND-WHEEL RATES

In October 1994, the District amended an agreement with the Northridge Water District (now Sacramento Suburban Water District, or SSWD) concerning the diversion, treatment, and conveyance of water. Under this agreement, the District agreed to use available surplus capacity to treat and wheel surface water through the wholesale water system to SSWD, upon SSWD's request. The agreement contemplates the delivery of SSWD's own water (or water obtained by SSWD), herein referred to as "SSWD water," or surplus District water, as conditions and circumstances may dictate. Such conditions may include (but are not limited to) Water Forum Agreement conditions. At present, it is generally SSWD water that is moved through the District's wholesale water facilities for delivery to SSWD at the westerly terminus of the cooperative transmission pipeline at C-Bar-C Park.

The relevant section of the 1994 agreement provides the following language for charging SSWD for water deliveries:

4. Payment for Use of Surplus Capacity or Surplus Water. San Juan's charge to Northridge for use of Surplus Capacity in San Juan's Facilities to deliver Surplus Water or Northridge Water shall be at the same average wholesale water rate it charges to San Juan's Member Districts, plus a charge to cover the pro rata cost of treating water to be delivered to Northridge to the extent treatment costs are not included in the wholesale water rate. The charge for using Surplus Capacity to divert, treat, and deliver Northridge Water shall not include the cost-of-water component of San Juan's wholesale water rate, but may include the cost to San Juan to obtain Surplus Water specifically for the purpose of making it available for delivery to Northridge.

In 2017 the District and SSWD signed an updated agreement which included the following language in Section 4, Paragraph 2:

“Effective January 1, 2017, utilizing the current structure of SJWD’s Wholesale Financial Plan and Water Rate Study, SSWD’s per acre foot cost of water shall be the total average cost of service for the Wholesale entity, less the burdened Cost of Supply, with the sum divided by the estimated annual water use of the wholesale customer entities.”

The following calculation methodology for determining an appropriate treat-and-wheel water rate for SSWD is proposed based on guidance provided by the 2017 agreement:

$$\text{SSWD Rate: } \frac{\text{SJWD Wholesale Revenue Requirement} - \text{Burdened Source of Supply Costs}}{\text{Estimated Annual SJWD Water Deliveries}}$$

Below the rate has been updated with cost data and water usage assumptions found in Section 3.2.

$$\text{SSWD Rate: } \frac{\$9,593,200 - \$1,546,758}{30,279 \text{ AF}} = \$265.74 / \text{AF}$$

The Revenue Requirement value comes from Row 16 of Table 7 and the water delivery value comes from Table 6. The Burdened Source of Supply Cost comes from the following Table 11, which also uses values from Table 7. In the top half of the table the operating costs are categorized as either Supply Costs or Non-Supply costs and then the totals are compared and expressed as percentages (see Row 6). These percentages are then applied to the Administrative Costs and Miscellaneous Revenues in the lower half of the table to calculate the Net Administrative Costs, which are added to the supply operating costs to calculate the total Burdened Source of Supply Cost (Row 13). This method of calculating the burdened costs is called the “indirect allocation method” and uses the relative value of dollars on the operating side to determinate how to allocate administrative costs.

Table 11: Calculation of Burdened Source of Supply Cost

Cost Category	Total Cost	District Supply Costs	District Non-Supply Costs
OPERATING COSTS			
1 Source of Supply	\$1,364,900	\$1,364,900	
2 Water Treatment & Operations	\$3,909,700		\$3,909,700
3 Engineering	\$473,400		\$473,400
4 Conservation & Outreach	\$170,700		\$170,700
5 Total Operating Only	\$5,918,700	\$1,364,900 23%	\$4,553,800 77%
ADMINISTRATIVE COSTS AND MISCELLANEOUS REVENUES*			
7 Executive & Board of Directors	\$657,000	\$151,510	\$505,490
8 Administration & Info. Tech.	\$921,000	\$212,390	\$708,610
9 Finance & Purchasing	\$533,200	\$122,960	\$410,240
10 Human Resources	\$476,800	\$109,954	\$366,846
11 Miscellaneous Non-Rate Revenue	-\$1,799,400	-\$414,956	-\$1,384,444
12 Net Administrative Costs	\$788,600	\$181,858	\$606,742
13 Total Burdened Costs	\$6,707,300	\$1,546,758	\$5,160,542

* Allocated to Supply vs. Non-Supply Category based on percentages from Row 6

The proposed rate is lower than the effective per-acre-foot rates paid by Member Agencies in part because the District is simply treating water that is owned by SSWD and therefore all costs of water supply have been removed from the rate.

Based on the proposed overall wholesale water rate increases for 2024 through 2028 from the financial plan model, future SSWD treat-and-wheel water rates would increase as shown in **Table 12**.

Table 12: Recommended Water Rate Revenue Increase

Calendar Year	Rate per AF
2024	\$265.74
2025	\$279.03
2026	\$292.98
2027	\$304.70
2028	\$316.89

Occasionally the District delivers District-owned water to SSWD, rather than SSWD water. In such situations, there is a separate negotiated rate that may or may not incorporate this treat-and-wheel rate. Calculating that particular rate is done by the District on an annual basis and is outside of the scope of this study.

Section 6. HINKLE PUMPING SURCHARGE

The Hinkle Booster Pump Station is used to deliver water to the City of Folsom, as well as to distribute water within the San Juan Water District Retail service area. Because this pumping, and related costs, does not affect other member agencies, the District accounts for the pumping costs to ensure that those costs are recovered from San Juan Water District Retail water system as well as an equitable amount from the City of Folsom. The City of Folsom pays these costs through a surcharge on its delivered water. The current surcharge is \$102.00 per AF.

The costs associated with the pump station include labor, electricity, materials, and depreciation expenses. As part of the current update, an annual depreciation expense of \$175,600 was calculated based on an original construction cost of \$3.55 million and an estimated useful life of 40 years. About half of the water through the Hinkle Pump Station is delivered to the City of Folsom, while the other half goes to the SJWD Retail service area. As such, the costs are split evenly between Folsom and SJWD. The surcharge is calculated by dividing Folsom's share of the costs by the typical volume of water delivered to the City of Folsom, as summarized in **Table 13**.

Table 13: Hinkle Pumping Surcharge Calculations

	Annual Costs	Retail Share	Folsom Share
Employee Costs:	\$41,100	\$20,550	\$20,550
Electricity Costs:	\$39,300	\$19,650	\$19,650
Material Costs	\$6,500	\$3,250	\$3,250
Depreciation Expense:	\$175,600	\$87,800	\$87,800
Total:	\$262,500	\$131,250	\$131,250

Estimated Annual Water Deliveries to Folsom: **1110 AF**

Pumping Surcharge: \$79.10 per AF

Given that the costs of the Hinkle Booster Pump Station are borne by the SJWD Retail water system, the pumping surcharge revenue collected from the City of Folsom goes to the benefit of Fund 50 (Retail Operating Fund).

The Hinkle Pumping Surcharge should be adjusted annually based on inflation, and periodically reviewed and/or updated to ensure that the surcharge continues to reasonably reflect costs associated with this service to the City.

Section 7. CONCLUSION

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws. The proposed annual adjustments to the water rates are expected to enable the District to continue to provide reliable service to member agencies.

The District is required to give its member agencies a 150-day noticing period prior to implementing new rates.

As with past practice, the District should monitor financial conditions and needs on an ongoing (annual) basis and update the financial plan model if conditions or plans change sufficiently to warrant an update. Actual future conditions, such as water demand, water sales revenue, operating and maintenance expenses, capital project costs/timing, project financing, etc., may differ from the financial plan assumptions reflected herein. Material differences affecting the overall financial condition of the wholesale water system may warrant closer review and/or an earlier update. The need for and magnitude of annual water rate increases may also be affected by differences between assumed and actual conditions.

SCHEDULES

SCHEDULE 1 – CASH FLOW PRO FORMA (OPERATING FUND AND CAPITAL FUND)

SCHEDULE 2 - CAPITAL SPENDING PLAN

SCHEDULE 3 - 5-YEAR SCHEDULE OF PROPOSED WATER RATES

SCHEDULE 1 – 10-YEAR CASH FLOW PROFORMA (1 OF 2)

Operating Fund (Fund 10)

	Estimated FY 2023	Budget FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031	Projected FY 2032	Projected FY 2033	
1	Overall Rate Revenue Increases -->	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	
2	Beginning Balance	2,054,000	4,554,000	5,107,901	1,687,000	1,009,400	513,700	175,000	2,700	6,400	203,600	604,200
	SOURCE OF FUNDS											
	Rate Revenue											
3	OMR&D Fixed Charges	6,900,984	7,817,000	8,213,000	8,623,000	9,010,000	9,371,000	9,746,000	10,135,000	10,541,000	10,962,000	11,401,000
4	Water Usage Charges	2,235,416	1,548,000	1,626,000	1,708,000	1,784,000	1,856,000	1,930,000	2,007,000	2,087,000	2,171,000	2,258,000
5	Total Rate Revenue	9,136,400	9,365,000	9,839,000	10,331,000	10,794,000	11,227,000	11,676,000	12,142,000	12,628,000	13,133,000	13,659,000
	Miscellaneous Revenue											
6	Non-Service Area Sales	2,697,100	1,381,000	-	-	-	-	-	-	-	-	-
7	Granite Bay Golf Course	12,600	13,200	13,900	14,600	15,200	15,800	16,400	17,100	17,800	18,500	19,200
8	Misc. Operating Revenue	70,000	66,600	69,000	71,000	73,000	75,000	77,000	79,000	81,000	83,000	85,000
9	Interest Earnings	66,500	33,000	48,000	34,000	13,000	8,000	3,000	1,000	-	1,000	4,000
10	Total Sources of Funds	11,982,600	10,858,800	9,969,900	10,450,600	10,895,200	11,325,800	11,772,400	12,239,100	12,726,800	13,235,500	13,767,200
	USE OF FUNDS											
11	Source of Supply	884,000	1,364,900	923,300	951,000	980,000	1,009,000	1,039,000	1,070,000	1,102,000	1,135,000	1,169,000
12	Water Treatment & Operations	2,483,258	2,796,224	2,908,000	2,995,000	3,085,000	3,178,000	3,273,000	3,371,000	3,472,000	3,576,000	3,683,000
13	Energy, Chemicals, Utilities & Variable	976,442	1,113,476	1,240,000	1,280,000	1,323,000	1,367,000	1,413,000	1,460,000	1,506,000	1,554,000	1,603,000
14	Executive & Board of Directors	607,800	657,000	683,000	703,000	724,000	746,000	768,000	791,000	815,000	839,000	864,000
15	Administration & Information Technology	758,200	919,400	956,000	985,000	1,015,000	1,045,000	1,076,000	1,108,000	1,141,000	1,175,000	1,210,000
16	Finance	539,400	533,200	555,000	572,000	589,000	607,000	625,000	644,000	663,000	683,000	703,000
17	Human Resources	518,300	476,800	496,000	511,000	526,000	542,000	558,000	575,000	592,000	610,000	628,000
18	Engineering	464,100	473,400	492,000	507,000	522,000	538,000	554,000	571,000	588,000	606,000	624,000
19	Conservation & Outreach	192,700	170,700	178,000	183,000	188,000	194,000	200,000	206,000	212,000	218,000	225,000
20	Non-Operating Expenses	1,600	1,600	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
21	<u>Debt Service</u>											
22	2017 Refunded COPs (was 2009)	938,700	937,200	934,400	933,600	934,800	934,700	933,500	936,900	933,000	933,700	938,200
23	2022 Refunding Bonds (was 2012)	544,500	581,000	582,000	582,600	580,100	579,800	581,200	578,500	580,600	581,200	-
24	Hinkle Reservoir Debt		280,000	922,000	923,000	922,000	922,000	922,000	922,000	923,000	922,000	922,000
25	Transfer Out to Capital Fund*	573,200	-	2,519,101	-	-	-	-	-	-	-	-
26	Total Uses of Funds	9,482,200	10,304,900	13,390,801	11,128,200	11,390,900	11,664,500	11,944,700	12,235,400	12,529,600	12,834,900	12,571,200
27	Change in Fund Balance	2,500,400	553,901	(3,420,901)	(677,600)	(495,700)	(338,700)	(172,300)	3,700	197,200	400,600	1,196,000
28	Ending Balance	4,554,400	5,107,901	1,687,000	1,009,400	513,700	175,000	2,700	6,400	203,600	604,200	1,800,200
29	Operating Reserve Target (20%)	1,485,000	1,701,000	1,687,000	1,738,000	1,791,000	1,846,000	1,902,000	1,960,000	2,019,000	2,080,000	2,142,000
30	Debt Service Reserve	-	280,000	922,000	923,000	922,000	922,000	922,000	922,000	923,000	922,000	922,000

* These transfers to Fund 11 are only hypothetical in order to maintain Fund 10 at the Operating Reserve Target. Actual transfers may differ materially.

SCHEDULE 1 – 10-YEAR CASH FLOW PROFORMA (2 OF 2)

Capital Fund (Fund 11)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
31	Beginning Balance	18,784,000	18,759,000	16,536,600	17,288,601	13,823,501	12,847,701	9,765,201	7,865,901	7,309,601	7,014,701	6,275,801
Sources of Funds												
31	Transfer In from Operations	573,200	-	2,523,101	-	-	-	-	-	-	-	
31	Capital Facilities Charges	-	33,000	66,000	66,000	66,000	66,000	33,000	-	-	-	
31	Property Taxes	1,376,100	1,403,600	1,432,000	1,461,000	1,490,000	1,520,000	1,550,000	1,581,000	1,613,000	1,645,000	
31	Wholesale Connection Fees	220,000	100,000	188,000	324,000	334,000	344,000	355,000	365,000	505,000	520,000	
31	CSI Solar Rebate	-	-	-	-	-	-	-	-	-	-	
31	Interest Earnings	189,300	150,000	165,400	172,900	138,200	128,500	97,700	78,700	73,100	70,100	
31	Debt Proceeds	23,120,600	-	-	-	-	-	-	-	-	-	
31	Total Sources of Funds	2,358,600	1,686,600	4,374,501	2,023,900	2,028,200	2,058,500	2,035,700	2,024,700	2,191,100	2,235,100	1,678,000
Uses of Funds												
31	Capital Outlay	2,176,100	3,909,000	3,622,500	5,489,000	3,004,000	5,141,000	3,935,000	2,581,000	2,486,000	2,974,000	2,349,000
31	Total Uses of Funds	2,176,100	3,909,000	3,622,500	5,489,000	3,004,000	5,141,000	3,935,000	2,581,000	2,486,000	2,974,000	2,349,000
31	Change of Fund Balance	182,500	(2,222,400)	752,001	(3,465,100)	(975,800)	(3,082,500)	(1,899,300)	(556,300)	(294,900)	(738,900)	(671,000)
31	Ending Balance	18,966,500	16,536,600	17,288,601	13,823,501	12,847,701	9,765,201	7,865,901	7,309,601	7,014,701	6,275,801	5,604,801
31	CIP Reserve Target	3,549,000	3,549,000	3,691,000	3,802,000	3,916,000	4,033,000	4,154,000	4,279,000	4,407,000	4,539,000	4,675,000
31	Hinkle Reservoir Reserve	-	-	-	-	-	-	-	-	-	-	-
31	Total Target	-	3,549,000	3,691,000	3,802,000	3,916,000	4,033,000	4,154,000	4,279,000	4,407,000	4,539,000	4,675,000
31	Debt Service Coverage Ratio *	3.90	2.68	2.29	2.57	2.80	3.05	3.22	3.32	3.49	3.62	2.54

* This debt service coverage ratio is the combined ratio for both the Retail enterprise and Wholesale enterprise

SCHEDULE 2 – CAPITAL SPENDING PROJECTIONS

Capital Spending Plan (1 of 3)

Schedule 2

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Vehicles										
1 Pool - Vehicle #32 - Wholesale Share (Ford Edge) - 50/50 split W/R								\$15,000		
2 Engineering - Vehicle #41 (2022 F-150 SuperCrew; 4x4, 50/50 W/R share)										
3 Engineering - Vehicle #33 (2016 F-150 SuperCab, 25/75 split W/R)		\$16,000								
4 Conservation - Vehicle #34 (2016 Chevy Colorado)										\$11,000
5 WTP - Vehicle #3 (1991 Ford F-800 Dump)		\$125,000								
6 WTP - Vehicle #7 (2010 Ford F150)		\$50,000								
7 WTP - Vehicle #25 (2009 F650 W/Dump Bed)		\$125,000								
8 WTP - Vehicle #29 (2000 Dodge Dakota SLT Xtra Cab)		\$31,000								
9 WTP - Vehicle #40 (2021 Dodge Promaster 2500)										
10 WTP - Vehicle #45 (2022 Ford F450 Reg Cab Chassis w/ Crane Body)	\$86,000									
11 GEM (Electric two-seater w/ Utility Bed)										
Pre-Treatment										
12 SWC Resurface, Joint Repair, and Caulk						\$273,000				
13 Powdered Activated Carbon System		\$311,000		\$1,282,000						
14 Launderer & Settling Tube Evaluation and Replacement								\$119,000		
Filters										
15 Backwash Hood Rehabilitation	\$150,000	\$425,000	\$438,000							
16 NW and SW Surface Wash Pump Rehabilitations		\$16,000	\$16,500							
17 Tag Line Replacement for BW Hoods		\$15,000	\$15,500							
18 Backwash Hood Track and Rail Replacement		\$32,500	\$33,500							
19 Filter Valve Actuators Replacements										
20 Isolation Valves on Filter Effluent Piping (Filter Gallery)								\$860,000		
21 Filter Effluent Pipe Thickness Testing		\$75,000								
22 Filter Channel Lining/Underdrain Inspection						\$724,000		\$2,983,000		
23 Filter Influent/Effluent Valve Replacement						\$699,000				
Chemical Feed Systems										
24 CL2 Piping Replacement Project			\$82,000							
25 Lime Feeder Replacement										
26 Lime Tower Assmnt/Design & Replmt	\$225,000		\$200,000							
27 Chlorinator Replacement (6)				\$74,000						
28 ProMinet Cl2 Sensors and Cabinets (4)										
29 Update Depolox Analyzers				\$32,000						
30 Turbidimeters Replacement		\$47,800								
31 Dry Polymer Conversion					\$216,000					
32 Streaming Current Controllers (2)						\$56,000				
Solids Handling Facilities										
33 Clarifier (Thickener) Access Ladders	\$50,000		\$150,000							
34 Sludge Feed Pump Replacement (3 pumps)								\$63,000		
35 Solids Handling Improvements									\$261,000	
36 Drying Beds Improvements						\$1,270,000				\$1,074,000

Capital Spending Plan (2 of 3)

