



AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
EL DORADO IRRIGATION DISTRICT
District Board Room, 2890 Mosquito Road, Placerville, California
June 8, 2015 ~ 9:00 A.M.

Board of Directors

BILL GEORGE
BOARD PRESIDENT
Division III

GEORGE W. OSBORNE
BOARD VICE PRESIDENT
Division I

Greg Prada
Board Director
Division II

Dale Coco, MD
Board Director
Division IV

Alan Day
Board Director
Division V

**General Manager and
Executive Staff**

JIM ABERCROMBIE
GENERAL MANAGER

THOMAS D. CUMPSTON
GENERAL COUNSEL

Jennifer Sullivan, Clerk to the Board

Mary Lynn Carlton
Communications/Community Relations

Jose Perez, Human Resources

Tom McKinney, Operations

Brian Mueller, Engineering

Mark Price, Finance

**Tim Ranstrom, Information
Technology**

In accordance with the Americans with Disabilities Act and California law, it is the policy of the El Dorado Irrigation District to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation for this meeting, please contact the EID ADA coordinator at 530-642-4045 or e-mail at adacoordinator@eid.org at least 72 hours prior to the meeting. Advance notification within this guideline will enable the District to make reasonable accommodations to ensure accessibility.

PUBLIC COMMENT: Anyone wishing to comment about items not on the Agenda may do so during the public comment period. Those wishing to comment about items on the Agenda may do so when that item is heard and when the Board calls for public comment. ***Public comments are limited to five minutes per person.***

PUBLIC RECORDS DISTRIBUTED LESS THAN 72 HOURS BEFORE A MEETING: Any writing that is a public record and is distributed to all or a majority of the Board of Directors less than 72 hours before a meeting shall be available for immediate public inspection in the office of the Clerk to the Board at the address shown above. Public records distributed during the meeting shall be made available at the meeting.

CALL TO ORDER

Roll Call
Pledge of Allegiance
Moment of Silence

ADOPT AGENDA

COMMUNICATIONS

General Manager's Employee Recognition

APPROVE CONSENT CALENDAR

Action on items pulled from the Consent Calendar

PUBLIC COMMENT

COMMUNICATIONS

Board of Directors

Brief reports on community activities, meetings, conferences, and seminars attended by the Directors of interest to the District and the public.

Clerk to the Board

General Manager

CONSENT CALENDAR

1. Finance (Pasquarello)

Ratification of EID General Warrant Registers for the periods ending May 19, and May 26, 2015, Board and Employee Expense Reimbursements for these periods, and approval of Board expenses over 60 days old.

Option 1: Ratify the EID General Warrant Registers as submitted to comply with Section 24600 of the Water Code of the State of California. Receive and file Board and Employee Expense Reimbursements, and approve \$28.38 in expenses more than 60 days old.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

2. Clerk to the Board (Sullivan)

Approval of the minutes of the May 26, 2015, regular meeting of the Board of Directors.

Option 1: Approve as submitted.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

3. Office of the General Counsel (Cumpston)

Ratification of Resolution No. 2015-010, to maintain emergency declaration, and ratification of Stage 4 Drought Emergency for Outingdale.

Option 1: Ratify Resolution No. 2015-010 (*thus maintaining the general drought emergency declaration for purposes of bidding, contracting, and CEQA compliance*), and ratify the Stage 4 Drought Emergency for Outingdale.

Option 2: Decline to ratify Resolution No. 2015-010 (*thus terminating the general drought emergency declaration for purposes of bidding, contracting and CEQA compliance*), but ratify the Stage 4 Drought Emergency for Outingdale.

Option 3: Take no action (*thus terminating the general drought emergency declaration for purposes of bidding, contracting and CEQA compliance*).

Recommended Action: Option 1 (four-fifths vote required for purposes of bidding and contracting).

4. Finance (Pasquarello)

Funding approval for District Capital Improvement Plan (CIP) Projects.

Option 1: Authorize funding for the CIP projects as requested in the amount of \$64,552.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

END OF CONSENT CALENDAR

ACTION ITEMS

5. Office of the General Counsel (Poulsen)

State Legislation Update.

Option 1: Approve recommendations on proposed state legislation as the District's official positions.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

6. Finance (Pasquarello)

Presentation of 2014 Annual Audit.

Option 1: Receive and file the 2014 Annual Audit.

Option 2: Take other action as directed by the Board.

Option 3: Take no action. (*The District would not be in compliance with Government Code 26909 after June 30, 2015.*)

Recommended Action: Option 1.

7. Engineering (T. Sullivan)

Consideration to award a construction contract to TNT Industrial Contractors Inc. in the not-to-exceed amount of \$344,740; and authorize total funding of \$453,678 for the El Dorado Hills Wastewater Treatment Plant Digester 1 Rehabilitation, Project No. 14043.01, Contract No. 15-06.

Option 1: Award a construction contract to TNT Industrial Contractors Inc. in the not-to-exceed amount of \$344,740; and authorize total funding of \$453,678 for the El Dorado Hills Wastewater Treatment Plant Digester 1 Rehabilitation, Project No. 14043.01, Contract No. 15-06.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

REVIEW OF ASSIGNMENTS

ADJOURNMENT

TENTATIVELY SCHEDULED ITEMS FOR FUTURE MEETINGS

Engineering

- Review of District's Cross-Connection Control Program for Drinking Water System, Information Item, regular Board meeting, June 22 (M. Johnson)
- Consideration to award a construction contract for the EDHWWTP Odor Control Project, Action Item, regular Board meeting, June 22 (T. Sullivan)
- Consideration to award a professional services contract for the design of the Main Ditch, Action Item, regular Board meeting, June 22 (Eden-Bishop)
- Update on the Forebay Dam Modification project and funding request, Action Item, regular Board meeting, June 22 (Eymann)
- Consideration to award a lumber purchase contract for the Flume 45 and 46 Relining Projects, Action Item, regular Board meeting, July 13 (Noel)
- Esmeralda Tunnel Update, Information Item, regular Board meeting, August (Noel)
- Consideration to award a construction contract for Powerhouse Upgrades and the FERC C59 SFAR North Structures Projects, Action Item, regular Board meeting, August (Noel)
- Consideration to award a construction contract for the Mormon Island and Lake Ridge Oaks Lift Stations Removal Project, Action Item, regular Board meeting, August (T. Sullivan)

Office of the General Counsel

- Consideration to award contract for sale of Blakeley Reservoir surplus property, Action Item, regular Board meeting, June 22 (Cumpston)

El Dorado Irrigation District
June 8, 2015
Board Meeting
Communications - General Manager

1) Awards and Recognitions

- a) Welcome to the District, **Matt Johnson**. Matt has been hired as a replacement to the position of Construction and Maintenance Worker I in the Water Construction Division.

2) Staff Reports and Updates

- a) Drought Update and Conservation Progress – Summary by Brian Mueller
- b) 2015 Customer Satisfaction Survey – Summary by Jenny Downey and Jesse Saich
- c) Sly Park Recreation Area named Best Camp Ground by KCRA 3 A-List voters – Summary by Jesse Saich

**General Manager's Report
June 8, 2015**

Drought Update and Conservation Progress

Stage 2 Drought Update

The District continues to track customer conservation both on a weekly basis and cumulative conservation for the year, and compares the usage to 2013. The District is mandated to reduce water usage by 28% beginning in June as a result of the Governor's executive order and State Water Board regulations.

As of May 27, 2015 cumulative conservation for water customers was 26%. Conservation for the week of May 21-May 27 was 48%.

For recycled water customers, cumulative conservation was 25%. Conservation for the week of May 21-May 27 was 53%.

	2015 vs 2013* Weekly Conservation %	2015 vs 2013* YTD Conservation %
Potable Conservation	48%	26%
Recycled Conservation	53%	25%
<i>*2013 baseline per State Water Board mandate</i>		

Outingdale – Stage 4

The State Water Board issued a curtailment notice for all post-1914 water rights in the San Joaquin River Basin on April 23. As a result, Outingdale is under a Stage 4 Water Emergency and the District began hauling water to the community on April 29.