Schedule 2

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Hinkle/Baldwin Reservoir										
37 Hinkle Res. Monitoring Wells Level Probes										\$74,000
38 Baldwin Channel Culvert Replacement (at Solar Site Access Road)	\$342,500									
39 Hinkle Overflow Channel Lining (East of AFR)		\$342,500								
40 Hinkle Reservoir Cover & Liner Replacement (CASH)	\$774,800									
41 Hinkle Res. Outlet Actuator (Equip & Power)										
42 Rehab Hinkle Reservoir Inlet Structure										
43 Hinkle Res. Temporary Tanks, Piping, & Elec. (SSWD Imp. Inc'd)	\$100,000									
44 Baldwin Road and Fence Improvements (includes bank stabilization)						\$437,000				
45 Hinkle Reservoir Cover & Liner Replacement										
Plant Piping										
46 Reline 60" Pipe from Filters to Inlet Structure	\$180,000					\$1,773,000				
47 TW1 60-in Valve Replacement		\$77,000								
48 New Influent Valve Actuators (Headworks)			\$64,000							
49 48-in Bypass Valves Rehabilitation		\$76,000								
50 Replace North/South Influent Meters (Mag meters)			\$335,000							
Transmission Pipelines										
51 HTB 72-in T-main Joint Seals (WECO Seals, Hinkle to Bacon)	\$762,000									
52 Hazel Ave 12-in T-main Eden Oaks to OVWC Replacement	\$32,000	\$298,000								
53 Twin 54-in T-mains and BFV Actuators Rehab/Repairs	\$200,000									
54 Penstock Manifold and BFV Actuators Rehab/Repair	\$150,000									
55 Corrosion Control Bench Testing		\$52,000								
56 Transmission Main Detailed Condition Assessment Plan	\$100,000									
57 High Priority RCP Pipe Inspection		\$908,000								
58 Medium Priority RCP/CLMS/SP Pipe Inspection							\$551,000	\$567,000	\$584,000	\$602,000
59 54-in and 72-in RCP Joint Rehabilitation										\$368,000
60 Condition Assessment Plan Update										
61 Low Priority RCP/CLMS/SP Pipe Inspection										
Water Supply Reliability Projects										
62 Supply Reliability Improvements	\$424,000									

Capital Spending Plan (3 of 3)

Schedule 2

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Miscellaneous CIP Items										
63 SBW Pump Station Rehab (& BW EQ Basin)		\$175,000								
64 WTP Generator Replacement										
65 WTP Electrical Panel Relocation			\$201,000	\$1,769,000						
66 Admin/FO/Engr Building Imprmt/Repm't (Whls Share)			\$221,000				\$3,028,000			
67 Security Improvements (WTP)		\$45,000	\$108,000							
68 Corp Site Perimeter Fencing Replacements				\$153,000						
69 Corp Site Paving, Slurry Seal & Re-Stripe			\$206,000							
70 Unspecified Rehab/Upgrade Projects	\$293,000	\$301,000	\$310,000	\$320,000	\$329,000	\$339,000	\$1,009,000	\$1,199,000	\$1,235,000	
71 Admin PG&E Electrical Service Upgrade (50/50 split W/R)	\$225,000									
72 SCADA Comm Impvts - North Phase (Whsl Share,; Replm't Radios, Fiber, etc.)										
73 Security Fence West End of WTP at WEL Garden				\$33,000						
74 Solar Panel Replacement										
75 WTP Lab Remodel			\$15,000							
76 WTP Carpet Replacement				\$7,000						
77 Wholesale Delivery Mag Meter Replacements (Billing Meters)										
78 SHB - Failing Slumpstone Facing Restoration				\$6,000						
79 Replace and Relocate Electric Panel near sink										
80 Fluke Pressure Calibrator										
81 HVAC Replacements		\$90,000								
82 HVAC Replacement - Admin Bldg (50/50 split W/R)		\$50,000								
83 Power Monitors (Total 11 sites W&R; 2 site Whsl Share)		\$63,000								
84 Land Acquisition (Property Boundary adjustment south of Hinkle Res.)	\$25,000									
85 New Gate for WTP	\$35,000									
86 Corp Site Sewer Evaluation (50/50 split W/R)	\$25,000									
87 Hach pH/DO Lab Meter	\$5,500									
88 In-Plant-Pumps SCADA Integration	\$20,000									
89 Clean Fleet Study and Improvements-CARB (25/75 split W/R)	\$70,000									
90 SCADA Cyber Security Study & Improvements	\$70,000									
91 Flagpole Replacement (50/5 split W/R)	\$5,000									
92 ADA Plan Compliance - Administration Bldg Men's Restroom (50/50 split W/R)	\$7,500									
93 Whsl Meter Terminal Replacements (33 meters total)	\$66,000	\$68,000	\$70,000							
Information Technology										
94 New Servers				\$87,000						
95 New Firewall							\$17,000			
96 New Appliances										
97 Fiber Optic Cabling to Solids Handling Bldg			\$27,000							
98 173Hz Radios (MQTT) - South Phase										
99 Tyler Content Management and Output Director (50/50 split W/R)	\$12,000									
100 Tyler System Upgrades				\$21,000						
Large Non-Capital Projects										
101 Medium Voltage Electrical Service Study				\$55,000						
102 Total Capitals Spending	\$2,176,100	\$3,909,000	\$3,622,500	\$5,489,000	\$3,004,000	\$5,141,000	\$3,935,000	\$2,581,000	\$2,486,000	\$2,974,000

SCHEDULE 3 – FIVE-YEAR COMPREHENSIVE WATER RATE SCHEDULE

	Current Rates	Proposed Rates (effective January 1st)				
		CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
San Juan Water District - Retail						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$578,808.35	\$609,475.00	\$663,363.75	\$696,531.94	\$724,393.22	\$753,368.95
Hinkle Reservoir Debt Charge ¹	\$133,920.00	\$22,300.00	-----	(see footnote 1)	-----	-----
Citrus Heights Water District						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$533,570.81	\$599,900.00	\$652,653.75	\$685,286.44	\$712,697.90	\$741,205.81
Hinkle Reservoir Debt Charge ¹	\$125,550.00	\$21,675.00	-----	(see footnote 1)	-----	-----
Fair Oaks Water District						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$366,991.51	\$446,525.00	\$485,808.75	\$510,099.19	\$530,503.16	\$551,723.28
Hinkle Reservoir Debt Charge ¹	\$96,255.00	\$16,150.00	-----	(see footnote 1)	-----	-----
Orange Vale Water Company						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$189,735.00	\$209,175.00	\$227,613.75	\$238,994.44	\$248,554.22	\$258,496.39
Quarterly Hinkle Reservoir Debt Charge ¹	\$46,035.00	\$7,600.00	-----	(see footnote 1)	-----	-----
Quarterly Capital Facilities Charge ²	\$0.00	\$66,000.00	\$66,000.00	\$66,000.00	\$66,000.00	\$66,000.00
City of Folsom						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Hinkle Pump Station Surcharge (\$/AF) ⁴	\$102.00	\$79.10	-----	(to be determined ⁵)	-----	-----
Quarterly O, M, R, & D Service Charges	\$56,139.74	\$62,275.00	\$67,777.50	\$71,166.38	\$74,013.04	\$76,973.56
Quarterly Hinkle Reservoir Debt Charge ¹	\$12,555.00	\$2,275.00	-----	(see footnote 1)	-----	-----
Direct Portion of 2022 Debt ³	\$18,476.96	\$19,725.00	\$19,750.00	\$19,775.00	\$19,700.00	\$19,675.00
Sacramento Suburban Water District						
Treat and Wheel Rate (\$/AF) ⁴	\$220.16	\$265.74	\$279.03	\$292.98	\$304.70	\$316.89

Notes:

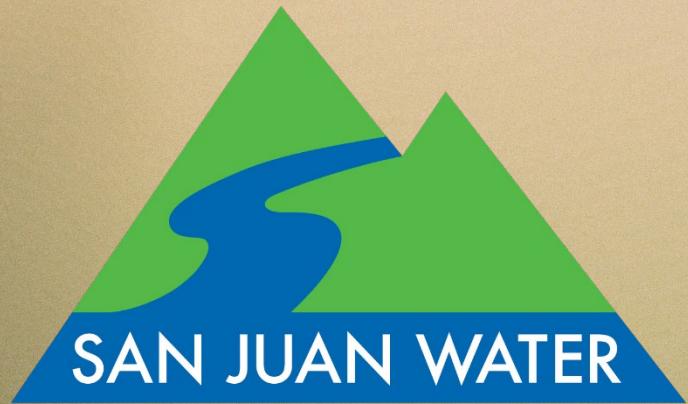
¹ The existing charge associated with the debt service for the Hinkle Reservoir Rehabilitation Project has not yet been assessed to Member Agencies. For illustrative purposes, the revised debt charge has been shown separately for CY 2024. Starting in CY 2025, the Hinkle Reservoir Debt Charge is combined with the Quarterly Fixed Charge.

² This charge only applies to Orange Vale Water Company for the Hazel Ave. 12 inch transmission main replacement.

³ Unique charge to City of Folsom for debt that was formerly the 2012 bond.

⁴ Per negotiated agreements.

⁵ The District may elect to increase the Hinkle Pump Station Surcharge based on inflation indices.



2023 Wholesale Water Rate Study

December 13 Board Meeting



Financial Plan Assumptions

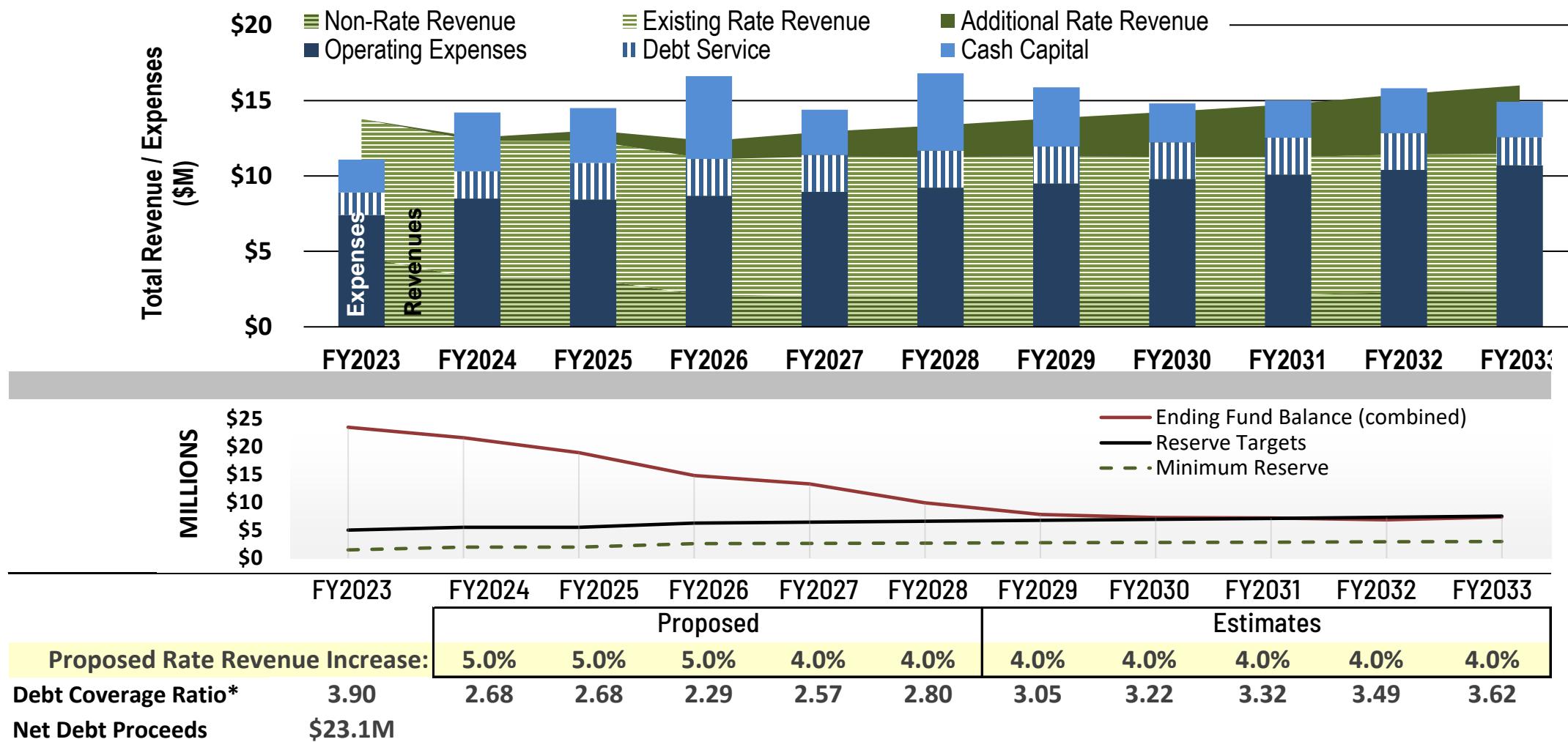
Inflation will be:

- 4% in FY 2024/25
- 3% thereafter
- Property tax revenue will increase by 2% per year

SSWD Treat and Wheel deliveries

- Given the historic volatility of SSWD water sales (some years see no revenue), this financial plan does not rely on this as a source of revenue (consistent past Wholesale financial plans)

Financial Forecast



* Combined ratio for Funds 10, 11, 50 and 55

Fixed and Variable Revenue

Over **83%** of the District's rate revenue requirements (costs) are fixed.

The 2017 study moved the District towards recovering more of its revenue through fixed charges.

Currently, Wholesale rate revenue is **74%** fixed (up from 63% prior to the 2017 study)

This Study proposed to complete the alignment of the District's costs with its rates by increasing the fixed rate revenue to **83%**.

Reasons

- Given the financial relationship between San Juan Wholesale and its member agencies, it makes sense that any fixed cost for San Juan should be a fixed costs for the member agencies.
- Any disparity between the District's fixed costs and its fixed revenues creates financial uncertainty that can be harmful to both SJWD and the member agencies.

Cost of Service

Variable Costs – Allocated to each member agency based on actual water usage

- All costs that vary in proportion to water delivery volumes (energy, chemical, water purchases, etc.) as well as some maintenance costs that are correlated with higher water production.

Customer-related Fixed Costs – Allocated to each member agency based on number of retail accounts

- Conservation and outreach costs (less than 1.5 percent of costs)

“District” Fixed Costs – Allocated to each member agency based on peak historic water usage (see next slide)

- All remaining costs (salaries, benefits, capital, debt, administration, maintenance, etc.)

Using Peak Water Usage to Allocate Fixed Costs

- 2017 Rate Study allocated fixed costs based on average annual water usage (over a 5-year period)
- Current District practice policy is to allocate fixed costs based on the most recent annual water usage
- It is recommended to allocate fixed costs based on *relative peak annual water deliveries* over the past 10 years
- Alternatively, fixed costs could be allocated based on *relative average annual water deliveries* over the past 10 years.

Discussion:

- Peak water usage is an accepted industry standard for allocating infrastructure costs to customers. This is because the size (and therefore costs) of the District's water infrastructure, and operations as a whole, is predominantly driven by the District's peak water demands.
- The concept is comparable to using meter size to determine retail customer fixed rates.
- Using a variable metric to allocate fixed costs (such as last year's water usage) is both inequitable and creates finance uncertainty for all agencies.
- Keep in mind that allocating fixed costs to member agencies is a "zero sum game," meaning that if one member agency pays less than the other must pay more. This accentuates the revenue uncertainty for member agencies.

Proposed Rate Schedule

using 10-year peak

CY 2024

Water Usage Rate (\$/AF)

All Water Deliveries	\$52.96
----------------------	---------

Quarterly O, M, R, & D Service Charges

San Juan Water District	\$609,475
Citrus Heights Water District	\$599,900
Fair Oaks Water District	\$446,525
Orange Vale Water Company	\$209,175
City of Folsom	\$62,275

Quarterly 2023 Hinkle Debt Service Charges

San Juan Water District	\$22,300
Citrus Heights Water District	\$21,675
Fair Oaks Water District	\$16,150
Orange Vale Water Company	\$7,600
City of Folsom	\$2,275

Notes:

2023 Hinkle Debt Service Charge is shown separately for transparency only, the adopted rate schedule will include all debt in the the O, M, R, & D Service Charge. Capital facilities charges are not shown. City of Folsom is also subject to a pumping surcharge and an additional debt service

	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Water Usage Rate (\$/AF)					
All Water Deliveries	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Hinkle PS Surcharge	\$79.10	(TBD, pending inflationary adjustments)			
Total Quarterly O, M, R, & D Service Charges ¹					
San Juan Water District	\$631,775	\$663,364	\$696,532	\$724,393	\$753,369
Citrus Heights Water District	\$621,575	\$652,654	\$685,286	\$712,698	\$741,206
Fair Oaks Water District	\$462,675	\$485,809	\$510,099	\$530,503	\$551,723
Orange Vale Water Company	\$216,775	\$227,614	\$238,994	\$248,554	\$258,496
City of Folsom	\$64,550	\$67,778	\$71,166	\$74,013	\$76,974
Other Charges (Annual)					
Folsom Direct Portion of 2022	\$19,725	\$19,750	\$19,775	\$19,700	\$19,675
Orange Vale Capital Facility Cl	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000

¹ Includes 2023 Hinkle Debt Service Charge

Proposed Rate Schedule

using 10-year average

CY 2024

Water Usage Rate (\$/AF)

All Water Deliveries	\$52.96
----------------------	---------

Quarterly O, M, R, & D Service Charges

San Juan Water District	\$645,275
Citrus Heights Water District	\$580,725
Fair Oaks Water District	\$422,725
Orange Vale Water Company	\$214,925
City of Folsom	\$63,725

Quarterly 2023 Hinkle Debt Service Charges

San Juan Water District	\$23,625
Citrus Heights Water District	\$20,950
Fair Oaks Water District	\$15,275
Orange Vale Water Company	\$7,800
City of Folsom	\$2,325

Notes:

2023 Hinkle Debt Service Charge is shown separately for transparency only, the adopted rate schedule will include all debt in the the O, M, R, & D Service Charge. Capital facilities charges are not shown. City of Folsom is also subject to a pumping surcharge and an additional debt service charge.

	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Water Usage Rate (\$/AF)					
All Water Deliveries	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Hinkle PS Surcharge	\$79.10		(TBD, pending inflationary adjustments)		
Total Quarterly O, M, R, & D Service Charges ¹					
San Juan Water District	\$668,900	\$702,345	\$737,462	\$766,961	\$797,639
Citrus Heights Water District	\$601,675	\$631,759	\$663,347	\$689,881	\$717,476
Fair Oaks Water District	\$438,000	\$459,900	\$482,895	\$502,211	\$522,299
Orange Vale Water Company	\$222,725	\$233,861	\$245,554	\$255,376	\$265,592
City of Folsom	\$66,050	\$69,353	\$72,820	\$75,733	\$78,762
Other Charges (Annual)					
Folsom Direct Portion of 2022 I	\$19,725	\$19,750	\$19,775	\$19,700	\$19,675
Orange Vale Capital Facility Ch	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000

¹ Includes 2023 Hinkle Debt Service Charge

Historical Increases

To provide context for the proposed rate increases, the table below summarizes previously proposed rate increases, the actual changes to rates over the past 7 year, and the actual changes in rate revenue over the past 7 years.

2017 Proposed Rate Revenue Increases (as published in report):

CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
16%	9%	9%	9%	5%	8%	8%	8%	6%	6%

Actual Changes in Rates (calculated by assuming no change in water usage):

CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
16%	9%	7%	-9%	7%	0%	0%

Actual Changes in Rate Revenue (includes change in water usage):

FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
2%	15%	8%	1%	1%	-2%	-4%

Current Proposed Increases in Rate Revenue:

	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
	5%	5%	5%	4%	4%

Next Steps

1. Board review of comments from Member Agencies and considers approval of 5-year rate schedule
2. January 1, 2024 - Implement Rates

DRAFT STAFF REPORT

To: Board of Directors
From: Donna Silva, Director of Finance
Date: December 13, 2023
Subject: Fiscal Year 2022-2023 Results of Operations – Budget to Actual

RECOMMENDED ACTION

Receive report.

BACKGROUND

The Board of Directors adopted the Fiscal Year 2022-2023 Operating and Capital Budget on August 3, 2022. The Board of Directors received monthly budget to actual reports at each Board meeting during the fiscal year and a mid-year budget review was provided to the Board on March 23, 2023. The audit is complete and staff is working with the auditors to produce the Annual Comprehensive Financial Report, which will be presented to the Finance Committee in January, along with their reports on the District's internal controls.

The purpose of this report is to provide an analysis to the Board of Directors on the actual activity of the District's four funds (Wholesale Operations, Wholesale Capital, Retail Operations and Retail Capital), on the budgetary basis of accounting, for Fiscal Year 2022-2023, as compared to the budget.

Wholesale Operations:

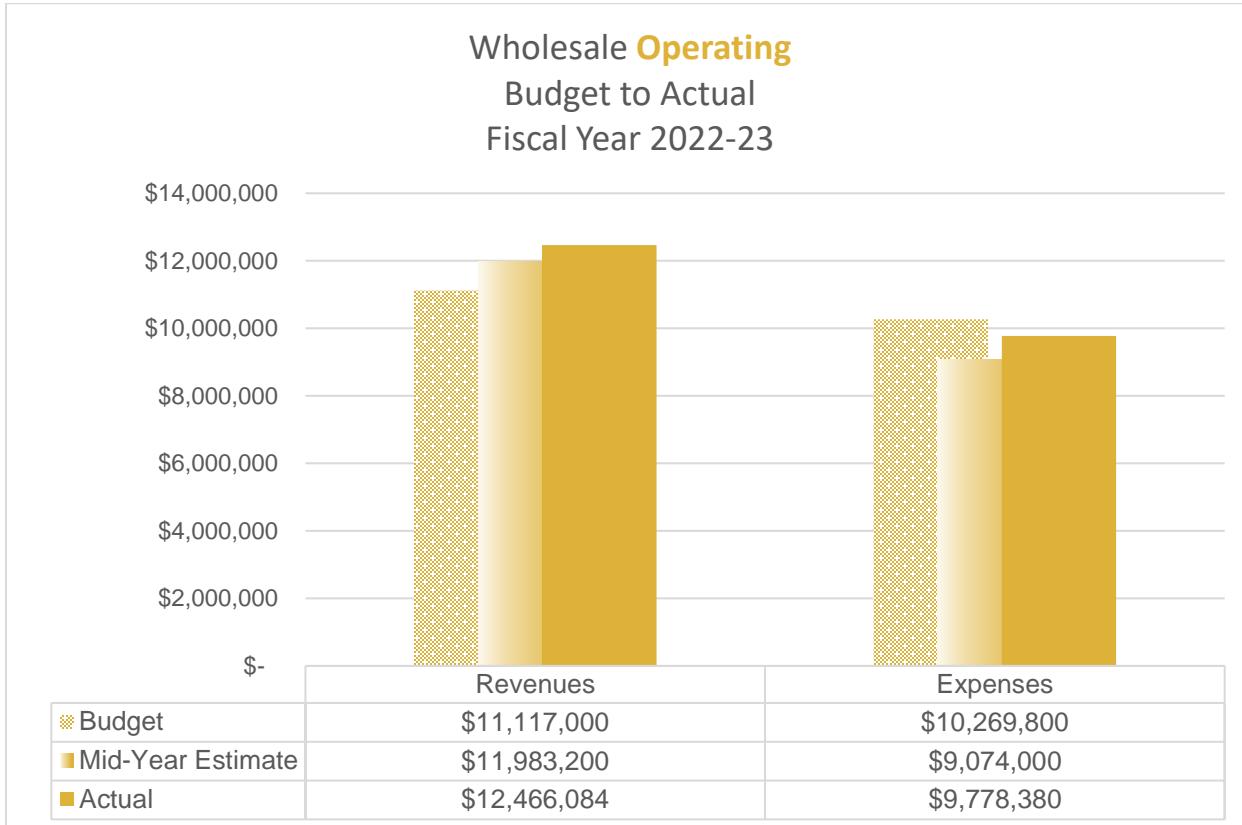
As illustrated in the graph below, wholesale operating revenues came in 12.1% greater than anticipated in the original budget, and 4% greater than anticipated at mid-year.

The additional \$1.3 million of revenues is the combined result of selling more water than anticipated to the Sacramento Suburban Water District (SSWD) (variance \$1,196,974), more water transferred in the Groundwater Substitution Transfer (variance \$271,944) and selling less water than anticipated to the Fair Oaks Water District (variance -\$205,543).

Expenses came in \$491,420 or 4.8% *below* the original budget but 7.8% above the amount estimated during the mid-year budget review. The largest variance came from Source of Supply where the District had budgeted \$1 million for the Environmental Review needed for the Warren Act contract renewal. The District was able to secure a contract with ECORP Consulting to perform the work for \$180,000, \$11,769.65 of which was incurred by the end of the year.

This savings was partially offset by the extra debt principal expense incurred as a result of the adjustment to the allocation of debt between wholesale and retail for the change in use of the solar field. Retail took on a larger share of the debt by paying wholesale capital a capital facility fee, which wholesale operations used to reduce its share of the debt.

This was not anticipated in the budget but was a necessary adjustment to reflect the changes in how the District is utilizing the solar field.



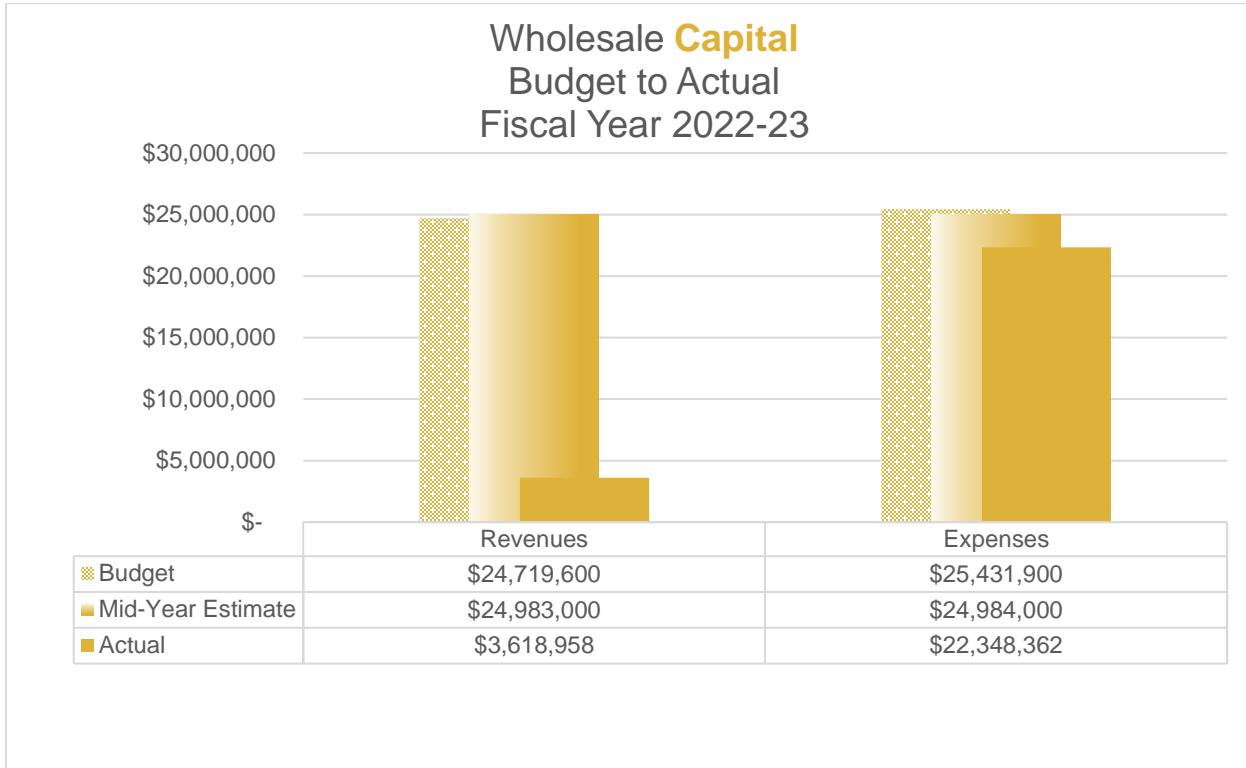
As a result of the increased revenues and lower than anticipated expenses staff was able to transfer \$2,674,436 into the capital reserve, \$2.1 million more than expected.

At the end of the fiscal year, Wholesale Operating fund had an available reserve balance of \$2,067,230, which is in conformance with the Board's Reserve Policy.

Wholesale Capital:

Wholesale Capital revenues fell short of the budget by \$20,983,377 or -84.9%. The budget included \$23,120,600 in proceeds from the issuance of debt for the Hinkle Reservoir Replacement project. However, by the end of the year only \$846,424 of loan proceeds had been received. They will be received in Fiscal Year 2023-24. Removing the effect of this loan from the analysis, revenues were \$2,889,798.72 or 80.7% greater than anticipated. The primary driver here is the reallocation of debt from the solar field project. In an effort to maximize the benefit of the solar field, the District changed how the energy from the solar field is applied. This resulted in a greater benefit/use of the solar field by the Retail division. Since the solar field was partially debt financed, the allocation of debt between wholesale and retail needed to be adjusted and retail needed to reimburse wholesale for an increased share of the solar field asset. This generated \$911,800 of capital contribution revenue to wholesale capital. Excluding both the loan

proceeds and the capital contributions for the solar field, revenues exceeded the budget by \$378,999 due to better than anticipated investment portfolio performance.



Wholesale Capital expenditures were budgeted at \$25,431,900. At year end, the District had spent \$22,348,362 which was 12.1% less than anticipated.

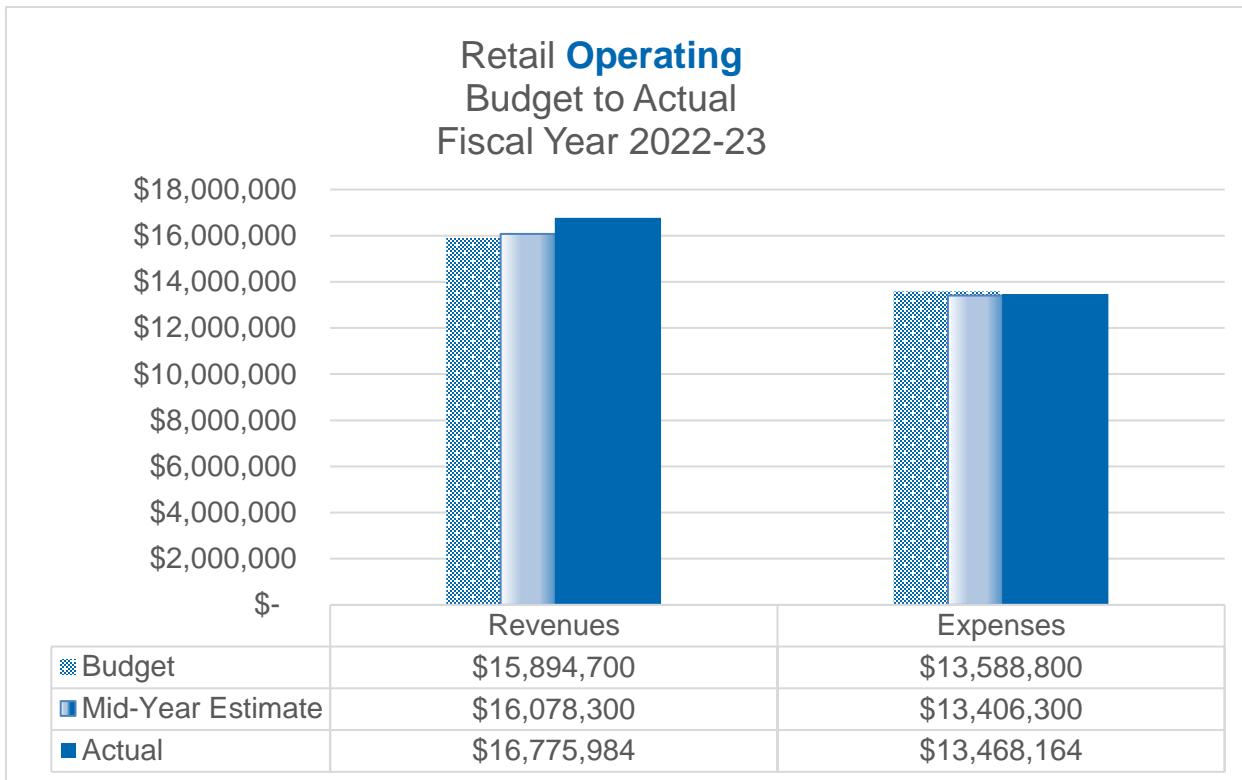
There were 18 projects budgeted for the fiscal year, 8 of which were completed by the end of the year and 7 were in progress. The following projects had no financial activity in FY 2022-23:

- Land Acquisition (property boundary adjustment south of Hinkle Reservoir) – no activity.
- Flagpole replacement – postponed until completion of Hinkle Reservoir project.
- Tyler Content Manager – postponed until department staff is fully trained and has capacity for system change.
- SCADA Cyber Security Study & Improvements

Favorable wholesale operating results led to a transfer into the capital fund of \$2,674,436, instead of the \$573,200 anticipated in the budget. The wholesale capital reserve ended the year at \$2,729,455 significantly less (-\$14,980,575) than anticipated due to the delayed receipt of loan proceeds for the Hinkle Reservoir project. These funds will be received in FY 2023-24 restoring the available reserves in the Wholesale Capital Fund.

Retail Operations:

The graph below depicts Retail Operating revenues and expenses as compared to the original budget and the mid-year review.



Retail Operating revenues were 5.5% greater than the original budget and were greater than the mid-year estimate by 4.34%. The excess revenues of \$878,755 were due almost exclusively to the reallocation of debt due to the change in use of the solar facility. Since retail is using more of the solar facility than originally planned, it needed to take on a proportionate increase in the related debt. In order to accomplish this, retail received proceeds from the debt issuance from wholesale, which it then used to pay wholesale for a larger share of the wholesale solar asset. This resulted in both a revenue (proceeds from issuance of debt) and a capital contribution expense. But for this unbudgeted transaction, retail revenues would have been only \$30,516 off from the budget, a variance of just .20%.

Retail Operating expenses were \$120,636 less than the original budget, a variance of -.89% and were .46% below the mid-year estimate. But for the reallocation of debt, expenses would have been under budget by 7.60%. Actual service area maintenance expenses were less than anticipated in the budget as they ended up being accounted for in the capital fund as bundled service lateral assets.

The budget anticipated a transfer out to capital reserves of \$2,111,800. As a result of favorable operations, the transfer was actually \$3,102,550.

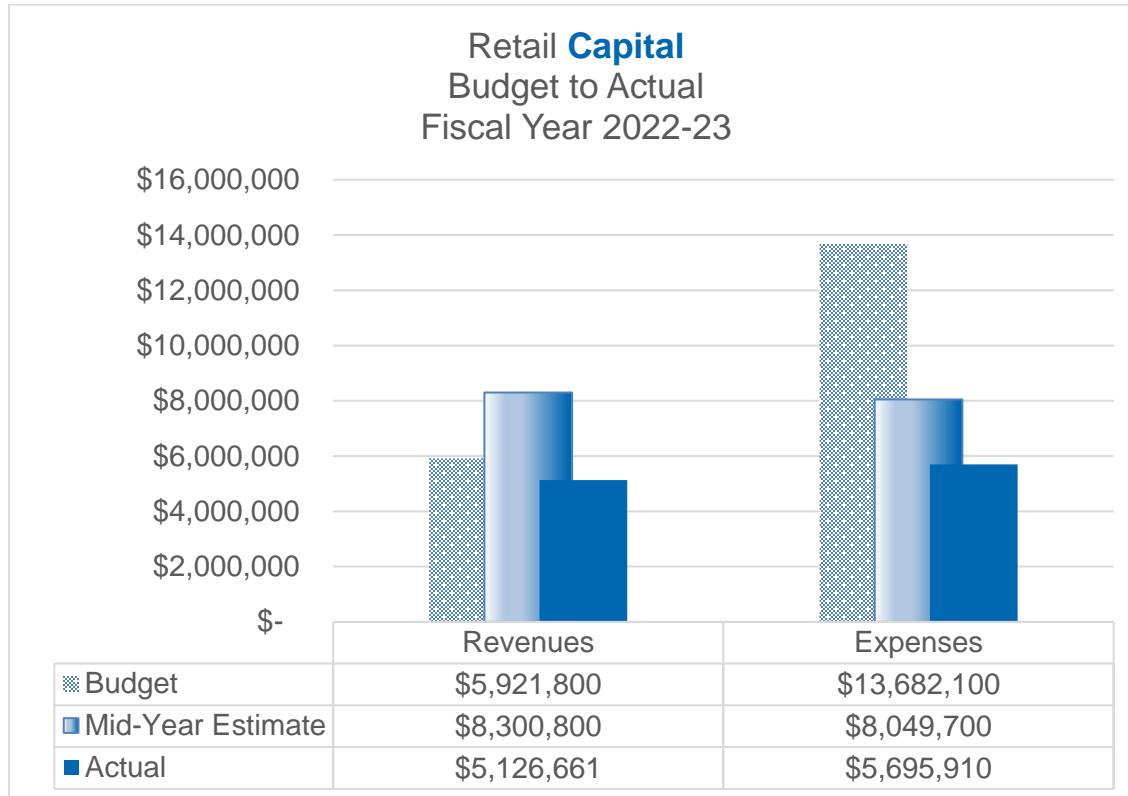
At \$2,923,210 the Retail Operating Reserve is in conformance with the District's Reserve Policy.

Retail Capital:

Retail Capital Fund revenues came in at \$5,126,681, which was \$795,139 or 13% less than budget.

The budget included \$3.995 million from the issuance of debt for the Eureka Pipeline Replacement program. Due to delays at the State, the District was not able to apply for loan proceeds during the fiscal year, so these revenues will not be received until Fiscal Year 2023-24.

But for the loan proceeds, revenues would have exceeded the budget by \$2.9 million due to an extraordinary amount of capital facility fees received during the year. The budget anticipated capital facility fees of \$500,000. At mid-year the estimate was revised to \$2.6 million, but by the end of the year, the District had received almost \$3.4 million. This revenue stream is very difficult to predict, as it is driven by developer decisions and market conditions.



Retail Capital expenditures came in at \$5,695,910, which was 41% below the budget of \$13,682,100. This was partially anticipated after the mid-year budget review where it was communicated to the Board that staff expected to complete \$8 million worth of projects.

December 13, 2023

STAFF REPORT
FY 2022-23 Financial Results
Donna Silva

Actual expenses were 29% below the mid-year estimate. There were 37 projects funded in the budget. There were 36 projects worked on during the year. The negative variance is caused primarily from the following:

- Pump Station Improvements – under budget by \$4.8 million
 - Bacon Pump Station Generator Replacement project – under budget by \$1.9 million due to vendor delays in procuring the generators.
 - Retail Groundwater Production Facility – budgeted \$2.575 million, no financial activity occurred during the year.
- Pipelines – under budget by \$2.8 million
 - Air Release Valve (ARV) Replacement Project – budgeted for \$840,000 to replace 45 ARV's. The project design started, incurring costs of \$70,983 but construction will not commence until FY 2023-24.
 - Eureka Road Transmission Pipeline replacement project – not completed by the end of the year, under budget by \$667,214.
 - Failed Service Lateral Replacements – District had budgeted for \$1.42 million but only needed \$593,375.