Attachments

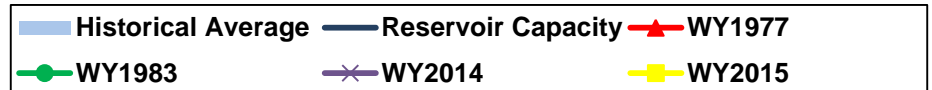
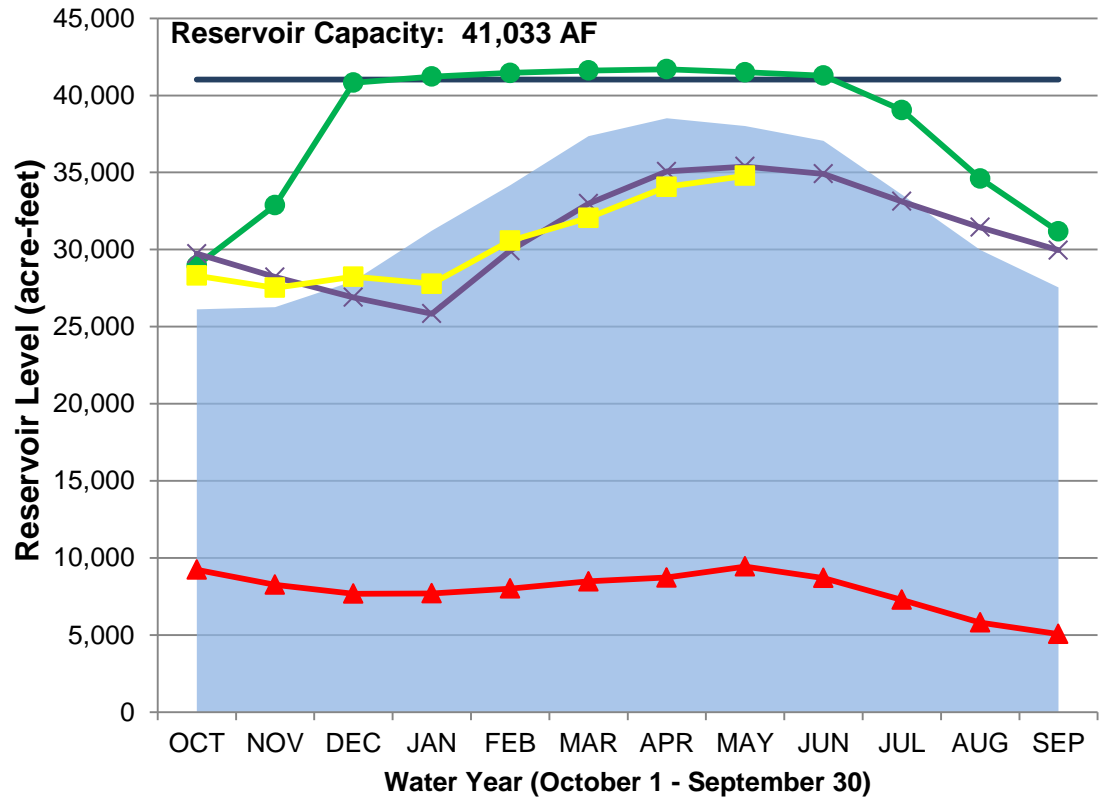
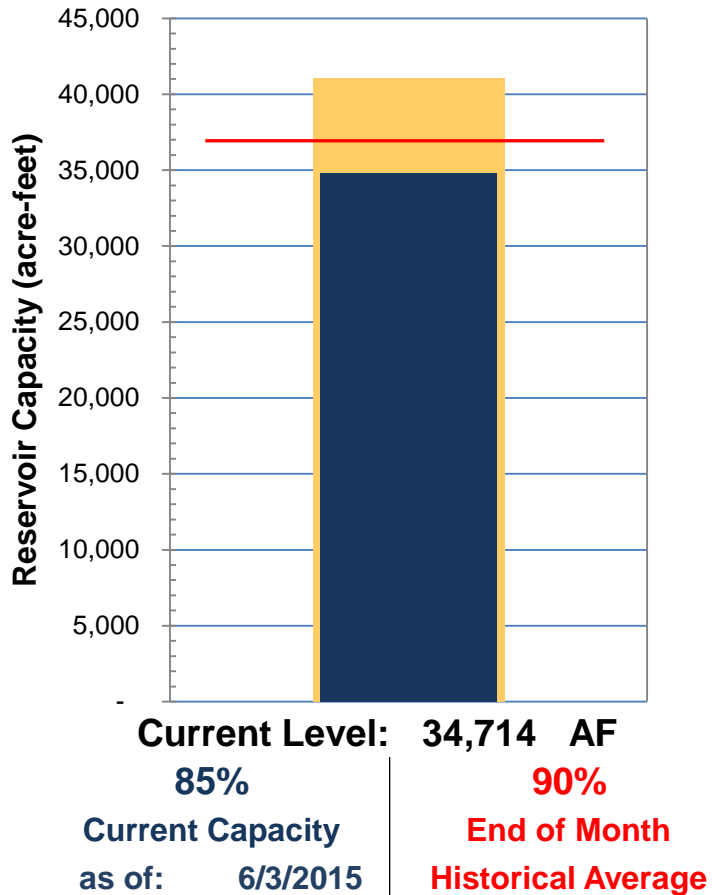
- A. Drought and conservation charts



Jenkinson Lake at Sly Park

Reservoir Conditions

(as of June 3, 2015)

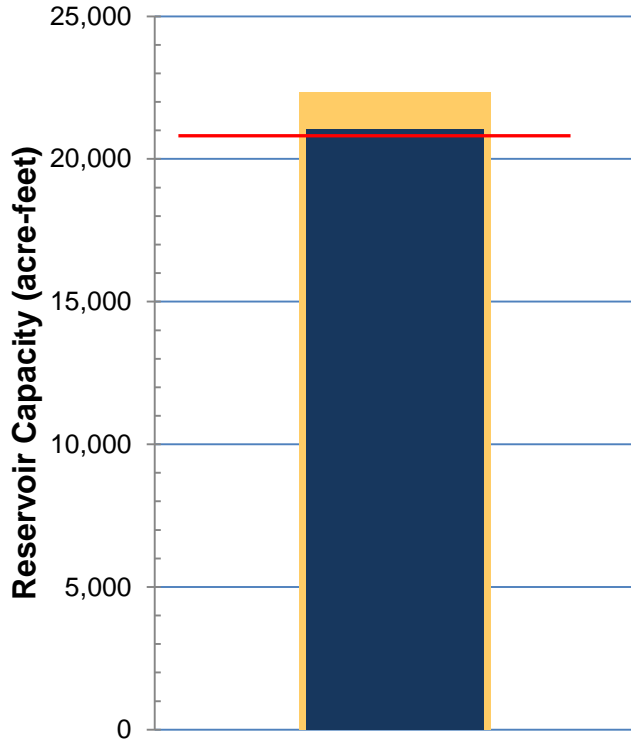




Caples Lake

Reservoir Conditions

(as of June 3, 2015)



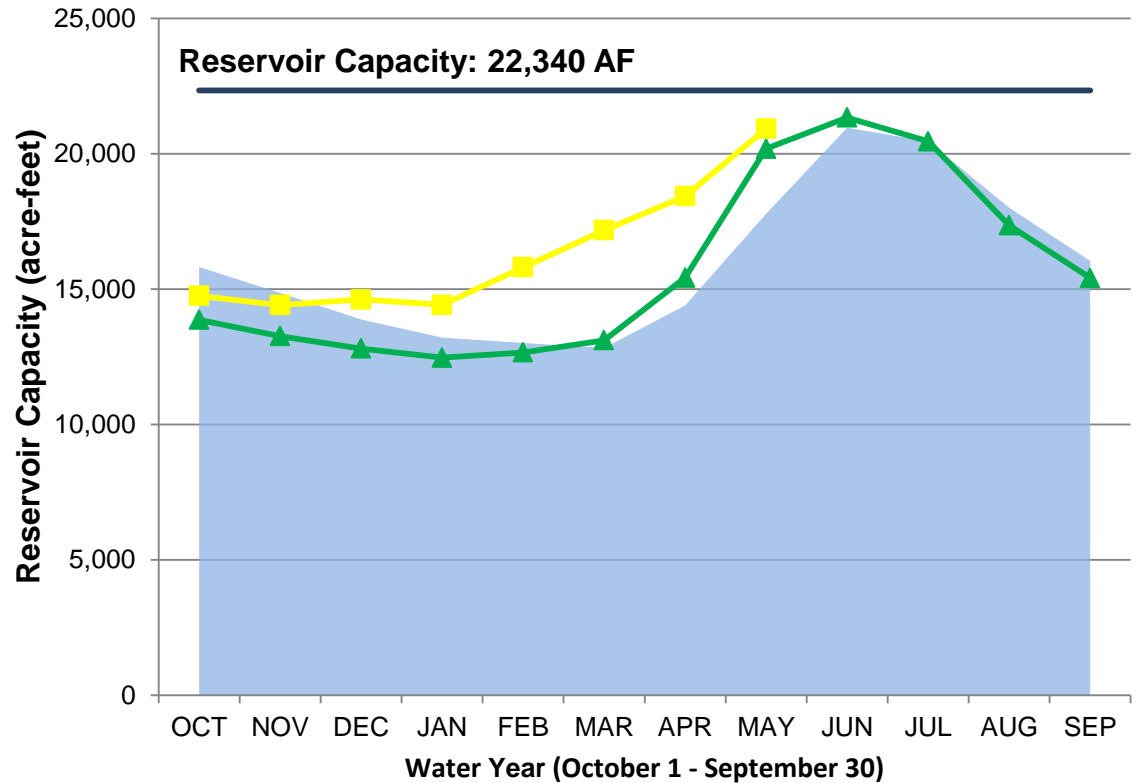
Current Level: 21,229 AF

95%

Current Capacity
as of: 6/3/2015

94%

End of Month
Historical Average



Historical Average

WY 2014

Reservoir Capacity

WY 2015

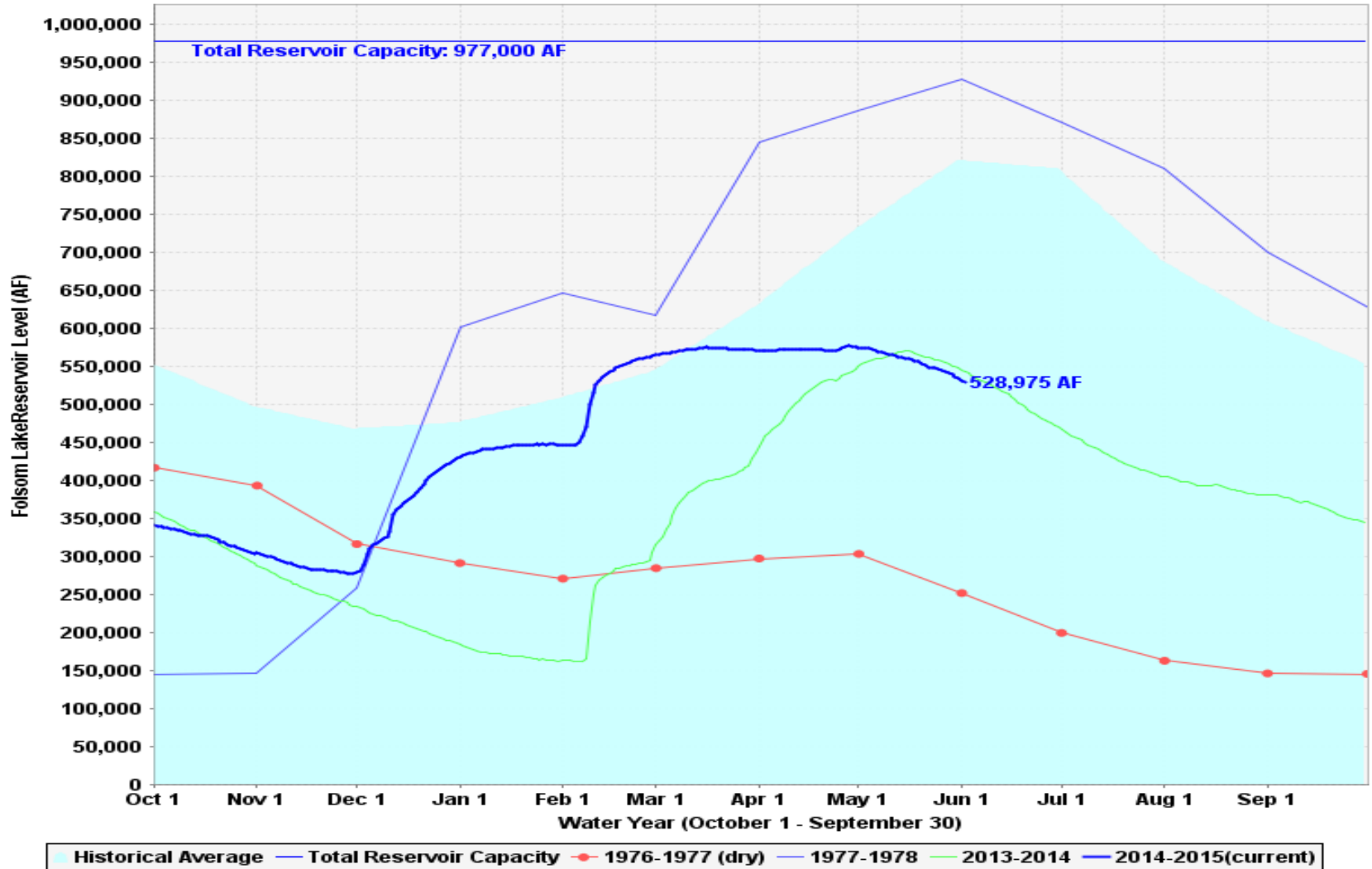


Folsom Lake

Storage Levels

(as of June 3, 2015)