STAFF REPORT

AGENDA ITEM VI-1.1

To: Board of Directors
From: Paul Helliker, General Manager
Date: December 13, 2023
Subject: General Manager's Monthly Report (November)

RECOMMENDED ACTION

For information only, no action requested.

TREATMENT PLANT OPERATIONS

Water Production

Item	October 2023	October 2022	Difference
Monthly Production AF	4,530.05	3,204.18	41.4%
Daily Average MG	47.62	33.68	41.4%
Annual Production AF	41,359.75	34,988.21	18.2%

Item	November 2023	November 2022	Difference
Monthly Production AF	2,749.95	1,777.03	54.7%
Daily Average MG	29.87	19.30	54.7%
Annual Production AF	44,109.70	36,765.24	20.0%

Water Turbidity

Item	October 2023	September 2023	Difference
Raw Water Turbidity NTU	2.39	2.01	19%
Treated Water Turbidity NTU	0.015	0.016	-6%
Monthly Turbidity Percentage Reduction	99.36%	99.22%	

Item	November 2023	October 2023	Difference
Raw Water Turbidity NTU	2.14	2.39	-10%
Treated Water Turbidity NTU	0.016	0.015	7%
Monthly Turbidity Percentage Reduction	99.28%	99.36%	

*Folsom Lake Reservoir Storage Level AF**

Item	2023	2022	Difference
Lake Volume AF	480,888	246,547	65%

AF – Acre Feet

MG – Million Gallons

NTU – Nephelometric Turbidity Unit

* Total Reservoir Capacity: 977,000 AF

General Manager's Monthly Report

General Manager's Monthly Report

Paul Helliker

Other Items of Interest:

- **October**
 - Replaced Floc Zone 1 chains
 - Completed Raw Water Influent line inspections
- **November**
 - Completed Emergency Response Chlorine drills with Fire Departments
 - Completed annual chlorine system maintenance
 - Completed 24 hours Confined Space Rescue Training

SYSTEM OPERATIONS

Distribution Operations:

Item	November 2023	October 2023	Difference
Leaks and Repairs	11	13	-2
Mains Flushed	0	0	0
Valves Exercised	0	0	0
Hydrants Maintenance	0	0	0
Back Flows Tested	12	14	-2
Customer Service Calls	30	38	-8

Distribution System Water Quality:

Water Quality Samples Taken	# Failed Samples	Supporting Information
40 Lab 19 In-House	0	

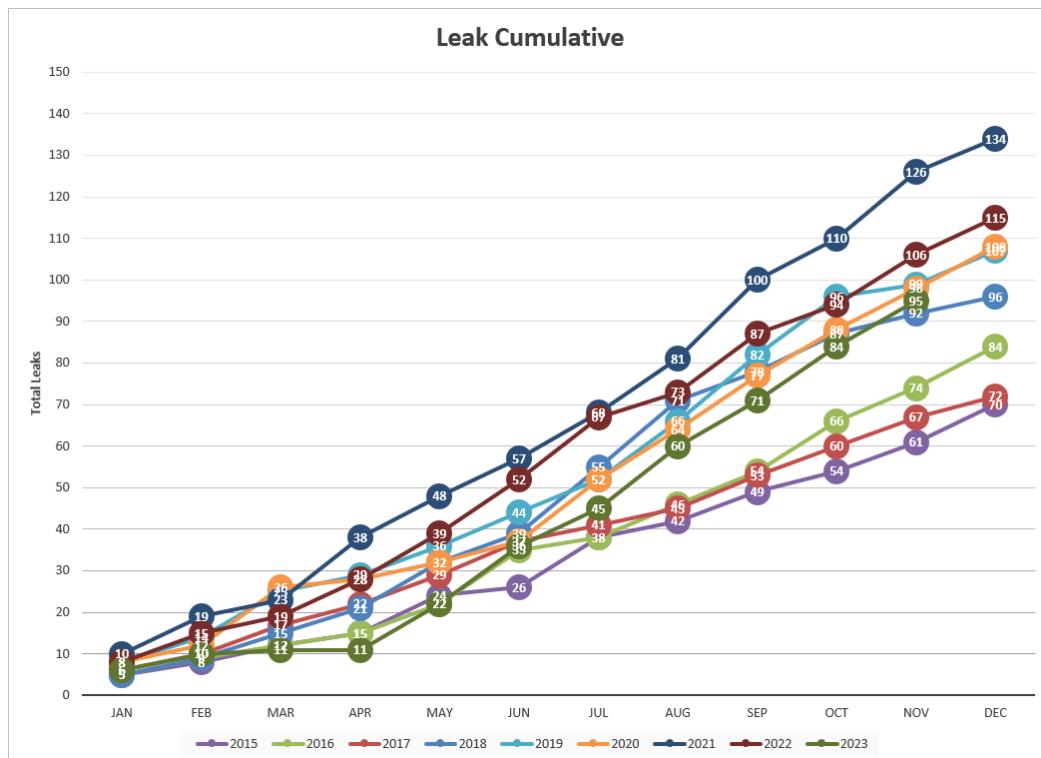


Figure 1: Annual Distribution System Leaks

General Manager's Monthly Report

General Manager's Monthly Report

Paul Helliker

CUSTOMER SERVICE ACTIVITIES*Billing Information for Month of November*

Total Number of Bills Issued	Total Number of Reminders Mailed	Total Number of Shut-off Notices Delivered	Total Number of Disconnections
5989	849	0	0

Water Efficiency Activities for November

Water Waste Complaints Received	Number of Customers Contacted for High Usage (potential leaks)	Number of Rebates Processed	Number of Meters Tested/Repaired (non-reads)
1	155	1	31

Other Activities

- None

ENGINEERING - NEW URBAN DEVELOPMENTS (SJWD Retail Service Area)

Project Title	Description	Status	Issues / Notes
Chula Acres	4-Lot Minor Subdivision (8149 Excelsior Ave)	In Construction	Water main installed. Construction in process.
Greenside Parcel Split (5640 Macargo)	Minor parcel split of 2.0-Ac parcel into 3 lots	Approved for Construction	Design approved
Placer County Retirement Residence (3905 Old Auburn)	Commercial Business (145-Unit Multi-story Assisted Living Facility; 3865 Old Auburn Rd)	Construction complete	In project close-out
Granite Bay Assisted Living and Memory Care (formerly Pond View)	Assisted Living and Memory Care facility (5620 5630 5640 5650 Douglas Blvd)	In Planning	Developer to submit improvement plans in 2023.
The Park at Granite Bay	56 lot Subdivision (SCB south of Annabelle)	In Construction	Construction started June 2022
The Residences at GB	4-Lot Minor Subdivision (NW Cor. Barton & E Rsvl Pkwy)	In Design Review	Project on hold
Ventura of GB	33-Lot High Density Subdivision (6832 Eureka Rd)	Construction complete	In project close-out
Whitehawk II	56-Lot Subdivision (Douglas, west of Barton)	Construction complete	In project close-out
Rancho Del Oro Estates	89-Lot Subdivision (Olive Ranch Rd, east of Cavitt Stallman)	Construction complete	In project close-out
Canyon Terrace Apartments	Apartment Complex (7 new buildings; 1600 Canyon Terrace Lane)	In Construction	Construction started November 2022
Sierra College Self Storage (8455 Sierra College Blvd)	New 4-building self-storage facility	In Construction	Construction started August 2022

General Manager's Monthly Report

General Manager's Monthly Report

Paul Helliker

ENGINEERING - CAPITAL PROJECTS

Status Update for Current Retail Projects

Project Title	Description	Status	Issues / Notes
Spahn Ranch Rd. Main Extension	Install new pipeline; provides looped distribution network	In Design	Construction in FY 24/25
Kokila Reservoir Replacement	Replace existing hypalon lined and covered reservoir with a new concrete tank	In Design	Applying for SRF funding. Construction in FY 23/24
Canyon Falls Village PRS Replacement	Rehabilitation of an existing Pressure Reducing Station (PRV) located near the intersection of Canyon Falls Drive and Santa Juanita Ave.	East PRS is now completed, doing design for West PRS	Construction in FY 23/24
Bacon Pump Station Generator Replacement	Replacing generators at Bacon Pump Station	In Construction	Project delayed due to material lead time. Anticipate to start construction in December 2023.
Field Services 3-sided Parts Shelter	Construction of a 3-sided material storage shelter	On hold	Planning to rebid project in FY25/26
Service Line Replacement Projects (85/year)	Yearly program to replace 85 services per year as identified in the 2020 Retail Master Plan	In Construction	Hidden Oaks (referred to as Shelborne) identified for replacement in FY22/23
Air Release Valve Replacements (45/year for next 20 years)	Replacement of 45 Air Release Valves per year for the next 20 years as identified in the 2020 Retail Master Plan	In Design	Year one of the 17-year program is complete. Design of year two is underway
Administration Building Electrical Panel Upgrade	Replacement of the electrical service at the Administration Building (50/50 split W/R)	In Design	Construction in FY23/24

General Manager's Monthly Report

General Manager's Monthly Report

Paul Helliker

Status Update for Current Wholesale Projects

Project Title	Description	Status (% Complete)	Issues/ Notes
Hinkle Liner & Cover Repl'mt	Replace both the hypalon cover and liner	In Construction	Applying for SRF funding. Construction in FY 22/23
Lime System Improvements	Improvements for the WTP's lime system control and feeder system	In Design	
Backwash Hood Rehabilitation and Rail Track Improvements	Rehabilitate or replace the two oldest Filter Backwash Hoods in the North and South basins, and replacement of the Rail Track.	In Design	
Baldwin Chnl Lining and Solar Field Culvert Replacement Project	Lining the Baldwin Ditch on the main campus to minimize costs for maintenance within the ditch and the replacement of the Solar Field Culvert to provide emergency discharge capacity to Baldwin Reservoir	Construction complete	In project close-out
Wholesale Master Plan	Update of the 2005/07 Wholesale Master Plan	In Design	Final draft under review
Administration Building Electrical Panel Upgrade	Replacement of the electrical service at the Administration Building (50/50 split W/R)	In Design	Construction in FY23/24

SAFETY & REGULATORY TRAINING – November 2023

Training Course	Staff
Emergency Response Program PPT – Chlorine	Board Members

FINANCE/BUDGET

See attached



San Juan Water District, CA

Wholesale Operating Income Statement

Group Summary

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 010 - WHOLESALE					
Revenue					
41000 - Water Sales	10,451,600.00	10,451,600.00	0.00	5,875,795.15	4,575,804.85
43000 - Rebate	1,000.00	1,000.00	0.00	533.55	466.45
45000 - Other Operating Revenue	0.00	0.00	1.19	53,201.29	-53,201.29
49000 - Other Non-Operating Revenue	132,100.00	132,100.00	0.00	61,751.51	70,348.49
49792 - Proceeds from Issuance of Debt	0.00	0.00	0.00	-373,004.00	373,004.00
49990 - Transfer In	958,700.00	958,700.00	0.00	0.00	958,700.00
Revenue Total:	11,543,400.00	11,543,400.00	1.19	5,618,277.50	5,925,122.50
Expense					
51000 - Salaries and Benefits	4,305,600.00	4,305,600.00	290,426.12	1,467,119.22	2,838,480.78
52000 - Debt Service Expense	887,900.00	887,900.00	0.00	44,804.37	843,095.63
53000 - Source of Supply	926,300.00	926,300.00	2,892.48	412,179.76	514,120.24
54000 - Professional Services	793,400.00	793,400.00	-9,507.98	211,074.28	582,325.72
55000 - Maintenance	530,000.00	530,000.00	4,604.68	155,945.91	374,054.09
56000 - Utilities	312,900.00	312,900.00	0.00	27,498.64	285,401.36
57000 - Materials and Supplies	843,600.00	843,600.00	19,547.80	434,113.83	409,486.17
58000 - Public Outreach	36,500.00	36,500.00	0.00	8,796.77	27,703.23
59000 - Other Operating Expenses	756,800.00	756,800.00	3,159.07	530,220.07	226,579.93
69000 - Other Non-Operating Expenses	1,600.00	1,600.00	0.00	1,730.00	-130.00
Expense Total:	9,394,600.00	9,394,600.00	311,122.17	3,293,482.85	6,101,117.15
Fund: 010 - WHOLESALE Surplus (Deficit):	2,148,800.00	2,148,800.00	-311,120.98	2,324,794.65	-175,994.65
Total Surplus (Deficit):	2,148,800.00	2,148,800.00	-311,120.98	2,324,794.65	

Wholesale Operating Income Statement

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
010 - WHOLESALE	2,148,800.00	2,148,800.00	-311,120.98	2,324,794.65	-175,994.65
Total Surplus (Deficit):	2,148,800.00	2,148,800.00	-311,120.98	2,324,794.65	



San Juan Water District, CA

Wholesale Capital Income Statement

Group Summary

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 011 - Wholesale Capital Outlay					
Revenue					
42000 - Taxes & Assessments	1,403,600.00	1,403,600.00	0.00	15,057.09	1,388,542.91
44000 - Connection Fees	100,000.00	100,000.00	3,076.00	95,945.00	4,055.00
49000 - Other Non-Operating Revenue	150,000.00	150,000.00	6,100.00	93,057.93	56,942.07
49792 - Proceeds from Issuance of Debt	22,274,200.00	22,274,200.00	0.00	373,004.00	21,901,196.00
Revenue Total:	23,927,800.00	23,927,800.00	9,176.00	577,064.02	23,350,735.98
Expense					
55000 - Maintenance	806,000.00	806,000.00	0.00	23,712.50	782,287.50
61000 - Capital Outlay	4,237,200.00	4,237,200.00	0.00	845,226.06	3,391,973.94
69900 - Transfers Out	958,700.00	958,700.00	0.00	0.00	958,700.00
Expense Total:	6,001,900.00	6,001,900.00	0.00	868,938.56	5,132,961.44
Fund: 011 - Wholesale Capital Outlay Surplus (Deficit):					
Total Surplus (Deficit):	17,925,900.00	17,925,900.00	9,176.00	-291,874.54	18,217,774.54

Wholesale Capital Income Statement

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
011 - Wholesale Capital Outl...	17,925,900.00	17,925,900.00	9,176.00	-291,874.54	18,217,774.54
Total Surplus (Deficit):	17,925,900.00	17,925,900.00	9,176.00	-291,874.54	



San Juan Water District, CA

Retail Operating Income Statement

Group Summary

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 050 - RETAIL					
Revenue					
41000 - Water Sales	16,621,400.00	16,621,400.00	1,800,757.42	4,896,869.34	11,724,530.66
45000 - Other Operating Revenue	463,700.00	463,700.00	72,390.93	270,060.23	193,639.77
49000 - Other Non-Operating Revenue	172,400.00	172,400.00	0.00	79,026.59	93,373.41
Revenue Total:	17,257,500.00	17,257,500.00	1,873,148.35	5,245,956.16	12,011,543.84
Expense					
41000 - Water Sales	0.00	0.00	1,012.32	2,571.65	-2,571.65
51000 - Salaries and Benefits	6,192,100.00	6,192,100.00	440,284.80	2,201,756.73	3,990,343.27
52000 - Debt Service Expense	454,100.00	454,100.00	0.00	29,869.59	424,230.41
53000 - Source of Supply	3,465,400.00	3,465,400.00	0.00	1,569,385.97	1,896,014.03
54000 - Professional Services	1,315,900.00	1,315,900.00	10,003.87	104,992.96	1,210,907.04
55000 - Maintenance	386,100.00	386,100.00	3,251.19	117,903.22	268,196.78
56000 - Utilities	634,700.00	634,700.00	0.00	182,052.93	452,647.07
57000 - Materials and Supplies	498,500.00	498,500.00	32,824.30	166,864.68	331,635.32
58000 - Public Outreach	70,000.00	70,000.00	0.00	20,357.50	49,642.50
59000 - Other Operating Expenses	904,100.00	904,100.00	9,839.96	477,887.20	426,212.80
69000 - Other Non-Operating Expenses	56,600.00	56,600.00	0.00	1,730.00	54,870.00
69900 - Transfers Out	2,427,000.00	2,427,000.00	0.00	0.00	2,427,000.00
Expense Total:	16,404,500.00	16,404,500.00	497,216.44	4,875,372.43	11,529,127.57
Fund: 050 - RETAIL Surplus (Deficit):					
Total Surplus (Deficit):	853,000.00	853,000.00	1,375,931.91	370,583.73	482,416.27

Retail Operating Income Statement

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
050 - RETAIL	853,000.00	853,000.00	1,375,931.91	370,583.73	482,416.27
Total Surplus (Deficit):	853,000.00	853,000.00	1,375,931.91	370,583.73	



San Juan Water District, CA

Retail Capital Income Statement

Group Summary

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 055 - Retail Capital Outlay					
Revenue					
42000 - Taxes & Assessments	1,403,600.00	1,403,600.00	0.00	15,057.09	1,388,542.91
44000 - Connection Fees	100,000.00	100,000.00	4,242.00	1,127,106.00	-1,027,106.00
49000 - Other Non-Operating Revenue	255,000.00	255,000.00	0.00	242,268.84	12,731.16
49792 - Proceeds from Issuance of Debt	12,895,000.00	12,895,000.00	0.00	137,524.00	12,757,476.00
49990 - Transfer In	2,427,000.00	2,427,000.00	0.00	0.00	2,427,000.00
Revenue Total:	17,080,600.00	17,080,600.00	4,242.00	1,521,955.93	15,558,644.07
Expense					
61000 - Capital Outlay	25,107,100.00	25,107,100.00	72,388.55	1,794,965.93	23,312,134.07
Expense Total:	25,107,100.00	25,107,100.00	72,388.55	1,794,965.93	23,312,134.07
Fund: 055 - Retail Capital Outlay Surplus (Deficit):					
Total Surplus (Deficit):	-8,026,500.00	-8,026,500.00	-68,146.55	-273,010.00	-7,753,490.00

Retail Capital Income Statement

For Fiscal: 2023-2024 Period Ending: 11/30/2023

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
055 - Retail Capital Outlay	-8,026,500.00	-8,026,500.00	-68,146.55	-273,010.00	-7,753,490.00
Total Surplus (Deficit):	-8,026,500.00	-8,026,500.00	-68,146.55	-273,010.00	