Folsom Lake Storage Levels

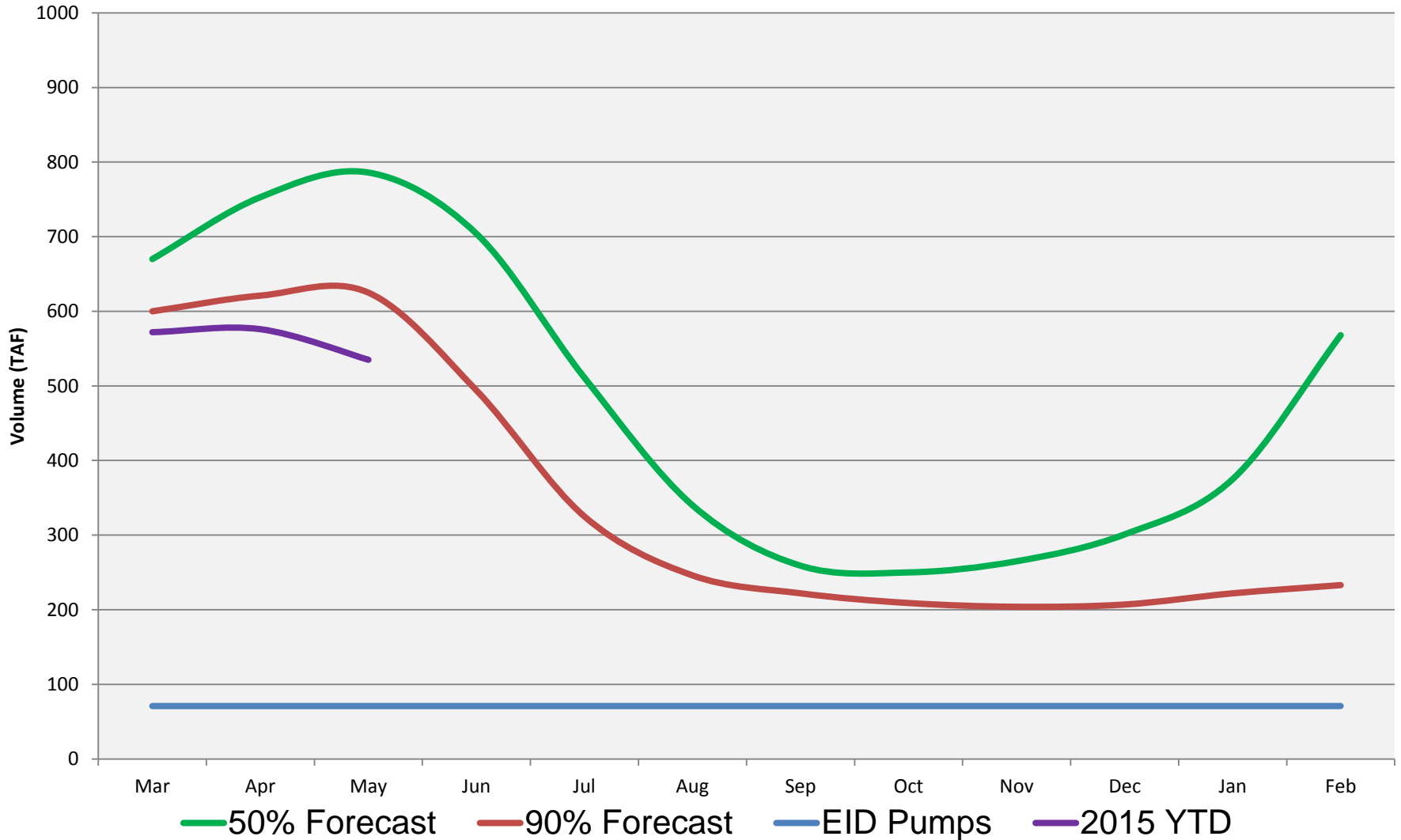




Folsom Lake

Reservoir Level Projections and Actuals

(as of May 31, 2015)



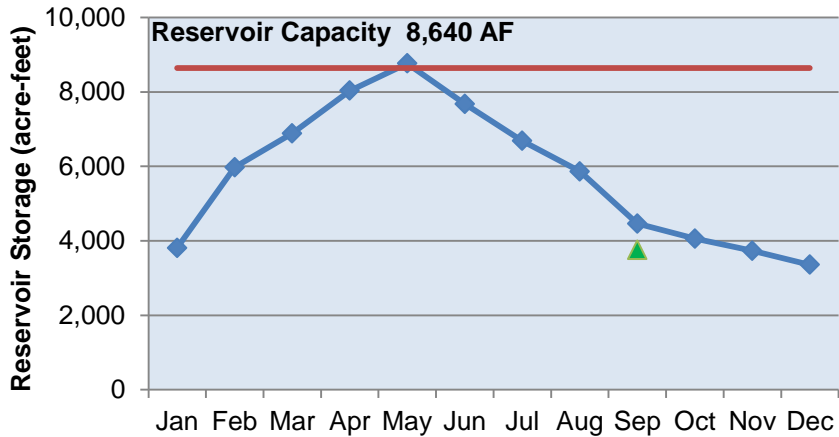


Project 184 Forecast Operations

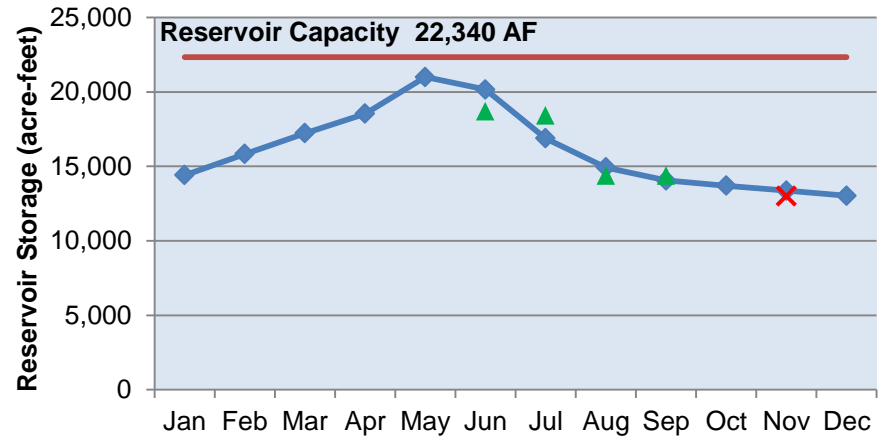
End of Month Storage (AF)

June 1 Forecast Data

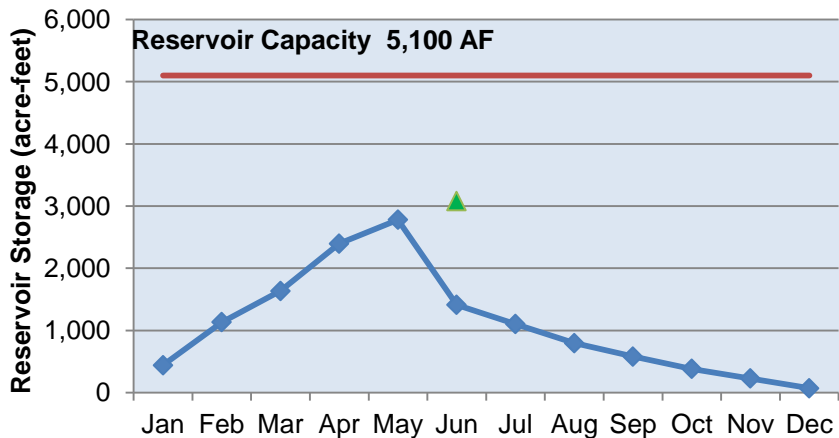
Silver Lake



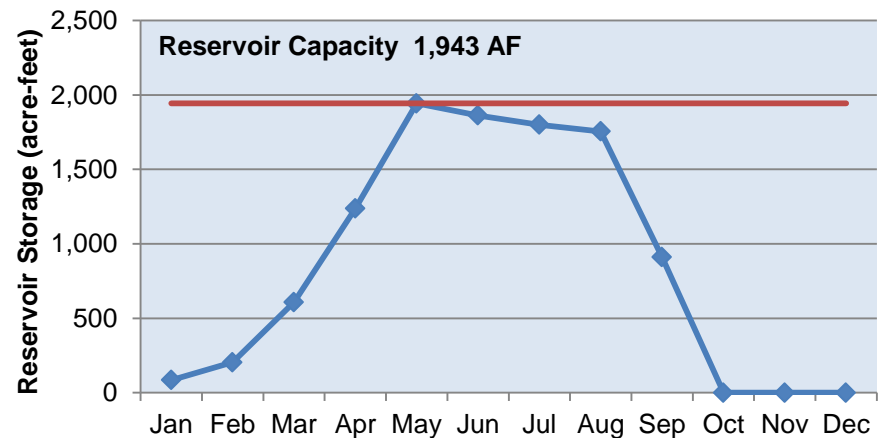
Caples Lake



Lake Aloha



Echo Lake

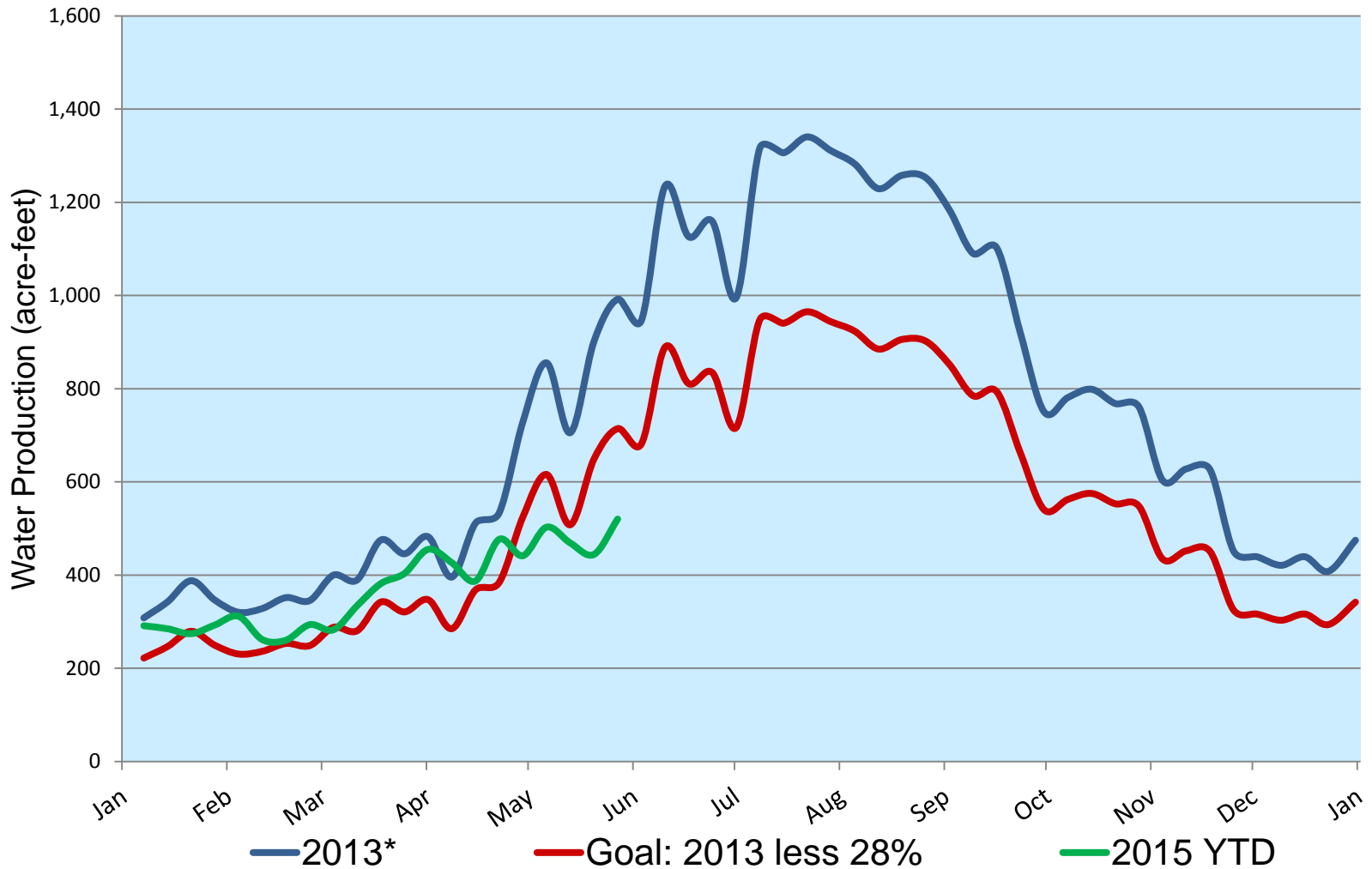




Potable Water Conservation Progress

Weekly Comparison - 2015 vs. 2013

(as of May 27, 2015)



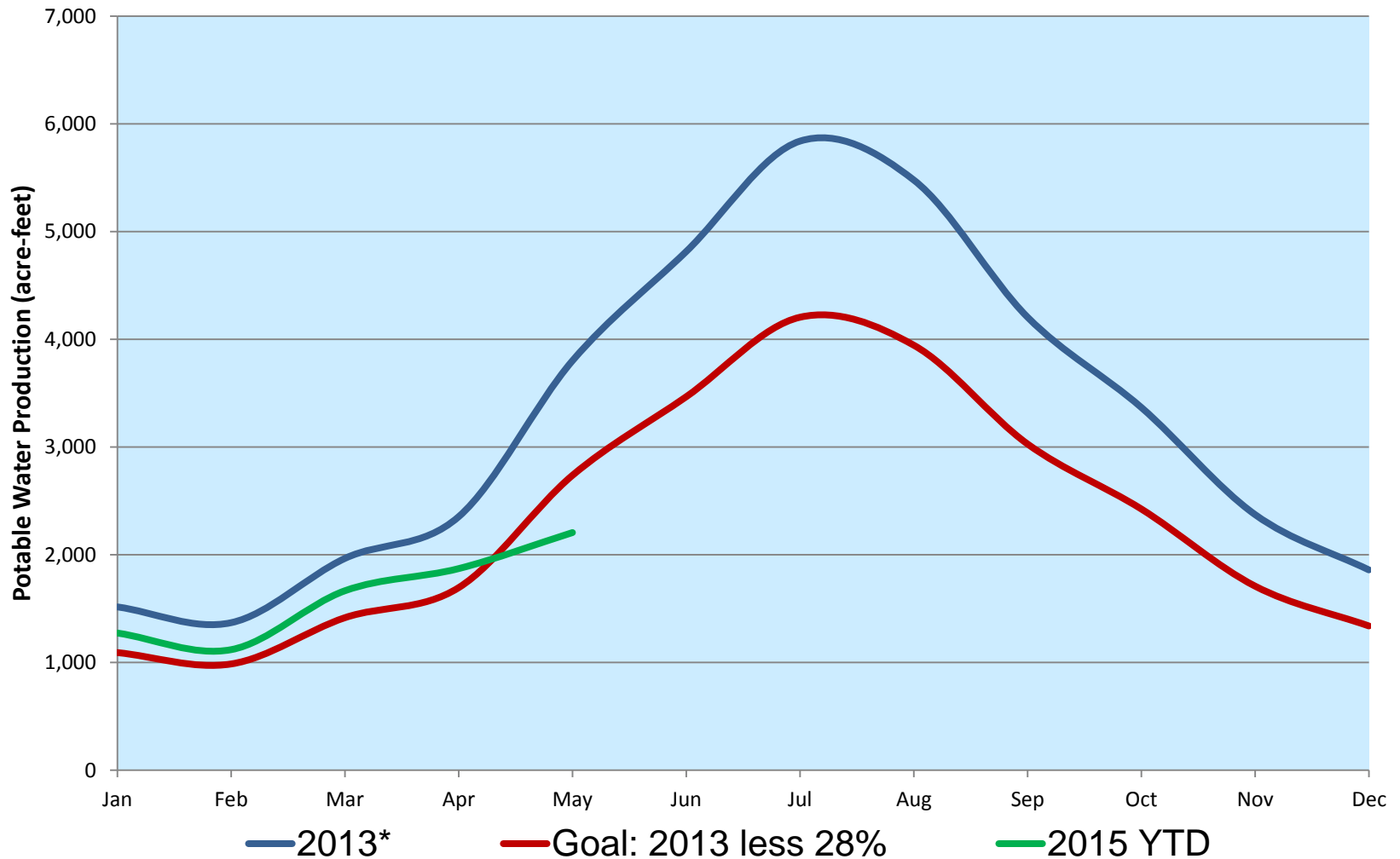
*2013 baseline per State Water Board and RWA standard



Potable Water Conservation Progress

Monthly Comparison - 2015 vs. 2013

(as of May 31, 2015)