Project Summary

Project Number	Project Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
191280	Hinkle Reservoir Cover	0.00	64,226.62	-64,226.62
195265	Douglas Booster Pump Station Electri	0.00	304.90	-304.90
201111	Hinkle Reservoir Overflow Channel L	24,761.31	500,693.19	-475,931.88
201117	Backwash Hood Rehabilitation (Two)	0.00	31,204.62	-31,204.62
201126	Lime Tower Design and Replacemen	0.00	7,259.00	-7,259.00
201153	Thickener Access Ladders (3)	0.00	3,111.00	-3,111.00
205156	Field Services Sewer Lift Station	0.00	51.09	-51.09
211128	Gate for WTP (New)	0.00	1,185.90	-1,185.90
215105	Eureka Road 18" T-main Design	-169,163.44	1,899.11	-171,062.55
215114	Bacon Pump Station Generator Rep	11,935.00	272,496.50	-260,561.50
225142	ARC-South BPS - 4 new pumps	0.00	21,157.43	-21,157.43
225170	Meter Replacement Program Route	0.00	0.00	0.00
235104	FY22-23 Air/Vaccum Relief Valve Re	36,936.31	762,192.82	-725,256.51
235110	FY22-23 Service Laterals Planned Re	0.00	1,898.53	-1,898.53
235116	Fire Hydrant Replacements (10 hydr	0.00	0.00	0.00
241102	WTP Outdoor Lighting Replacement	0.00	18,887.51	-18,887.51
245103	Power Monitors for LGB Hinkle & AR	0.00	2,460.00	-2,460.00
245104	Fence for Sierra 30-in and Bacon 33-	0.00	13,120.00	-13,120.00
245106	FY23-24 Service Laterals Planned Re	0.00	0.00	0.00
245107	FY23-24 Meter Replacement Program	0.00	165,130.55	-165,130.55
245108	FY23-24 Air/Vaccum Relief Valve Re	0.00	43,232.15	-43,232.15
245109	FY23-24 Failed Service Lateral Repla	0.00	395,836.03	-395,836.03
Project Totals:		-95,530.82	2,306,346.95	-2,401,877.77

Group Summary

Group	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
CIP - Asset	-95,530.82	2,306,295.86	-2,401,826.68
CIP - Asset Unplanned	0.00	51.09	-51.09
Group Totals:	-95,530.82	2,306,346.95	-2,401,877.77

Type Summary

Type	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
Engineering	-95,530.82	1,659,945.23	-1,755,476.05
Field Services	0.00	582,175.10	-582,175.10
Water Treatment Plant	0.00	64,226.62	-64,226.62
Type Totals:	-95,530.82	2,306,346.95	-2,401,877.77

GL Account Summary

GL Account Number	GL Account Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
011-20030	Retentions Payable	0.00	0.00	0.00
011-700-61145	Capital Outlay - WTP & Improv...	-24,761.31	0.00	-24,761.31
011-700-61155	Capital Outlay - Reservoirs & ...	0.00	59,373.43	59,373.43
011-700-61160	Capital Outlay - Equipment a...	0.00	564,919.81	564,919.81
050-15150	Capital - Mains/Pipelines & I...	0.00	3,111.00	3,111.00
050-900-49950	Investment in Fixed Assets	0.00	0.00	0.00
055-20030	Retentions Payable	120,292.13	0.00	120,292.13
055-700-61120	Capital Outlay - Improvemen...	0.00	13,120.00	13,120.00
055-700-61135	Capital Outlay - Pump Station...	0.00	295,582.43	295,582.43
055-700-61150	Capital Outlay - Mains/Pipeli...	0.00	1,205,058.64	1,205,058.64
055-700-61153	Capital Outlay - Meters and E...	0.00	165,130.55	165,130.55
055-700-61160	Capital Outlay - Equipment a...	0.00	51.09	51.09

GL Account Summary

GL Account Number	GL Account Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
055-700-61160	Capital Outlay - Equipment a...			
	GL Account Totals:	95,530.82	2,306,346.95	2,401,877.77



San Juan Water District, CA

Balance Sheet

Account Summary

As Of 11/30/2023

Account	010 - WHOLESALE	011 - Wholesale Capital Outlay	050 - RETAIL	055 - Retail Capital Outlay	Total
Asset					
Type: 1000 - Assets					
10010 - Cash and Investments	4,371,534.27	3,247,973.80	3,089,473.94	18,061,373.43	28,770,355.44
10510 - Accounts Receivable	966,339.79	678.76	747,314.81	8,312.17	1,722,645.53
11000 - Inventory	6,370.75	0.00	480,445.99	158,375.56	645,192.30
12000 - Prepaid Expense	24,165.16	0.00	1,240.16	0.00	25,405.32
12850 - Lease Receivable	212,174.87	0.00	187,108.67	0.00	399,283.54
14010 - Deferred Outflows	4,985,177.78	0.00	5,972,112.17	0.00	10,957,289.95
17010 - Capital Assets - Work in Progress	23,218,563.77	0.00	4,789,876.28	0.00	28,008,440.05
17150 - Capital Assets - Land Non-depreciable	120,712.00	0.00	166,272.00	0.00	286,984.00
17160 - Capital Assets - Improvements Other Than Buildings	1,289,061.55	0.00	104,592.32	0.00	1,393,653.87
17200 - Capital Assets - Pump Stations & Improvements	7,047,178.00	0.00	7,248,303.78	0.00	14,295,481.78
17300 - Capital Assets - Buildings & Improvements	1,284,264.26	0.00	280,354.38	0.00	1,564,618.64
17350 - Capital Assets - Water Treatment Plant & Imp	42,026,258.66	0.00	16,000.00	0.00	42,042,258.66
17400 - Capital Assets - Mains/Pipelines & Improvements	28,130,034.95	0.00	53,491,036.45	0.00	81,621,071.40
17410 - Capital Assets - Meters	17,097.25	0.00	362,377.39	0.00	379,474.64
17500 - Capital Assets - Reservoirs & Improvements	2,320,005.39	0.00	2,492,421.90	0.00	4,812,427.29
17700 - Capital Assets - Equipment & Furniture	13,746,278.58	0.00	1,172,220.83	0.00	14,918,499.41
17750 - Capital Assets - Vehicles	282,219.34	0.00	1,023,960.05	0.00	1,306,179.39
17800 - Capital Assets - Software	277,730.52	0.00	629,123.80	0.00	906,854.32
17850 - Capital Assets - Intangible	666,196.00	0.00	0.00	0.00	666,196.00
17900 - Less Accumulated Depreciation	-43,727,708.75	0.00	-32,884,227.55	0.00	-76,611,936.30
Total Type 1000 - Assets:	87,263,654.14	3,248,652.56	49,370,007.37	18,228,061.16	158,110,375.23
Total Asset:	87,263,654.14	3,248,652.56	49,370,007.37	18,228,061.16	158,110,375.23
Liability					
Type: 1000 - Assets					
10510 - Accounts Receivable	0.00	0.00	101,219.48	0.00	101,219.48
Total Type 1000 - Assets:	0.00	0.00	101,219.48	0.00	101,219.48
Type: 2000 - Liabilities					
20010 - Accounts Payable	50,477.49	1,798.82	15,054.13	19,729.00	87,059.44
20100 - Retentions Payable	0.00	1,052,930.17	0.00	56,131.32	1,109,061.49
20150 - Customer Deposits	1,148.98	0.00	0.00	0.00	1,148.98
21200 - Salaries & Benefits Payable	60,969.91	0.00	102,389.60	0.00	163,359.51
21250 - Payroll Taxes Payable	28,893.55	0.00	41,909.26	0.00	70,802.81
21300 - Compensated Absences	521,100.88	0.00	636,166.95	0.00	1,157,267.83

Balance Sheet

As Of 11/30/2023

Account	010 - WHOLESALE	011 - Wholesale Capital Outlay	050 - RETAIL	055 - Retail Capital Outlay	Total
21373 - Deferred Inflows of Resources - Leases	197,375.66	0.00	173,079.60	0.00	370,455.26
21500 - Premium on Issuance of Bonds Series 2017	977,332.45	0.00	658,553.66	0.00	1,635,886.11
21600 - OPEB Liability	1,780,190.21	0.00	2,298,184.89	0.00	4,078,375.10
21700 - Pension Liability	2,283,601.31	0.00	2,906,401.66	0.00	5,190,002.97
22010 - Deferred Income	0.00	0.00	62,445.53	0.00	62,445.53
22050 - Deferred Inflows	1,156,543.66	0.00	1,299,709.11	0.00	2,456,252.77
23000 - Loans Payable	1,722,198.56	0.00	272,733.42	0.00	1,994,931.98
24000 - Current Bonds Payables	408,000.00	0.00	272,000.00	0.00	680,000.00
24250 - Bonds Payable 2017 Refunding	12,876,000.00	0.00	8,584,000.00	0.00	21,460,000.00
24300 - Loan - Refunding	4,323,016.10	0.00	2,347,275.68	0.00	6,670,291.78
29010 - Other Payables	6,053.25	0.00	18,159.75	0.00	24,213.00
Total Type 2000 - Liabilities:	26,392,902.01	1,054,728.99	19,688,063.24	75,860.32	47,211,554.56
Total Liability:	26,392,902.01	1,054,728.99	19,789,282.72	75,860.32	47,312,774.04
Equity					
Type: 3000 - Equity					
30100 - Investment in Capital Assets	56,840,501.43	0.00	26,877,947.90	0.00	83,718,449.33
30500 - Designated Reserves	1,705,456.05	2,485,798.11	2,332,193.02	14,095,245.06	20,618,692.24
30600 - Restricted Fund Balance	0.00	0.00	0.00	4,329,965.78	4,329,965.78
Total Type 3000 - Equity:	58,545,957.48	2,485,798.11	29,210,140.92	18,425,210.84	108,667,107.35
Total Total Beginning Equity:	58,545,957.48	2,485,798.11	29,210,140.92	18,425,210.84	108,667,107.35
Total Revenue	5,618,277.50	577,064.02	5,245,956.16	1,521,955.93	12,963,253.61
Total Expense	3,293,482.85	868,938.56	4,875,372.43	1,794,965.93	10,832,759.77
Revenues Over/Under Expenses	2,324,794.65	-291,874.54	370,583.73	-273,010.00	2,130,493.84
Total Equity and Current Surplus (Deficit):	60,870,752.13	2,193,923.57	29,580,724.65	18,152,200.84	110,797,601.19
Total Liabilities, Equity and Current Surplus (Deficit):	87,263,654.14	3,248,652.56	49,370,007.37	18,228,061.16	158,110,375.23



San Juan Water District, CA

Check Report

By Vendor Name

Date Range: 10/27/2023 - 11/30/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-APBNK						
	Void	11/13/2023	Regular	0.00	0.00	59548
	Void	11/13/2023	Regular	0.00	0.00	59549
	Void	11/13/2023	Regular	0.00	0.00	59550
	Void	11/13/2023	Regular	0.00	0.00	59560
	Void	11/07/2023	EFT	0.00	0.00	408957
03845	All Pro Backflow, Inc.	11/21/2023	Regular	0.00	2,800.00	59563
03845	All Pro Backflow, Inc.	11/27/2023	Regular	0.00	100.00	59576
03406	Alpha Analytical Laboratories Inc.	10/31/2023	Regular	0.00	2,357.00	59504
03406	Alpha Analytical Laboratories Inc.	11/07/2023	Regular	0.00	763.00	59532
03406	Alpha Analytical Laboratories Inc.	11/13/2023	Regular	0.00	588.00	59546
03406	Alpha Analytical Laboratories Inc.	11/21/2023	Regular	0.00	42.00	59564
03406	Alpha Analytical Laboratories Inc.	11/27/2023	Regular	0.00	450.00	59577
01039	American Family Life Assurance Company of Co	10/31/2023	Bank Draft	0.00	298.71	Q386910-31-2C
01039	American Family Life Assurance Company of Co	10/31/2023	Bank Draft	0.00	298.71	Q386910-31-2C
03838	Aria Service Group	11/13/2023	EFT	0.00	1,627.00	408972
01328	Association of California Water Agencies / Joint	11/07/2023	EFT	0.00	7,150.08	408955
01898	Association of California Water Agencies / JPIA	11/07/2023	EFT	0.00	21,895.83	408956
01027	Association of California Water Agencies	10/31/2023	Regular	0.00	25,720.00	59505
03594	Borges & Mahoney, Inc.	11/13/2023	Regular	0.00	18,767.29	59547
01235	BSK Associates	10/31/2023	EFT	0.00	90.00	408936
01242	Bureau of Reclamation-MPR	10/31/2023	EFT	0.00	36,800.00	408937
01242	Bureau of Reclamation-MPR	11/21/2023	EFT	0.00	35,590.00	408978
03963	BWD Construction, Inc.	10/31/2023	EFT	0.00	162,246.70	408938
03963	BWD Construction, Inc.	11/21/2023	EFT	0.00	228,210.18	408979
03080	California State Disbursement Unit	10/27/2023	Bank Draft	0.00	1.50	PAY0000000000
03080	California State Disbursement Unit	10/27/2023	Bank Draft	0.00	1,741.26	PAY0000000000
03080	California State Disbursement Unit	11/09/2023	Bank Draft	0.00	1.50	PAY0000000000
03080	California State Disbursement Unit	11/09/2023	Bank Draft	0.00	1,741.26	PAY0000000000
03078	CalPERS Health	11/06/2023	Bank Draft	0.00	48,849.50	1002488659
03078	CalPERS Health	11/06/2023	Bank Draft	0.00	44,888.95	1002488659
03078	CalPERS Health	11/06/2023	Bank Draft	0.00	48,849.50	1002488659
03130	CalPERS Retirement	10/27/2023	Bank Draft	0.00	44,479.83	1002484055
03130	CalPERS Retirement	11/09/2023	Bank Draft	0.00	44,486.29	1002493491
01310	Capital Rubber Co., Ltd	11/07/2023	Regular	0.00	170.52	59533
03706	Capra Environmental Services, Corp.	10/31/2023	Regular	0.00	1,250.00	59506
01330	CDW Government LLC	10/31/2023	EFT	0.00	13,630.87	408939
01330	CDW Government LLC	11/07/2023	EFT	0.00	5,456.00	408958
01330	CDW Government LLC	11/27/2023	EFT	0.00	3,453.97	408990
03221	Chemtrade Chemicals Corporation	11/07/2023	EFT	0.00	9,182.52	408959
01366	Citistreet/CalPERS 457	10/27/2023	Bank Draft	0.00	7,846.52	1002484058
01366	Citistreet/CalPERS 457	11/09/2023	Bank Draft	0.00	7,795.80	1002493494
01375	City of Sacramento	11/21/2023	Regular	0.00	71,743.00	59565
01378	Clark Pest Control of Stockton	11/13/2023	Regular	0.00	95.00	59551
03882	Clark, Jared R	11/21/2023	Regular	0.00	121.17	59566
02214	County of Placer Engineering & Surveying	10/31/2023	Regular	0.00	1,188.33	59507
02214	County of Placer Engineering & Surveying	11/21/2023	Regular	0.00	383.03	59567
01423	County of Sacramento	10/31/2023	Regular	0.00	151.00	59508
03890	Datalink Networks, Inc.	10/31/2023	EFT	0.00	1,400.00	408940
03890	Datalink Networks, Inc.	11/27/2023	EFT	0.00	4,537.50	408991
01521	DataProse, LLC	11/21/2023	EFT	0.00	5,823.20	408980
03376	Del Paso Pipe & Steel Inc.	11/13/2023	Regular	0.00	125.93	59552
01509	Domenichelli & Associates, Inc.	11/21/2023	EFT	0.00	336.00	408981
03163	Economic Development Department	10/27/2023	Bank Draft	0.00	12,022.47	0-016-737-296
03163	Economic Development Department	11/09/2023	Bank Draft	0.00	11,514.94	1-970-039-824

Check Report

Date Range: 10/27/2023 - 11/30/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
03163	Economic Development Department	11/09/2023	Bank Draft	0.00	647.20	1-970-039-824
03775	ECORP Consulting, Inc.	11/27/2023	Regular	0.00	1,477.50	59578
03749	Eide Bailly LLP	11/27/2023	EFT	0.00	4,256.50	408992
01554	Electrical Equipment Co	11/13/2023	Regular	0.00	734.88	59553
03702	Flowline Contractors, Inc.	10/31/2023	EFT	0.00	255,469.44	408941
03702	Flowline Contractors, Inc.	11/07/2023	EFT	0.00	13,635.00	408960
03702	Flowline Contractors, Inc.	11/13/2023	EFT	0.00	5,037.00	408973
03702	Flowline Contractors, Inc.	11/21/2023	EFT	0.00	15,398.00	408982
03702	Flowline Contractors, Inc.	11/27/2023	EFT	0.00	50,796.00	408993
01644	Franchise Tax Board	10/31/2023	Regular	0.00	75.00	59509
01644	Franchise Tax Board	11/13/2023	Regular	0.00	75.00	59554
01644	Franchise Tax Board	11/27/2023	Regular	0.00	75.00	59579
01651	Future Ford, Inc.	10/31/2023	EFT	0.00	3,440.98	408942
03870	Genuine Parts Company	10/31/2023	Regular	0.00	91.58	59510
03870	Genuine Parts Company	11/07/2023	Regular	0.00	14.61	59534
03790	Global Machinery International West LLC	11/27/2023	EFT	0.00	182.20	408994
03091	Granite Bay Ace Hardware	10/31/2023	Regular	0.00	25.08	59511
03091	Granite Bay Ace Hardware	11/07/2023	Regular	0.00	411.94	59535
02567	Grant, Teri	11/21/2023	Regular	0.00	289.51	59568
01706	Graymont Western US Inc.	11/07/2023	EFT	0.00	8,755.02	408961
01706	Graymont Western US Inc.	11/21/2023	EFT	0.00	8,611.06	408983
03971	Ground Penetrating Radar Systems, LLC	10/31/2023	Regular	0.00	2,350.00	59512
03971	Ground Penetrating Radar Systems, LLC	11/21/2023	Regular	0.00	2,350.00	59569
01741	HDR Engineering, Inc.	10/31/2023	EFT	0.00	5,509.14	408943
01741	HDR Engineering, Inc.	11/27/2023	EFT	0.00	5,946.00	408995
01763	Holt of California	10/31/2023	Regular	0.00	7,505.19	59513
03072	HUNT & SONS INC.	11/07/2023	Regular	0.00	830.21	59536
03383	Inferrera Construction Management Group, Inc	11/13/2023	Regular	0.00	6,240.00	59555
03164	Internal Revenue Service	10/27/2023	Bank Draft	0.00	60,213.05	270370050920
03164	Internal Revenue Service	10/27/2023	Bank Draft	0.00	83.73	270370050920
03164	Internal Revenue Service	11/09/2023	Bank Draft	0.00	57,946.98	270371350763
03164	Internal Revenue Service	11/09/2023	Bank Draft	0.00	2,741.21	270371350763
03164	Internal Revenue Service	11/09/2023	Bank Draft	0.00	83.73	270371350763
03934	Loewen, Mark V	11/21/2023	EFT	0.00	21,157.43	408984
03868	Lords Electric Inc	10/31/2023	EFT	0.00	168,340.00	408944
02024	MCI WORLDCOM	10/31/2023	Regular	0.00	53.00	59514
02024	MCI WORLDCOM	11/27/2023	Regular	0.00	53.00	59580
02027	Mcmaster-Carr Supply Company	11/13/2023	EFT	0.00	112.29	408974
01472	Mel Dawson, Inc.	10/31/2023	EFT	0.00	2,818.76	408945
01472	Mel Dawson, Inc.	11/07/2023	EFT	0.00	3,181.71	408962
01472	Mel Dawson, Inc.	11/27/2023	EFT	0.00	8,225.34	408996
03692	MGT of America, LLC	11/07/2023	Regular	0.00	2,178.01	59537
03959	MSLA Landscape Architecture, Inc.	10/31/2023	Regular	0.00	800.00	59515
02091	Navajo Pipelines, Inc.	10/31/2023	Regular	0.00	112,090.81	59516
02093	NDS Solutions, Inc	11/21/2023	Regular	0.00	1,132.79	59570
02131	ODP Business Solutions, LLC	10/31/2023	Regular	0.00	561.29	59517
02131	ODP Business Solutions, LLC	11/07/2023	Regular	0.00	311.99	59538
02131	ODP Business Solutions, LLC	11/13/2023	Regular	0.00	545.45	59556
02131	ODP Business Solutions, LLC	11/21/2023	Regular	0.00	119.86	59571
02131	ODP Business Solutions, LLC	11/27/2023	Regular	0.00	154.74	59581
02150	Pace Supply Corp	11/07/2023	Regular	0.00	479.78	59539
02150	Pace Supply Corp	11/13/2023	Regular	0.00	3,790.17	59557
02150	Pace Supply Corp	11/27/2023	Regular	0.00	228.50	59582
02158	Pacific Storage Company	10/31/2023	EFT	0.00	91.20	408946
02158	Pacific Storage Company	11/27/2023	EFT	0.00	94.24	408997
03045	Patton, Jim	11/13/2023	Regular	0.00	810.00	59558
03178	Paul, Scott	11/07/2023	Regular	0.00	183.16	59540
02146	PG&E	11/13/2023	Regular	0.00	14,681.26	59559
02146	PG&E	11/27/2023	Regular	0.00	10.00	59583
02225	Polydyne, Inc	10/31/2023	EFT	0.00	5,874.32	408947
03961	Prosio Communications	10/31/2023	Regular	0.00	7,607.50	59518