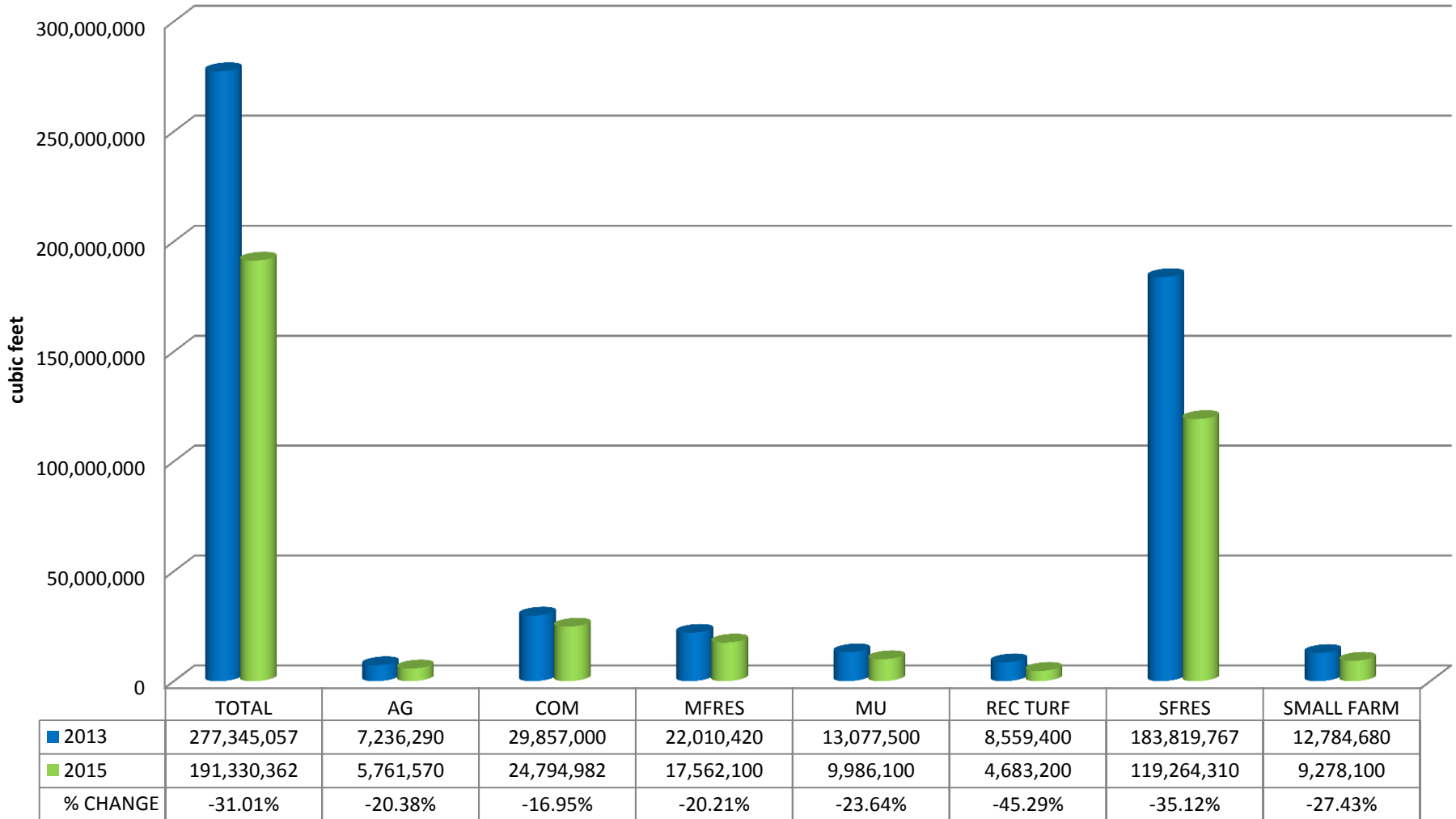
*2013 baseline per State Water Board and RWA standard



Potable Metered Use Comparison

2015 Year to Date (cubic feet)

(as of May 28, 2015)



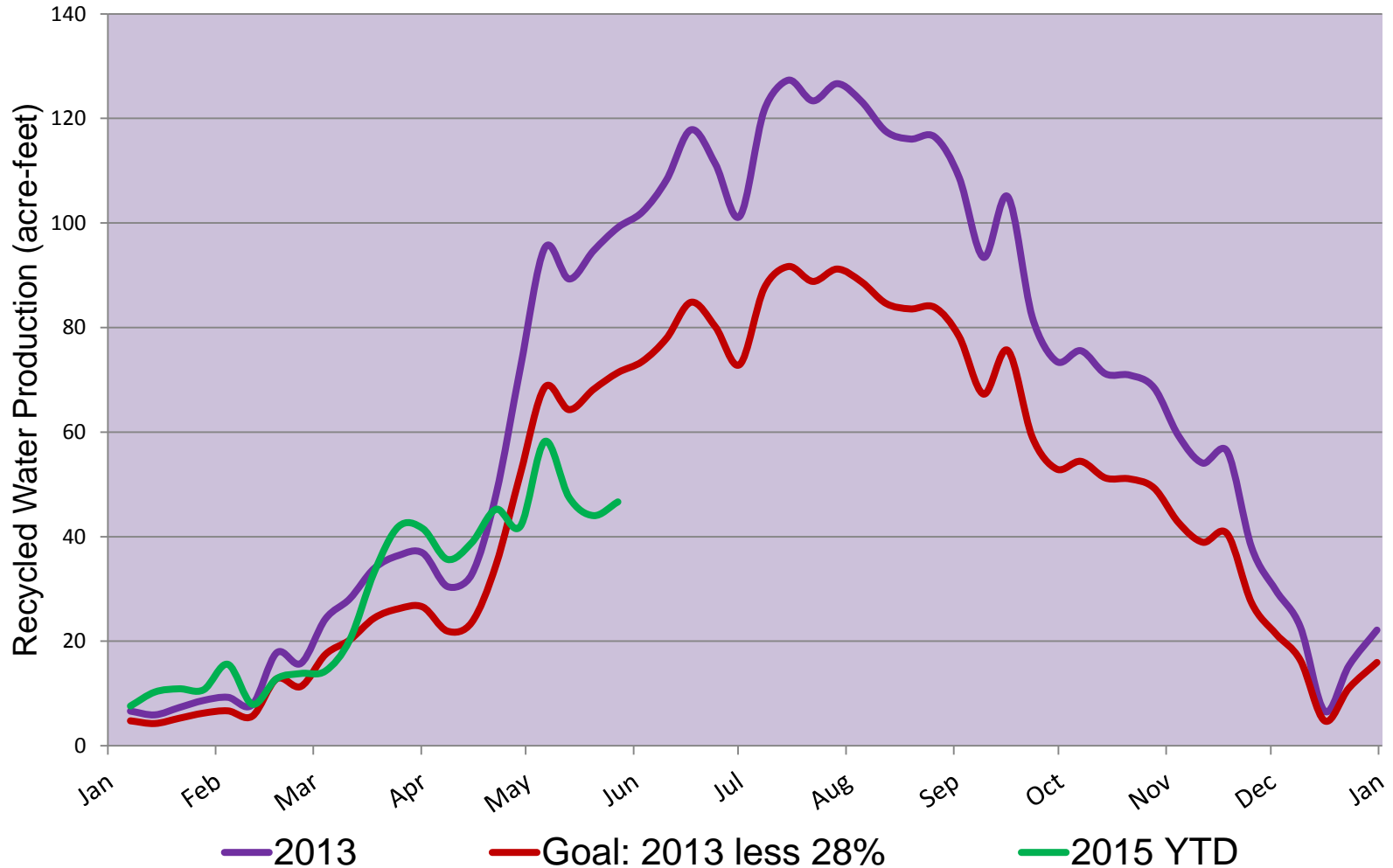
60% of 2013 Domestic Irrigation use was rolled into the 2013 Single Family Residential category. The remaining 40% was rolled into the 2013 Small Farm category.



Recycled Water Conservation Progress

Weekly Comparison - 2015 vs. 2013

(as of May 27, 2015)



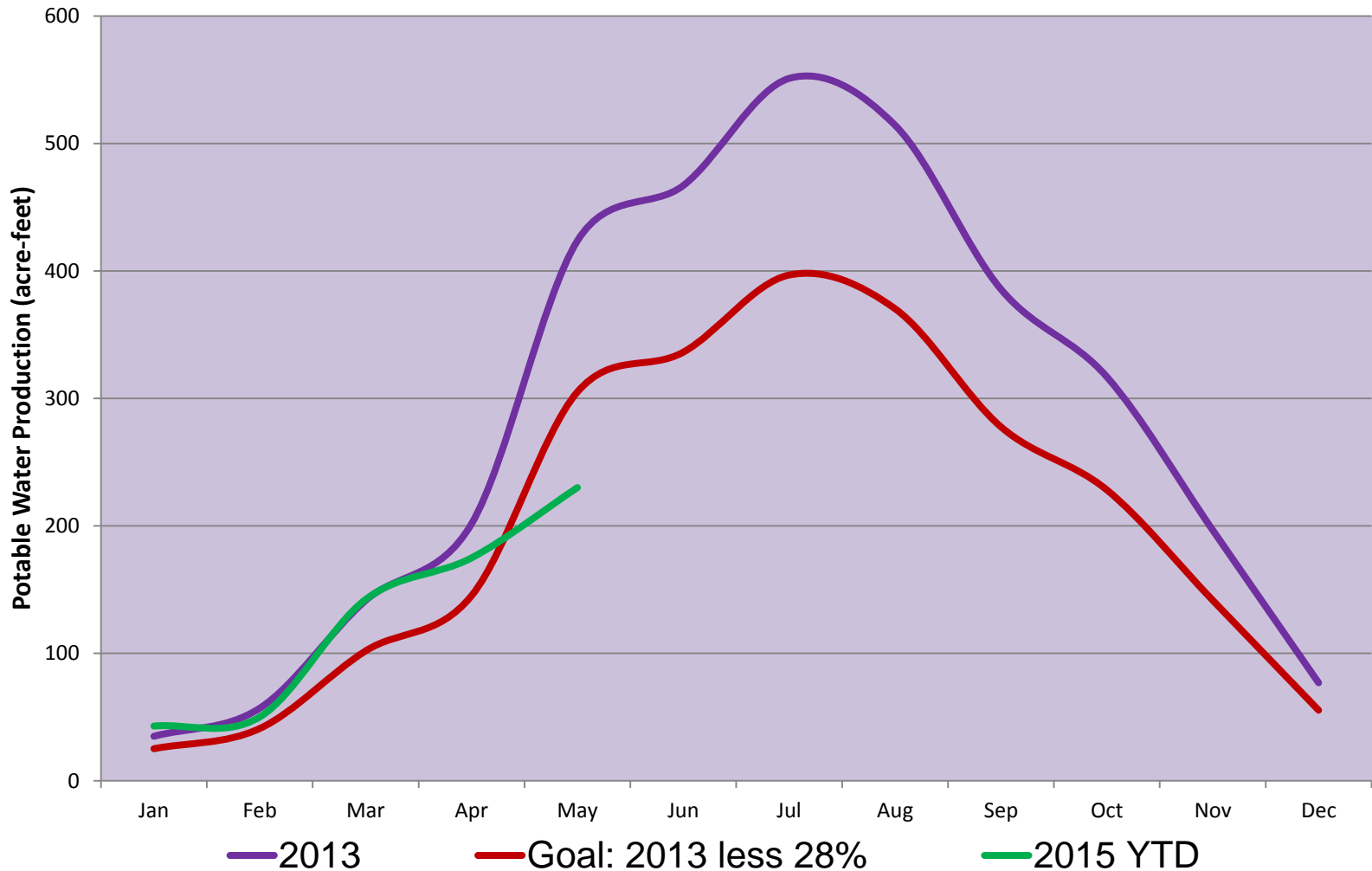
*2013 baseline per State Water Board and RWA standard



Recycled Water Conservation Progress

Monthly Comparison - 2015 vs. 2013

(as of May 31, 2015)



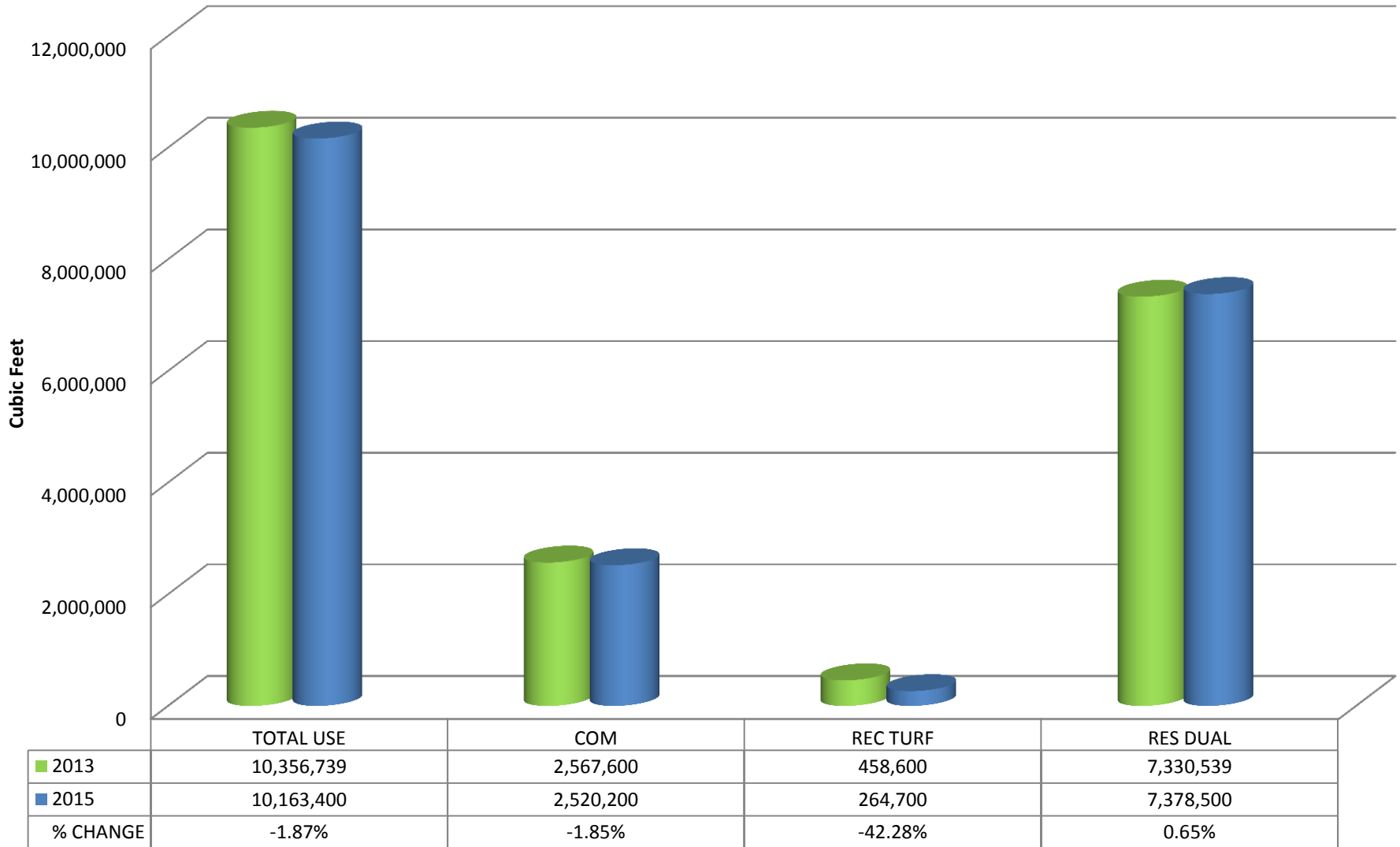
*2013 baseline per State Water Board and RWA standard



Recycled Metered Use Comparison

2015 Year to Date (cubic feet)

(as of April 28, 2015)



Water Waste Enforcement

- Ways to report waste
 - Call customer service
 - In the office
 - Email Water Efficiency
 - Utilize the online reporting tool
- Field staff carry water waste tags
- Temporary employee
 - Water waste reports and performing patrols
 - Patrolling from 5 AM to 10 AM
- As of June 1, 2015
 - 160 reports of water waste
 - Issued 35 water waste tags
 - No fines

**General Manager's Report
June 8, 2015**

2015 Customer Satisfaction Survey

In March 2015—for the first time—the District sent electronic surveys to 4,000 randomly selected customers throughout the District with various services (2,000 water and 2,000 sewer) using Survey Monkey. This became a viable option for the District as staff has worked diligently to collect email addresses from our customers. To date approximately 64% of our accounts have an email address on file. By using the electronic survey, we were able to reduce costs by 70% and reduce staff time by 80% compared to the last survey mailed out in 2012.