Check Report

Date Range: 10/27/2023 - 11/30/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
03961	Prosio Communications	11/21/2023	Regular	0.00	9,082.50	59572
01736	Quadient Leasing USA, Inc. - Lease	10/31/2023	EFT	0.00	102.03	408948
02283	Recology Auburn Placer	11/13/2023	Regular	0.00	784.79	59561
02286	Regional Water Authority	11/21/2023	EFT	0.00	15,703.00	408985
02292	Rexel USA Inc	11/07/2023	EFT	0.00	907.00	408963
02293	RFI Enterprises, Inc.	10/31/2023	EFT	0.00	54.46	408949
02293	RFI Enterprises, Inc.	11/27/2023	EFT	0.00	54.46	408998
03782	RGM Kramer Inc	10/31/2023	Regular	0.00	550.50	59519
03782	RGM Kramer Inc	11/21/2023	Regular	0.00	951.50	59573
03828	Richard D. Jones, A Professional Law Corporation	11/07/2023	Regular	0.00	5,040.00	59541
02328	Rocklin Windustrial Co	10/31/2023	Regular	0.00	411.79	59520
03385	S J Electro Systems Inc	11/07/2023	EFT	0.00	1,356.00	408964
02381	Sacramento Metropolitan Air Quality Management District	10/31/2023	Regular	0.00	7,342.00	59521
02357	Sacramento Municipal Utility District (SMUD)	11/27/2023	Regular	0.00	24,452.84	59584
03822	SIJ Holdings LLC	10/31/2023	EFT	0.00	1,246.44	408950
03822	SIJ Holdings LLC	11/27/2023	EFT	0.00	392.32	408999
03830	Stoel Rives LLP	10/31/2023	EFT	0.00	13,885.55	408951
03830	Stoel Rives LLP	11/21/2023	EFT	0.00	23,999.50	408986
01641	Sun Life Assurance Company of Canada	11/15/2023	Bank Draft	0.00	11,187.96	1127164
02529	Sunbelt Rentals, Inc.	11/07/2023	EFT	0.00	109.57	408965
01411	SureWest Telephone	11/27/2023	Regular	0.00	3,346.81	59585
02572	Thatcher Company of California, Inc.	11/07/2023	EFT	0.00	47,040.00	408966
02581	The Ferguson Group, LLC	11/21/2023	EFT	0.00	6,750.00	408987
03840	The Permanente Medical Group, Inc.	11/07/2023	Regular	0.00	115.00	59542
03799	Thirkettle Corporation	11/07/2023	EFT	0.00	18,018.00	408967
03799	Thirkettle Corporation	11/13/2023	EFT	0.00	60,714.23	408975
03799	Thirkettle Corporation	11/27/2023	EFT	0.00	60,714.23	409000
02624	Trace Analytics LLC	11/07/2023	Regular	0.00	766.80	59543
03846	U.S. Bancorp Asset Management, Inc.	11/07/2023	EFT	0.00	2,041.16	408968
03846	U.S. Bancorp Asset Management, Inc.	11/13/2023	EFT	0.00	984.94	408976
02651	United Parcel Service, Inc.	10/31/2023	Regular	0.00	30.00	59522
02667	US Bank Corporate Payments Sys (CalCard)	11/17/2023	Bank Draft	0.00	25,552.86	474-561715-23
03077	VALIC	10/27/2023	Bank Draft	0.00	3,886.20	295803
03077	VALIC	11/09/2023	Bank Draft	0.00	3,883.02	298534
03852	Valley Power Systems North, Inc.	10/31/2023	Regular	0.00	4,014.95	59523
02690	Verizon Wireless	10/31/2023	Regular	0.00	2,914.50	59524
02700	Viking Shred LLC	11/07/2023	Regular	0.00	64.00	59544
01687	W. W. Grainger, Inc.	10/31/2023	Regular	0.00	618.56	59525
01687	W. W. Grainger, Inc.	11/07/2023	Regular	0.00	432.91	59545
02710	WageWorks, Inc	11/07/2023	EFT	0.00	116.00	408969
03387	WageWorks, Inc	10/31/2023	EFT	0.00	232.00	408952
03387	WageWorks, Inc	11/13/2023	EFT	0.00	232.00	408977
03387	WageWorks, Inc	11/27/2023	EFT	0.00	232.00	409001
01068	Walker, Glenn C.	10/31/2023	Regular	0.00	1,382.36	59526
01486	WAPA - Department of Energy	10/31/2023	EFT	0.00	3,700.68	408953
01486	WAPA - Department of Energy	11/07/2023	EFT	0.00	702.48	408970
01486	WAPA - Department of Energy	11/21/2023	EFT	0.00	1,885.41	408988
02717	Water Research Foundation	10/31/2023	Regular	0.00	28,847.21	59527
03791	Water Systems Consulting, Inc.	10/31/2023	EFT	0.00	392.50	408954
03791	Water Systems Consulting, Inc.	11/21/2023	EFT	0.00	25,430.00	408989
02730	Western Area Power Administration	11/07/2023	EFT	0.00	2,180.00	408971
02730	Western Area Power Administration	11/27/2023	EFT	0.00	2,180.00	409002
02766	Youngdahl Consulting Group, Inc.	10/31/2023	Regular	0.00	8,130.00	59528
02766	Youngdahl Consulting Group, Inc.	11/13/2023	Regular	0.00	1,424.00	59562
02766	Youngdahl Consulting Group, Inc.	11/21/2023	Regular	0.00	646.25	59574

Check Report

Date Range: 10/27/2023 - 11/30/2023

Vendor Number**Vendor Name**

03445 Zlotnick, Greg

Payment Date

11/21/2023 Regular

Discount Amount

0.00

Payment Amount

57.00

Number

59575

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	122	75	0.00	396,558.35
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	25	25	0.00	441,042.68
EFT's	106	67	0.00	1,415,717.44
	253	171	0.00	2,253,318.47

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	122	75	0.00	396,558.35
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	25	25	0.00	441,042.68
EFT's	106	67	0.00	1,415,717.44
	253	171	0.00	2,253,318.47

Fund Summary

Fund	Name	Period	Amount
999	INTERCOMPANY	10/2023	1,022,264.70
999	INTERCOMPANY	11/2023	1,231,053.77
			2,253,318.47



San Juan Water District, CA

Vendor History Report By Vendor Name

Posting Date Range 07/01/2023 - 11/30/2023

Payment Date Range -



Payroll Set: 01-San Juan Water District

Employee Number	Employee Name	Pay Code	# of Payments	Units	Pay Amount
<u>0690</u>	Costa, Ted	Reg - Regular Hours	5	31.00	3,875.00
			0690 - Costa Total:	31.00	3,875.00
<u>0670</u>	Miller, Ken	Reg - Regular Hours	5	19.00	2,375.00
			0670 - Miller Total:	19.00	2,375.00
<u>1003</u>	Rich, Daniel	Reg - Regular Hours	5	15.00	1,875.00
			1003 - Rich Total:	15.00	1,875.00
<u>0650</u>	Tobin, Pamela	Reg - Regular Hours	5	50.00	6,250.00
			0650 - Tobin Total:	50.00	6,250.00
<u>1039</u>	Zamorano, Manuel	Reg - Regular Hours	5	13.00	1,625.00
			1039 - Zamorano Total:	13.00	1,625.00
				Report Total:	128.00
					16,000.00



Pay Code Report

Account Summary

7/1/2023 - 11/30/2023

Payroll Set: 01-San Juan Water District

Account	Account Description	Units	Pay Amount
<u>010-010-58110</u>	Director - Stipend	64.00	8,000.00
	010 - WHOLESALE Total:	64.00	8,000.00
<u>050-010-58110</u>	Director - Stipend	64.00	8,000.00
	050 - RETAIL Total:	64.00	8,000.00
	Report Total:	128.00	16,000.00

**Pay Code Report**

Pay Code Summary

7/1/2023 - 11/30/2023

Payroll Set: 01-San Juan Water District

Pay Code	Description	# of Payments	Units	Pay Amount
Reg - Regular Hours	Regular Hours	25	128.00	16,000.00
		Report Total:	128.00	16,000.00

2023/24 Actual Deliveries and Revenue - By Wholesale Customer Agency

	July - November 2023						
	Budgeted Deliveries	Budgeted Revenue	Actual Deliveries	Actual Revenue	Delivery Variance		Revenue Variance
San Juan Retail	6,414	\$ 1,485,145	6,727.82	\$ 1,510,576	313	4.9%	\$ 25,431 1.7%
Citrus Heights Water District	4,846	\$ 1,282,494	5,517.65	\$ 1,336,987	672	13.9%	\$ 54,492 4.2%
Fair Oaks Water District	3,450	\$ 891,559	3,558.00	\$ 900,349	108	3.1%	\$ 8,790 1.0%
Orange Vale Water Co.	2,105	\$ 487,037	2,098.85	\$ 486,527	(6)	-0.3%	\$ (511) -0.1%
City of Folsom	551	\$ 138,294	594.58	\$ 141,810	43	7.9%	\$ 3,516 2.5%
Granite Bay Golf Course	201	\$ 7,093	232.56	\$ 8,221	32	15.9%	\$ 1,128 15.9%
Sac Suburban Water District	5,213	\$ 1,147,584	8,227.22	\$ 1,811,305	3,015	57.8%	\$ 663,721 57.8%
TOTAL	22,780	\$ 5,439,208	26,957	\$ 6,195,775	4,177	18.3%	\$ 756,567 13.9%

Budgeted Deliveries	22,779.69
Actual Deliveries	<u>26,956.68</u>
Difference	4,176.99
	18.3%

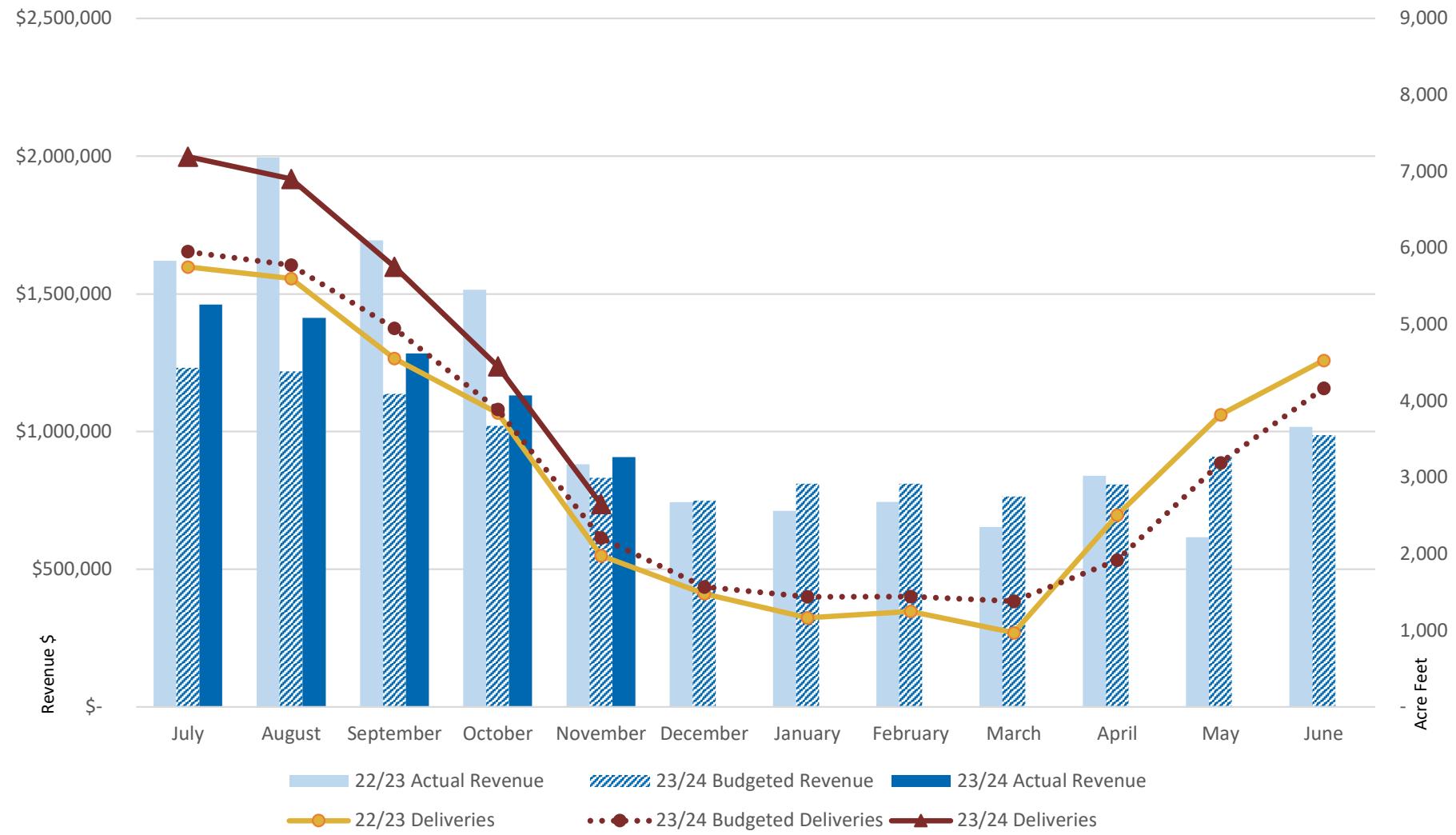
Budgeted Water Sale Revenue	\$ 5,439,208
Actual Water Sale Revenue	<u>\$ 6,195,775</u>
Difference	\$ 756,567
	13.9%

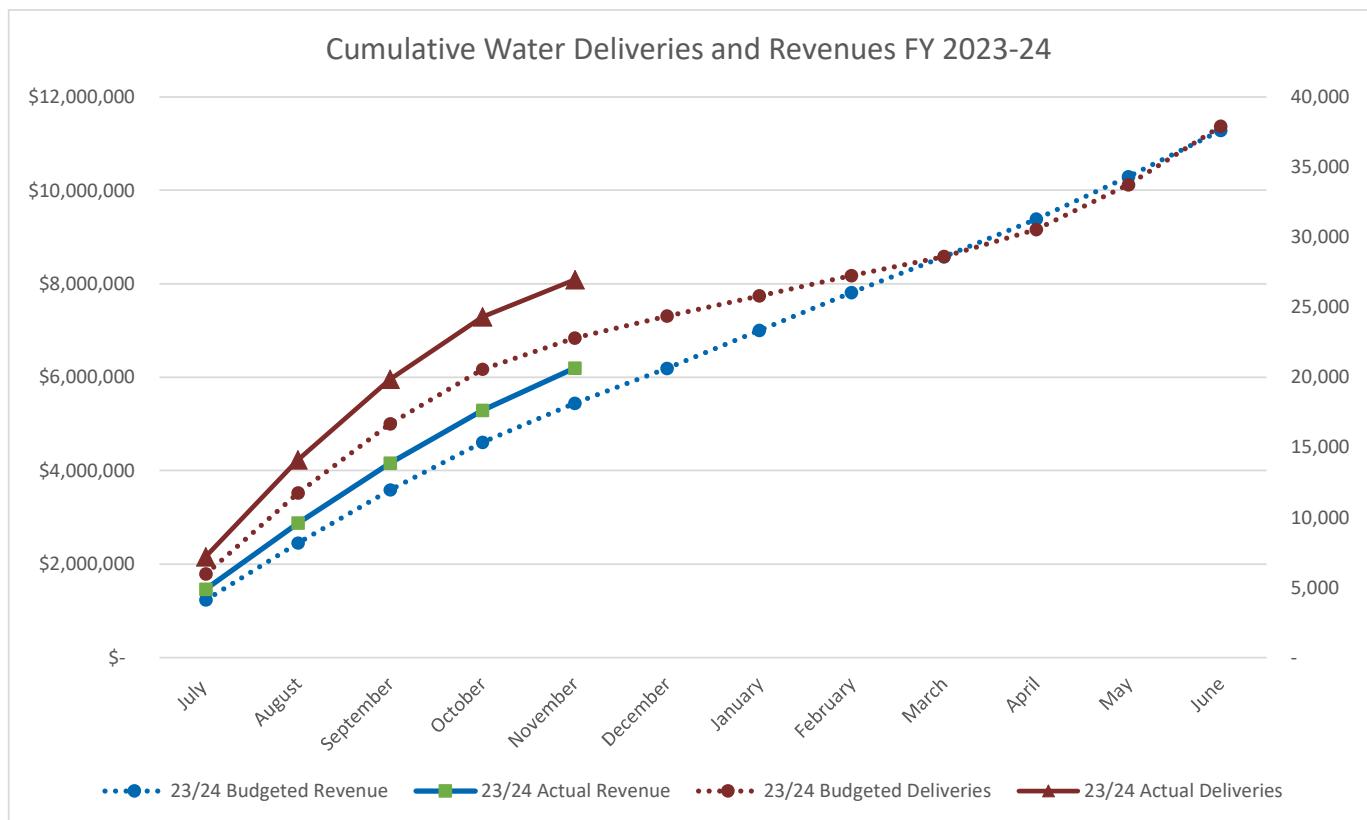
Conclusion:

Water deliveries for the year continue to be strong as compared to the budget. Deliveries through November were 18.3% greater than anticipated. As shown in the chart above, the main drivers of the positive variance are greater than anticipated deliveries to the Citrus Heights Water District and the Sacramento Suburban Water District.

The positive variance in deliveries results in revenues being 13.9% greater than expected for this time of year.

Comparison of Fiscal Year 2022/2023 Actuals to 2023/2024 Projections and Actuals of Deliveries and Revenue





[Back to Agenda](#)

AGENDA ITEM VII-3

DWR RELEASES FINAL EIR FOR DELTA CONVEYANCE PROJECT

BY DEPARTMENT OF WATER RESOURCES DEC 8, 2023 WATER NEWS

The Department of Water Resources today released the Final Environmental Impact Report (EIR) for the proposed Delta Conveyance Project, advancing an essential piece of the state's strategy to protect water access for millions of Californians. It was redesigned following public input and Governor Newsom's pledge of rightsizing the project to one tunnel to better support both environmental and water supply needs.

By 2040, California is expected to lose 10% of its water supply due to hotter temperatures. During January's atmospheric rivers, the Delta Conveyance Project could've captured enough water for 2.3 million peoples' yearly usage. Until this year, the state faced its three driest years on record. Extreme weather whiplash will result in more intense swings between droughts and floods. California's 60-year-old State Water Project infrastructure is not built for these climate effects.

The Delta Conveyance Project would modernize the state's water infrastructure to:

- Capture and move more water during wet seasons to better endure dry seasons;
- Minimize future losses from climate-driven weather extremes;
- Protect against earthquakes disrupting water supplies;
- Continue meeting regulatory water quality and fishery requirements, and add new operating rules for further fishery protections;
- Includes a Community Benefits Program to ensure local communities get the means and resources to achieve tangible and lasting benefits.

"Climate change is threatening our access to clean drinking water, diminishing future supplies for millions of Californians – doing nothing is not an option. After the three driest years on record, we didn't have the infrastructure to fully take advantage of an exceptionally wet year, which will become more and more critical as our weather whiplashes between extremes," said Governor Gavin Newsom. "This project is essential to updating our water system for millions of Californians. This new approach, redesigned following community and environmental input, is how we can build a California of the future."

This project is key to California's Water Resilience Portfolio and Governor Newsom's Water Supply Strategy.

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Throughout development of the proposed project, DWR heard from local communities and used feedback to address concerns, with some of these recommendations including: avoiding the central Delta, avoiding forebays and barge landings, reducing pile driving, undergrounding power near sandhill crane habitat, minimizing acreage needed to store tunnel material, and minimizing the project footprint.

The proposed project also includes a Community Benefits Program, with the goal to identify and implement local projects that can provide tangible and lasting local benefits.

“Modernized infrastructure in the Delta is a missing link to the state’s most affordable and reliable source of water,” said Karla Nemeth, Director of the California Department of Water Resources. “Improving water use efficiency and increasing local water supplies is an important compliment to the State Water Project to ensure that a climate proof water supply remains affordable now and into the future.”

The environmental review included a 142-day public comment period in which DWR received more than 700 letters and 7,000 individual comments. Outreach began in 2020 and has included a multitude of webinars, workshops, briefings, multi-language informational materials, email updates, videos, animations, tabling at local events, and a comprehensive Delta survey. The Final EIR responds to all substantive comments.

“We worked hard to address local concerns and made considerable improvements to minimize terrestrial species effects, wetland impacts, noise, air quality impacts, traffic, power needs, boating and waterway effects, land disturbance, and overall project footprint,” said Carrie Buckman, the project’s Environmental Program Manager.

An Environmental Impact Report evaluates and discloses to public agency decision makers and the public the potential environmental impacts, and identifies feasible mitigation measures to avoid, minimize, or otherwise offset potentially significant impacts.

Proposed responses to comments, as well as the Final EIR and accompanying informational resources, can be accessed at www.deltaconveyanceproject.com. This action signifies the last step DWR is required to take under the California Environmental Quality Act (CEQA) prior to deciding whether to certify the EIR and approve the proposed project.

The Final EIR was prepared by DWR as the lead agency to comply with the requirements of CEQA. The Final EIR is presented in two volumes: 1) the contents of the entire Draft EIR, as revised, and 2) all comments received on the Draft EIR and responses to substantive comments.

At the conclusion of the CEQA process, DWR will determine if the Final EIR has been completed in compliance with CEQA and whether to certify that the Final EIR reflects DWR’s independent judgment and analysis. Following certification of the Final EIR, DWR will then use the information in it to assist in

determining whether to approve the proposed project, an alternative or no project. Learn more about the CEQA process here. Find a full list of informational materials here. A video and infographic materials are available in a DWR news release.

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SUMMARY OF LEGISLATION **2023**



INTRODUCTION

This summary includes legislation enacted in the first year of the 2023-'24 Legislative Session that is relevant to ACWA member agencies, including urban water districts, city water departments, and irrigation districts. The legislation is organized by subject matter. Code sections, along with the bill and chapter numbers, are provided for each measure, and a general index is included at the end of the summary as a reference.

All enacted legislation goes into effect on Jan. 1, 2024, unless otherwise indicated. Urgency bills, tax measures, budget appropriations, and legislation calling for an election become effective immediately upon receiving the Governor's signature. Effective dates are provided for any measures becoming law on a date other than Jan. 1, 2024.

This document summarizes the legislation in a concise manner. The complete text of the legislation is available on the California Legislative Counsel's website at www.leginfo.legislature.ca.gov.

ACKNOWLEDGEMENTS

The following ACWA staff prepared this report.

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The Association of California Water Agencies is pleased to provide member agencies with this "2023 Summary of Legislation" publication. It provides concise information on state legislation signed into law by Governor Gavin Newsom that will impact ACWA members. This document is not intended to provide legal advice.

If you have any questions or suggestions for improving this document, please contact ACWA State Relations Analyst Kylie Wright at (916) 441-4545. ACWA looks forward to continuing to provide ACWA members agencies with information and advocacy.

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ADMINISTRATIVE / OPERATIONAL COMPLIANCE

AB 334 - Public Contracts: Conflicts of Interest

Establishes that an independent contractor, who meets specified requirements, is not an officer for purposes of being subject to the prohibition on being financially interested in a contract. The bill authorizes a public agency to contract with an independent contractor who is an officer for a later phase of the same project if the independent contractor did not engage in or advise on, as specified, the making of the subsequent contract.

Establishes that a person who acts in good faith reliance on these provisions is not in violation of the above-described conflict-of-interest prohibitions and prohibits them from being subject to criminal, civil, or administrative enforcement under those prohibitions if the initial contract includes specified language and the independent contractor is not in breach of those terms. The bill provides that it is a complete defense in any criminal, civil, or administrative proceeding if the person acts in good faith reliance on these provisions, and meets specified conditions, but fails to include the specified language in the initial contract.

Chapter 263, Statutes of 2023, Assembly Bill 334.
Author: Blanca Rubio

[An act to add Section 1097.6 to the Government Code, relating to contracts.]

AB 557 - Open Meetings: Local Agencies: Teleconferences

Revises the authority of a legislative body to hold a teleconference meeting under abbreviated teleconferencing procedures when a declared state of emergency is in effect. The bill extends indefinitely that authority in the circumstances under which the legislative body either: (1) meets for the purpose of determining whether, because of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or (2) has previously made that determination. Extends the period for a legislative body to make the above-described findings related to a continuing state of emergency to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.

Chapter 534, Statutes of 2023, Assembly Bill 557.
Author: Gregg Hart

[An act to amend and repeal Section 54953 of the Government Code, relating to local government.]

AB 1484 - Temporary Public Employees

Imposes specified requirements with respect to the temporary employees of a public employer who have been hired to perform the same or similar type of work that is performed by permanent employees represented by a recognized employee organization. Requires those temporary employees to be automatically included in the same bargaining unit as the permanent employees if the requested classification of temporary employees is not presently within the unit.

Requires the public employer to promptly participate in collective bargaining to establish certain employment conditions for the newly added temporary employees if the parties' current memorandum of understanding does not address them, as specified.

Requires a public employer to, upon hire, provide each temporary employee with their job description, wage rates, and eligibility for benefits, anticipated length of employment, and procedures to apply for open, permanent positions.

Chapter 691, Statutes of 2023, Assembly Bill 1484.
Author: Rick Chavez-Zbur

[An act to add Section 3507.7 to the Government Code, relating to public employment.]

BUDGET (STATE)

SB 122 - Public Resources Budget Trailer Bill: Dam Safety, Natural Infrastructure, Groundwater Recharge, and Drinking Water and Wastewater Arrearages (Among Other Topics)

Requires Department of Water Resources (DWR), upon appropriation by the Legislature, to develop and administer the Dam Safety and Climate Resilience Local Assistance Program (Program). Specifies that the Program provides State funding for repairs, rehabilitation, enhancements, and other dam safety projects at existing state jurisdictional dams and associated facilities, subject to prescribed criteria. Requires DWR to develop and adopt program guidelines and project solicitation documents before disbursing any grant funds.

Adds "aquifers" to a list of examples of aquatic or vegetated terrestrial open spaces for the purposes of the definition of "natural infrastructure" in Public Resources Code Section 71154, which pertains to climate change impacts and vulnerabilities and the Safeguarding California Plan.

Exempts specified activities regarding the diversion of flood flows for groundwater recharge from certain notification and permitting requirements. This bill provides that diversion of flood flows for groundwater recharge do not require an appropriative water right if flows downstream of the point of diversion are at imminent risk of flooding and inundation of land, roads, or structures.

Revises the State Water Board's California Water and Wastewater Arrearage Payment Program by moving the sunset of the program to July 1, 2026, and allowing local agencies to account for arrearages owed for a time period that extends to December 31, 2022.

Chapter 51, Statutes of 2023, Senate Bill 122. Author: Committee on Budget and Fiscal Review

[An act to amend Section 1021.8 of the Code of Civil Procedure, to amend Section 1610 of, and to add Chapter 11.5 (commencing with Section 1927) to Division 2 of, the Fish and Game Code, to amend Sections 4101.4 and 4104 of, and to add and repeal Sections 4104.5, 4105.5, and 4109 of, the Food and Agricultural Code, to repeal Section 12087.3 of the Government Code, to amend Sections 25502, 38562.2, 116773.2, 116773.4, 116773.6, and 116773.8 of the Health and Safety Code, to amend Sections 716, 3258, 5080.18, 42034.2, and 71154 of, and to add Article 4 (commencing with Section 5081) to Chapter 1.2 of Division 5 of, the Public Resources Code, to repeal Section 17131.19 of the Revenue and Taxation Code, to amend Sections 1831, 1846, 6300, 6302, 6304, 6305, 13198, 13198.2, 13260, and 13523 of, to add Sections 1242.1, 1242.2, 1242.3, 6433, and 13198.3 to, to add Part 4 (commencing with Section 6700) to Division 3 of, and to repeal Section 13198.8 of, the Water Code, to amend the Budget Act of 2021 (Chapter 69 of the Statutes of 2021) by amending Item 3940-162-8506 of Section 2.00 of that act, to amend Section 106 of Chapter 73 of the Statutes of 2021, and to repeal Section 95 of Chapter 50 of the Statutes of 2022, relating to public resources, and making an appropriation therefor, to take effect immediately, bill related to the budget.]

ENERGY

AB 1594 - Medium- and Heavy-Duty Zero-Emission Vehicles: Public Agency Utilities

Requires any State regulation that requires the procurement of medium- and heavy-duty zero-emission vehicles, to authorize public agency utilities to purchase replacements for traditional utility-specialized vehicles that are at the end of life, without regard to the model year of the vehicle being replaced, to maintain reliable service and respond to major foreseeable events, including severe weather, wildfires, natural disasters, and physical attacks. This bill applies to publicly owned electric utilities, community water systems, water districts, irrigation districts, flood control agencies, and wastewater treatment providers.

Provides that in determining daily usage, public agency utilities are able to provide comprehensive usage data for a class of vehicles that does not exclusively rely on the lowest mileage reading and does not exclude the highest usage data.

Chapter 585, Statutes of 2023, Assembly Bill 1594. Author: Eduardo Garcia.

[An act to add the heading of Division 12.5 (commencing with Section 28500) to, and to add Chapter 1 (commencing with Section 28500) to Division 12.5 of, the Vehicle Code, relating to vehicles.]

GROUNDWATER

AB 279 - San Gabriel Basin Water Quality Authority: Annual Pumping Right Assessment

Raises the maximum amount the San Gabriel Basin Water Quality Authority may impose for an annual pumping assessment from \$10 per acre foot to \$20 per acre foot.

Chapter 799, Statutes of 2023, Assembly Bill 279. Author: Blanca Rubio

[An act to amend Section 605 of the San Gabriel Basin Water Quality Authority Act (Chapter 776 of the Statutes of 1992), relating to water.]

AB 779 - Groundwater: Adjudication

Requires a court, in an adjudication action for a basin required to have a groundwater sustainability plan (GSP) under the Sustainable Groundwater Management

Act (SGMA), to appoint one party to forward all case management orders, judgments, and interlocutory orders to the groundwater sustainability agency (GSA) within 10 business days of issuance. Requires the GSA to post the documents on its internet website within 20 business days of receipt from a party. Requires the court to allocate payment of the costs incurred by the party appointed to forward all case management orders, judgments, and interlocutory orders to the GSA among the parties in an amount and a manner that the court deems equitable.

Authorizes the court to enter judgment in an adjudication action for a basin required to have a GSP under SGMA, if in addition to specified criteria, the court also finds that the judgment will not substantially impair the ability of the GSA, the State Water Resources Control Board (State Water Board) or DWR to comply with SGMA and to achieve sustainable groundwater management.

Authorizes the court to refer the matter to the State Water Board for investigation and report to assist the court in making findings pursuant to these provisions. In addition, a party may request that the court refer the matter to the State Water Board for these purposes, as specified. Requires the court to consider the water use of and accessibility of water for small farmers and disadvantaged communities, as those terms are defined, before entering a judgment.

Prohibits, throughout the duration of the adjudication proceeding, a party to the adjudication, and any other person extracting water from the basin, from using new or increased groundwater use to establish a new claim of prescription during the proceeding.

Requires a GSA, upon receiving notice that an adjudication has commenced in its basin, to host a public meeting to explain the adjudication process and the status of the adjudication to water users within the basin and the public. This only applies to basins in which a comprehensive adjudication has not been commenced by January 1, 2024.

Chapter 665, Statutes of 2023, Assembly Bill 779.
Author: Lori Wilson

[An act to amend Sections 840 and 850 of, and to add Section 831.5 to, the Code of Civil Procedure, and to amend Section 10737.4 of, and to add Sections 10737.3 and 10737.9 to, the Water Code, relating to groundwater.]

SB 659 - California Water Supply Solutions Act of 2023

Establishes the California Water Supply Solutions Act of 2023 to require the DWR as part of the 2028 update to the California Water Plan, and each subsequent update thereafter, to provide actionable recommendations to develop additional groundwater recharge opportunities that increase the recharge of the State's groundwater basins without reducing the amount of water available for environmental purposes or any other purpose allowed under State law.

Requires DWR to consult with the State Water Board, the nine Regional Water Quality Control Boards, and an advisory committee, in carrying out these provisions. Requires the recommendations to identify immediate opportunities and potential long-term solutions to increase the State's groundwater supply, with a priority on multi-benefit projects. Requires DWR, to the extent feasible, to evaluate the potential economic and noneconomic costs and benefits of implementing the recommendations.

Chapter 624, Statutes of 2023, Senate Bill 659. Author: Angelique Ashby

[An act to amend Section 10004 of, and to add Section 10004.7 to, the Water Code, relating to groundwater.]

INFRASTRUCTURE

SB 146 - Public Resources: Infrastructure: Contracting

Authorizes the use of the progressive design-build project delivery method for the California Department of Transportation (Caltrans) and DWR for the construction of up to eight public works projects per department with an estimated contract price that exceeds \$25 million. Specifies the procurement process for progressive design-build projects. Prohibits Caltrans and DWR from including the authority to perform inspection services for projects, as specified.

Prohibits DWR from using progressive design-build for the design or construction of Delta conveyance facilities or seawater desalination projects. Requires the departments to submit a report to the Legislature by January 1, 2034, if they utilize progressive design-build, and contains a sunset date of January 1, 2034.

Chapter 58, Statutes of 2023, Senate Bill 146. Author: Lena Gonzalez

[An act to amend Section 13979.2 of, and to add and repeal Section 13979.4 of, the Government Code, to add and repeal Article 6.7 (commencing with Section 10215) of Chapter 1 of Part 2 of Division 2 of the Public Contract Code, and to add and repeal Article 6.5 (commencing with Section 217) of Chapter 1 of Division 1 of the Streets and Highways Code, relating to public resources, and declaring the urgency thereof, to take effect immediately.]

SB 147 - Fully Protected Species: California Endangered Species Act: Authorized Take

Authorizes the taking of fully protected species as long as that take is avoided, minimized, or fully mitigated, and species are conserved, as provided, and that the project will not result in the extinction of the species.

Requires the permit applicant to pay a permit application fee and develop and implement a monitoring program and adaptive management plan, as specified.

Provides that eligible infrastructure projects include the maintenance, repair, and improvement of both the State Water Project and critical regional or local water agency infrastructure; certain transportation projects; and wind and solar photovoltaic projects, including associated electric transmission, as provided.

Specifies that ocean desalination and the Delta conveyance project are not eligible projects. Requires the California Department of Fish and Wildlife (CDFW) to develop a plan to assess the population status of any fully protected species whose take would be authorized pursuant to these provisions by July 1, 2024, as provided.

Requires CDFW to provide an annual legislative report on the implementation of this permit program starting July 1, 2025. Sunsets the authority to issue new take permits January 1, 2034, and specifies existing take permits would remain in effect.

Chapter 59, Statutes of 2023, Senate Bill 147. Author: Angelique Ashby

[An act to amend Sections 395, 3511, 4700, 5050, and 5515 of, and to add Section 2081.15 to, the Fish and Game Code, relating to fully protected species, and declaring the urgency thereof, to take effect immediately.]

SB 149 - California Environmental Quality Act: Administrative and Judicial Procedures: Record of Proceedings: Judicial Streamlining

Provides that, under the California Environmental Quality Act (CEQA), in certain specified actions or proceedings, the plaintiff or petitioner may elect to prepare the record of proceedings, subject to certification of its accuracy by the public agency. CEQA requires that a copy of the certified record of proceedings be lodged with the court.

Authorizes the Governor, under the Jobs and Economic Improvement Through Environmental Leadership Act of 2021 (Leadership Act) before January 1, 2024, to certify projects that meet specified requirements for streamlining benefits related to CEQA, including the requirement that judicial actions challenging the action of a lead agency for projects certified by the Governor be resolved, to the extent feasible, within 270 days after the filing of the record of proceedings with the court, and a requirement that the applicant agrees to pay the costs of preparing the record of proceedings for the project concurrent with review and consideration of the project. The Leadership Act provides that if a lead agency fails to approve a project certified by the Governor before January 1, 2025, the certification is no longer valid. The Leadership Act provides that it is repealed on January 1, 2026.

Chapter 60, Statutes of 2023, Senate Bill 149. Author: Anna Caballero

[An act to amend Sections 21167.6, 21181, 21183, 21189.1, and 21189.3 of, and to add Chapter 7 (commencing with Section 21189.80) to Division 13 of, the Public Resources Code, relating to environmental quality, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.]

LOCAL GOVERNMENT ORGANIZATION

AB 281 - Planning and Zoning: Housing: Postentitlement Phase Permits

Requires a special district that receives an application from a housing development project for service from the special district or for a postentitlement phase permit, to provide written notice to the applicant of next steps in the review process, including additional information that may be required to begin to review the application for service or approval. The bill requires

a special district to provide this notice within 30 business days of receipt of the application for a housing development with 25 units or fewer, and within 60 business days for a housing development with more than 25 units.

Requires a special district that receives additional information for an application to respond to the applicant with a notice that contains the information or next steps required in the applicable time period. The bill requires a special district to continue to review each submission to determine additional relevant information and provide written notice of the next steps or additional information required within the applicable time periods.

AB 281 does not limit the amount of comments, feedback, revisions, or requests for additional information a special district may provide to an applicant or to a local agency. The bill also does not require the special district to approve the application or serve the housing development project within a specified time period.

Chapter 735, Statutes of 2023, Assembly Bill 281.
Author: Tim Grayson

[An act to add Section 65913.3.1 to the Government Code, relating to planning and zoning.]

AB 399 - Water Ratepayers Protections Act Of 2023: County Water Authority Act: Exclusion of Territory: Procedure

Makes changes to the County Water Authority Act (Act), which provides for the formation of county water authorities and grants specified powers in relation to providing water service. The San Diego County Water Authority is the only authority organized under the Act.

Requires a public entity seeking to obtain exclusion of the public agency's corporate area from a county water authority to submit the proposition to the electors within the public agency and to the electors within the territory of the county water authority. The bill requires the two elections to be separate but allows the elections to run concurrently. A majority vote for withdrawal in both elections is required for the withdrawal of the public agency from the territory of the county water authority.

Requires the ballot materials to include a fiscal impact statement, prepared by the public agency, including an estimate of the measure's impact on the public agency's water rates, any anticipated exit fees the member public

agency expects to pay to the county water authority, and the amount and duration of any bonded and other indebtedness the public agency is required to pay. Additionally, for proposals submitted to the electors within the territory of the county water authority, ballot materials are required to include a statement, prepared by the county water authority, describing the annual aggregated fiscal impact to remaining members of the county water authority as a result of the reorganization.

Chapter 802, Statutes of 2023, Assembly Bill 399.
Author: Tasha Boerner

[An act to amend Section 11 of the County Water Authority Act (Chapter 545 of the Statutes of 1943), relating to water.]

AB 664 - California Safe Drinking Water Act

Requires any domestic well owner within a consolidation or extended service area and that does not provide written consent to consolidation or the extension of service, to ensure that tenants of rental properties served solely by that domestic well have access to safe drinking water until consent is provided.

Requires a domestic well owner, until consent is provided, to test the drinking water from the domestic wells once per year as specified and provide the test results to all tenants and to the local health officer or other relevant health agency. If the testing results collected demonstrate a violation of any primary or secondary drinking water standards adopted by the State Water Board, the domestic well owner is required to provide or pay for uninterrupted replacement water service. The bill prohibits a domestic well owner from imposing any charge, or increased fee, rent, or other charge on any tenant as a result of these requirements.

Chapter 810, Statutes of 2023, Assembly Bill 664.
Author: Alex Lee

[An act to amend Sections 116275, 116577, 116650, and 116682 of the Health and Safety Code, relating to drinking water.]

SB 745 - The Drought-Resistant Buildings Act

Requires, commencing with the next triennial edition of the California Building Standards Code, the California Building Standards Commission (Commission) to research, develop, and propose building standards to reduce potable water use in new residential and nonresidential buildings, including consideration of requiring installation of water reuse systems and

consideration of requiring preplumbing of buildings to allow future use of recycled water, onsite treated graywater, or other alternative water sources.

Requires the Commission to perform a review of water efficiency and water reuse standards in the California Buildings Standards Code every three years and update as needed. The bill authorizes the Commission to expend funds from the Building Standards Administration Special Revolving Fund, upon appropriation, to develop and propose the building standards.

Requires the Department of Housing and Community Development, within 12 months of the State Water Board adopting regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water for nonpotable end uses in multifamily residential, commercial, and mixed-use buildings, to develop and propose for adoption any necessary corresponding building standards.

Chapter 884, Statutes of 2023, Senate Bill 745. Author: Dave Cortese

[An act to add Sections 17921.11 and 18940.7 to the Health and Safety Code, and to amend Section 13558 of the Water Code, relating to housing.]

AB 759 - Sanitary Districts

Authorizes the treasurer, or other person or persons that are authorized by the board of a sanitary district, to draw checks or warrants to pay demands when demands have been approved by the board and signed by the president and secretary.

Authorizes a sanitary district board to adopt a procedure, as specified, to prevent fraud and ensure accountability, to provide payment of demands and claims without prior approval by the board if a district treasurer determines the demands are payable within the district's approved budget. Requires that demands exceeding the district's approved budget are subject to board approval.

Chapter 19, Statutes of 2023, Assembly Bill 759. Author: Tim Grayson.

[An act to amend Section 6801 of, and to repeal and add Section 6794 of, the Health and Safety Code, relating to sanitary districts.]

AB 1033 - Accessory Dwelling Units: Local Ordinances: Separate Sale or Conveyance

Authorizes a local agency to adopt a local ordinance to allow the separate conveyance of the primary dwelling unit and accessory dwelling units (ADUs) as condominiums.

Requires the ordinance to include the following: 1) a requirement for the condominiums to be created pursuant to the Davis-Stirling Common Interest Development Act and in conformance with all applicable objective requirements of the Subdivision Map Act and of a local subdivision ordinance; 2) a requirement for a safety inspection of the ADU to be conducted before recordation of the condominium map; 3) a prohibition on a subdivision map or a condominium plan being recorded with the county recorder without each lienholder's consent; 4) a requirement for the local agency to include a specified notice to consumers on any ADU or junior ADU submittal checklist or public information issued describing requirements and permitting for ADU; and 5) a requirement that if an ADU is established as a condominium, the homeowner must notify providers of utilities, including water, sewer, gas, and electricity, of the condominium creation and separate conveyance.

Allows a local agency, special district, or water corporation to require a new or separate utility connection directly between the ADU and the utility upon separate conveyance of ADUs that exist entirely within the existing primary dwelling.

Chapter 752, Statutes of 2023, Assembly Bill 1033. Author: Philip Ting

[An act to amend Sections 65852.2 and 65852.26 of the Government Code, relating to housing.]

AB 1637 - Local Government: Internet Websites and Email Addresses

Requires, by January 1, 2029, a local agency, defined as a city, county, or city and county, that maintains a website for use by the public to utilize a ".gov" top-level domain or a ".ca.gov" second-level domain. Requires a local agency that maintains a website that is noncompliant with that requirement to redirect that website to a domain name that does utilize a ".gov" or ".ca.gov" domain.

Requires, by January 1, 2029, a local agency, defined as a city, county, or city and county, that maintains public email addresses to ensure that each email address

provided to its employees utilizes a ".gov" domain name or a ".ca.gov" domain name.

Chapter 586, Statutes of 2023, Assembly Bill 1637. Author: Jacqui Irwin.

[An act to add Section 50034 to the Government Code, relating to local government.]

WATER MANAGEMENT

AB 30 - Atmospheric Rivers: Research: Reservoir Operations

Renames the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program in DWR, the Atmospheric Rivers Research and Forecast Improvement Program: Enabling Climate Adaptation Through Forecast-Informed Reservoir Operations and Hazard Resiliency (AR/FIRO) Program.

Requires DWR to research, develop, and implement new observations, prediction models, novel forecasting methods, and tailored decision support systems to improve predictions of atmospheric rivers and their impacts on water supply, flooding, post-wildfire debris flows, and environmental conditions. Requires DWR to utilize all relevant information to operate reservoirs in a manner that improves flood protection in the State and to reoperate flood control and water storage facilities to capture water generated by atmospheric rivers and other storms.

Chapter 134, Statutes of 2023, Assembly Bill 30. Author: Christopher Ward.

[An act to amend the heading of Article 8 (commencing with Section 347) of Chapter 2.5 of Division 1 of, and to repeal and add Section 347 of, the Water Code, relating to atmospheric rivers.]

AB 939 - Santa Clara Valley Water District

Authorizes the Santa Clara Valley Water District (District), under the Santa Clara Water District Act (Act) to use revenue generated from ad valorem taxes or assessments to pay for bonds that have been issued for purposes specified in the Act and authorizes the District to pay bonds from the net revenues, rather than gross revenues, of its water system, as specified. Eliminates the District limit of indebtedness and eliminates the clause prohibiting the District from compensating the Board of Directors for more than 15 days in any calendar month.

Chapter 170, Statutes of 2023, Assembly Bill 939. Author: Gail Pellerin.

[An act to amend Sections 3, 4, 5, 6, 6.1, 9, 10, 11, 12, 13, 13.2, 14, 15, 17, 21, 25.1, 25.2, 25.6, 26.1, 26.3, 26.4, 26.6, 26.7, 26.12, 26.13, 26.15, 26.17, 28, 31, and 33 of, to amend and renumber Sections 7.6, 7.7, 7.8, 7.9, 7.10, and 7.11 of, and to repeal Sections 7, 7.1, 7.3, 7.4, and 7.5 of, the Santa Clara Valley Water District Act (Chapter 1405 of the Statutes of 1951), relating to the Santa Clara Valley Water District.]

AB 1469 - Santa Clara Valley Water District

Authorizes the Santa Clara Valley Water District (District) to take specified actions to assist unsheltered people living along streams, in riparian corridors, or otherwise within the District's jurisdiction, in consultation with a city or the County of Santa Clara to provide solutions or improve outcomes for the unsheltered individuals.

If the District elects to use the above-described authority, the District is required to provide a report to the appropriate committees of the Legislature on or before July 1, 2029, and a subsequent report on or before July 1, 2034, containing the District's actions taken to assist unsheltered people.

Provides that the use of land by the District for these specified actions constitutes "agency's use" for purposes of the prescribed requirements related to the disposal of surplus land by a local agency.

Chapter 729, Statutes of 2023, Assembly Bill 1469. Author: Ash Kalra

[An act to amend Section 4 of, and to add Section 12.8 to, the Santa Clara Valley Water District Act (Chapter 1405 of the Statutes of 1951), relating to the Santa Clara Valley Water District]

AB 1572 - Potable Water: Nonfunctional Turf

Makes legislative findings and declarations concerning water use, including that the use of potable water to irrigate nonfunctional turf is wasteful and incompatible with State policy relating to climate change, water conservation, and reduced reliance on the Sacramento-San Joaquin Delta ecosystem.

Requires an Integrated Regional Water Management Plan to include identification and consideration of the water-related needs of disadvantaged communities and owners and occupants of affordable housing, including the removal and replacement of nonfunctional turf.

Prohibits the use of potable water for the irrigation of nonfunctional turf, as defined, located on commercial, industrial, and institutional properties, other than a cemetery, and on properties of homeowners' associations, common interest developments, and community service organizations or similar entities, as specified. Ensures the use of portable water is not prohibited to the extent necessary to ensure the health of trees and other perennial nonturf plantings, or to the extent necessary to address an immediate health and safety need.

Authorizes the State Water Board to, upon a showing of good cause for reasons including economic hardship, critical business need, and potential impacts to human health or safety, postpone a compliance deadline by up to three years for certain persons, institutions, and businesses, and may create a form to be used for compliance certification to the State Water Board by property owners. Authorizes a public water system, county, or city and county to enforce the provisions of the chapter.

Chapter, Statutes of 2023, Assembly Bill 1572. Author: Laura Friedman

[An act to amend Sections 10540, 10608.12, and 10608.22 of, to add Section 110 to, and to add Chapter 2.5 (commencing with Section 10608.14) to Part 2.55 of Division 6 of, the Water Code, relating to water.]

SB 39 - Sierra Nevada Conservancy: Sierra Nevada Region: Subregions: Climate Resilience and Equity

Revises and recasts the definition of "subregion" as it relates to the Sierra Nevada Conservancy (Conservancy) so that each subregion is equitably managed and represented. Requires the Conservancy to support efforts that advance climate resilience and equity.

Chapter 70, Statutes of 2023, Senate Bill 39. Author: John Laird.

[An act to amend Sections 33301, 33302, 33320, and 33322 of the Public Resources Code, relating to resource conservation.]

SB 676 - Local Ordinances and Regulations: Drought-Tolerant Landscaping

Prohibits a city, including a charter city, county, or city and county, from enacting or enforcing any ordinance or regulation that prohibits the installation of drought-tolerant landscaping using living plant material on

residential property. Specifies that drought-tolerant landscaping does not include the installation of synthetic grass or artificial turf.

Chapter 498, Statutes of 2023, Senate Bill 676. Author: Benjamin Allen.

[An act to amend Section 53087.7 of the Government Code, relating to local government.]

WATER QUALITY

AB 541 - California Safe Drinking Water Act: Wildfire Aftermath: Benzene Testing

Directs the State Water Board to require a public water system that has experienced a wildfire event of 300 acres or more, if the event damaged or destroyed a structure connected to the public water system's water distribution system, to perform sample collection and analysis of its source waters, treatment facilities, conveyance facilities, and distribution systems for the presence of benzene as soon as it is safe to do so.

Authorizes the State Water Board, if a public water system conducts sampling and finds detectable concentrations of benzene, to require a public water system response, including investigation and additional testing in consultation with, or at the direction of, the State Water Board, timelines for investigation and additional testing, additional testing locations, frequency, and duration, flushing requirements, requirements to provide notice to affected customers, and remediation measures.

Chapter 530, Statutes of 2023, Assembly Bill 541. Author: Jim Wood.

[An act to add Section 116596 to the Health and Safety Code, relating to water.]

WATER RATES

AB 755 - Water: Public Entity: Water Usage Demand Analysis

Requires a public entity to: 1) conduct a water usage demand analysis prior to completing, or as a part of, a cost-of-service analysis conducted to set fees and charges for water service; and 2) identify both the costs of water service for the highest users and the average annual volume of water delivered to high water users. The bill defines "high water users" as the top 10 percent of water, in terms of volume of water consumed.

The bill defines the "costs of water service for the highest users" as the difference in costs, including applicable capital costs and operation and maintenance costs, that the public entity incurs directly, or by contract, as a result of the increased water service required by its high water users. The costs of water service for the highest users may be reported by customer class, rate classification, or cumulatively.

Requires the costs of water service and the average annual volume to be made publicly available by posting the information in the public entity's cost-of-service analysis.

Chapter 542, Statutes of 2023, Assembly Bill 755.
Author: Diane Papan.

[An act to add Chapter 3.8 (commencing with Section 390) to Division 1 of the Water Code, relating to water.]

ACA 13 - Initiative Voting Thresholds

This measure, if approved by California voters, would require that an initiative measure that includes one or more provisions that would amend the Constitution to increase the voter approval requirement to adopt any State or local measure would be approved only if the proportion of votes cast in favor is equal to or greater than the highest voter approval requirement that the initiative measure would impose. The measure would also specify that this voter approval requirement applies to Statewide initiative measures that appear on the ballot on or after January 1, 2024.

The measure would also expressly authorize at any election, a local governing body may hold an advisory vote concerning any issue of governance for the purpose of allowing voters within the jurisdiction to voice their opinions on the issue.

The Secretary of State has chaptered ACA 13. It will not go into effect unless the voters approve it. ACA 13 is expected to be on the November 2024 ballot.

The proposed Taxpayer Protection and Government Accountability Act which is expected to be on the November 2024 ballot is an example of an initiative measure for which ACA 13 would affect its voting threshold if the voters approve ACA 13.

Chapter 176, Statutes of 2023, Assembly Constitutional Amendment 13. Author: Christopher Ward.

[A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 10 of, and adding Section 10.5 to, Article II thereof, and adding Section 7.8 to Article XI thereof, relating to voting.]

SB 3 - Discontinuation of Residential Water Service: Covered Water System

Expands the scope of the Water Shutoff Protection Act by additionally applying it to covered water systems with 200 or fewer connections. Community water systems that were not previously covered under the Act are required to comply by August 1, 2024. "Covered water systems" includes "urban water suppliers" not regulated by the Public Utilities Commission (PUC), "urban and community water systems" regulated by the PUC, other "urban and community water systems" and "community water systems" not included in those terms (i.e., systems with 200 or fewer connections).

Requires a covered water system that serves 200 or fewer service connections to have a written policy on disconnection of residential service for nonpayment available in English, any language spoken by at least 10 percent of the people residing in its service area, and, upon request of a customer, other designated languages.

Requires a covered water system to include in its written policy on discontinuation of residential service for nonpayment the following: 1) a plan for deferred or reduced payments that is not required to reduce the total amount of the water service provided and that is available for any customer regardless of whether they meet the conditions in State law for the prohibition in State law on discontinuation of service; 2) alternative payment schedules that are available for any customer regardless of whether they meet those conditions; 3) a formal mechanism for a customer to contest or appeal a bill; and 4) a telephone number for a customer to contact to discuss options for averting discontinuation of residential service for nonpayment.

Authorizes the Attorney General (AG), at the request of the State Water Board or upon the AG's own motion, to bring an action in State court to restore to any person in interest any money or property, real or personal, that may have been acquired by any method, act, or practice declared by this chapter to be unlawful.

Authorizes the use of the Safe Drinking Water Fund, upon appropriation by the Legislature, for administration of the Act. The bill requires the State Water Board, subject to the availability of funding, to make funds available for providing training statewide for compliance under the Act to community water systems with between 15 and 200 service connections.

Chapter 855, Statutes of 2023, Senate Bill 3. Author: Bill Dodd

[An act to amend Sections 116590, 116902, 116904, 116906, 116908, 116910, 116912, 116914, 116916, 116918, 116920, 116922, and 116926 of, the Health and Safety Code, relating to water.]

WATER RIGHTS

SB 389 - State Water Resources Control Board: Investigation of Water Right

Authorizes the State Water Board to investigate and ascertain whether or not any claimed riparian or appropriative right is valid under State law. Authorizes the State Water Board, in furtherance of an investigation, to issue an information order. Requires that the burden of any order issued, including costs, must bear a reasonable relationship to the need for the requested information and the benefits to be obtained from the State Water Board receiving that information. Requires the State Water Board, when making a request, to provide the person to whom the request is directed with a written explanation regarding the need for the information, and an identification of the evidence that supports requiring that person to provide the information.

Chapter 486, Statutes of 2023, Senate Bill 389. Author: Benjamin Allen

[An act to amend Section 1051 of the Water Code, relating to water.]

WILDFIRES

AB 297 - Wildfires: Local Assistance Grant Program: Prescribed Grazing: Advance Payments

Authorizes training on prescribed grazing as an eligible activity under the Fire Prevention Grants Program (Program), a local assistance grant program for fire prevention and home hardening education activities in California administered by the California Department of Forestry and Fire Protection (CalFIRE). The bill also indefinitely extends the Director of CalFIRE's authority to authorize advance payments for Program awards.

Chapter 519, Statutes of 2023, Assembly Bill 297. Author: Vince Fong.

[An act to amend Sections 4124 and 4124.5 of, and to add Section 4004.5 to, the Public Resources Code, relating to fire prevention.]



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**Finance Committee Meeting Minutes
San Juan Water District
December 5, 2023
4:00 p.m.**

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

District Staff: Paul Helliker, General Manager
Donna Silva, Director of Finance
Teri Grant, Board Secretary/Administrative Assistant

Members of the Public: Attendee
Michael Spencer, SJWD Employee

1. Review General Manager Reimbursements (W & R)

The committee reviewed the November credit card charges for the General Manager and found them to be in order and there was no reimbursement request from the General Manager.

2. Review Check Register from October 2023 (W & R)

The committee reviewed the November 2023 check register and found them to be in order.

3. Other Finance Matters (W & R)

Ms. Silva reported that she received notice that the State Water Resources Control Board approved the final budget for the Eureka Road Project. With the final budget approval, the District can now request loan proceeds for construction costs incurred. In addition, she received notice that the draw on the Hinkle Project SRF loan was approved, and payment is expected in 3-6 weeks.

Ms. Silva informed the committee that the audit is wrapping up and the auditors will provide the committee with their findings at the January committee meeting. In addition, she informed the committee that she will be providing the Board with the FY 2022-23 financial budget to actual information at the December Board meeting.

4. Public Comment

There were no public comments.

The meeting was adjourned at 4:07 p.m.