The six questions previously used were once again asked and are consistent with the District's key performance indicators. The response rate was an outstanding 25% (1,003 responses)—slightly higher than the 2012 survey (989 responses). Consistent with past surveys, water quality and reliability were identified as the most important issues to our customers, followed by security of the water supply and quality, and cost of water. Overall, all questions saw an increase in satisfaction compared to the 2012 survey.

Summary of 2015 results

Question 1 – Based on your experience, how satisfied are you with the water service provided to you?

- Response – **91%** said they are very satisfied or satisfied with EID's water service.
- 2012 – **87%** an increase of 4%

Question 2 – If you have telephoned the District, are phone calls answered promptly and professionally?

- Response – **93%** of those surveyed were very satisfied, satisfied, or had no reason to even call.
- 2012 – **90%** an increase of 3%

Question 3 – Compared to other utilities' field responses (electric, gas, phone, etc.), is the District's response level excellent, very good, average or poor?

- Response – **95%** said that EID's response is excellent, very good, or average.
- 2012 – **92%** an increase of 4%

Question 4 – Compared to other utility companies (electric, gas, phone, etc.), the District's water rates are very reasonable, reasonable, or unreasonable?

- Response – **65%** said EID's **water** rates are very reasonable or reasonable.
- 2012 – **54%** an increase of 11%

Question 5 – Compared to other utility companies (electric, gas, phone, etc.), the District's sewer rates are very reasonable, reasonable, or unreasonable?

- Response – **47%** responded that the **sewer** rates are very reasonable or reasonable.
- 2012 – **39%** an increase of 8%

Question 6 – Please rank your belief about the importance of the following, 5 being most important.

- Response – **864** customers ranked **water quality** as most important followed by **water reliability** with **780** customers ranking it as most important. **Security of water supply and quality** came in third with **679** responses; **571** said **cost of water** is most important, followed by **additional water supply** with **516** responses, **watershed protection** with **503** responses, **emergency response** with **484** responses, **wastewater treatment** with **440** responses, and **"other"** with **21** responses that were related to the question.

Question 7 – Please indicate your preferred method to receive information, 1 being most preferred. (As you enter your preference, the list will re-sort to reflect your entries)

- Response – The EID bi-monthly newsletter, *The Waterfront*, with 363 responses fell to second position behind email which with 536 responses was the preferred source of information concerning EID for this online survey. The District’s website came in third with 77 responses, trailed by newspapers, other, and local cable stations with 13, 12, and 2 responses respectively.

Cost Comparison

Description	2012	2015
Labor Cost	\$1,954.40	\$383.90
Postage	\$1,440.00	\$0.00
Printing costs (paper and ink)	\$380.00	\$0.00
Survey Monkey Annual Subscription	\$0.00	\$780.00
Total Costs	\$3,774.40	\$1,163.90
Total hours	56	11

Email and Online Statistics

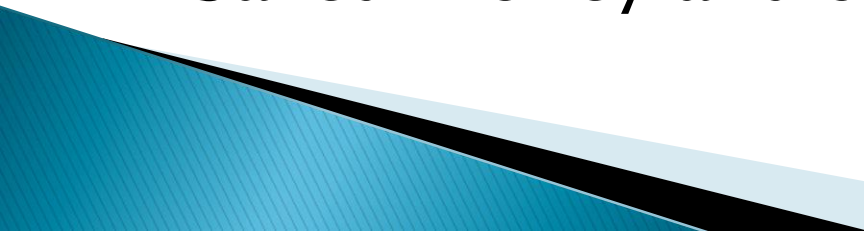
Currently 64% of all District accounts have an email address on file. The District uses these email addresses to communicate important messages regarding drought, *The Waterfront*, potential water outages, and other publications. Based on the survey results, our customers have indicated email is one of the top ways they prefer to receive District information and staff plans on utilizing email more in the future.

As of May 1, 2015, we have 15,487 accounts (39%) registered for online bill pay. Of these online accounts 4,662 have a recurring credit card payment set up and 9,979 receive their bills via email only.

2015 Customer Satisfaction Survey Results



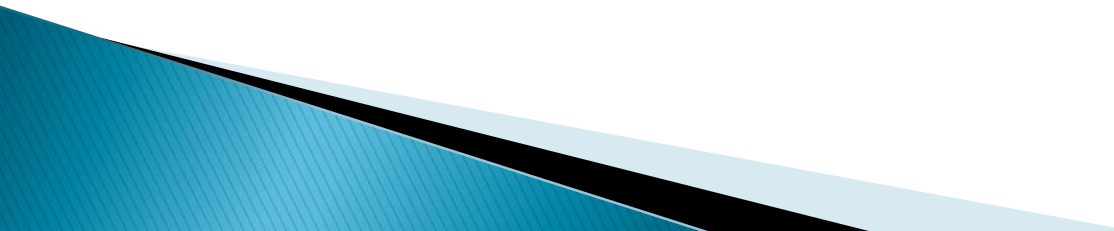
Survey Process

- ▶ Surveys typically sent bi-annually
 - ▶ Past surveys sent via mail
 - ▶ In 2015 surveys sent via email
 - Survey Monkey used for the first time
 - ▶ Sent to 4,000 random customers
 - 2,000 water and 2,000 sewer
 - ▶ Saved money and staff time
- 

Customer Satisfaction Survey

Key Performance Indicator	Target	Results 2010	Results 2012	Results 2015
Overall experience	Greater than 90%	87%	87%	91%
Over the phone	Greater than 90%	95%	90%	93%
Field response	Greater than 90%	94%	92%	95%
Reasonableness of water rates	Greater than 80%	56%	54%	65%
Reasonableness of wastewater rates	Greater than 60%	33%	39%	47%

Email and Online Statistics

- ▶ 64% of all customers have provided email addresses
 - ▶ 39% using online bill pay
 - ▶ 12% recurring credit card
 - ▶ 25% paperless statements
- 

Questions?

**General Manager's Report
June 8, 2015**

Sly Park Recreation Area named Best Camp Ground by KCRA 3 A-List voters

In May 2015, Sly Park Recreation Area was named “Best Camp Ground” by KCRA 3 A-List voters. The KCRA A-List compiles businesses, services, and other locations in and around Sacramento and allows users to vote on the best service or location across a diverse range of categories.

More than 200,000 votes were tallied throughout the contest and Sly Park Recreation Area earned the top billing out of 19 other possible locations in the best camp ground category.

Congratulations to EID’s recreation employees who consistently make Sly Park Recreation Area—as well as other EID recreation sites—a safe, fun, and meaningful destination for more than 400,000 visitors every year!

EL DORADO IRRIGATION DISTRICT

Subject: Ratification of EID General Warrant Registers for the periods ending May 19, and May 26, 2015, and Board and Employee Expense Reimbursements for these periods, and approval of Board expenses over 60 days old.

Previous Board Action:

February 4, 2002 – The Board approved to continue weekly warrant runs, and individual Board member review with the option to pull a warrant for discussion and Board ratification at the next regular Board meeting.

August 16, 2004 – Board adopted the Board Expense Payments and Reimbursement Policy.

August 15, 2007 – The Board re-adopted the Board Expense Payments and Reimbursement Policy as Board Policy 12065 and Resolution No. 2007-059.

Board Policies (BP), Administrative Regulations (AR), and Board Authority:

Section 24600 of the Water Code of the State of California provides no claim is to be paid unless allowed by the Board.

Summary of Issue:

The District's practice has also been to notify the Board of proposed payments by email and have the Board ratify the Warrant Registers. Copies of the Warrant Registers are sent to the Board of Directors on the Friday preceding the Warrant Register's date. If no comment or request to withhold payment is received from any Director by the following Tuesday morning, the warrants are mailed out and formal ratification of said warrants is agendaized on the next regular Board agenda.

On April 1, 2002, the Board requested staff to expand the descriptions on the Warrant Registers and modify the current format of the Warrant Registers.

On July 30, 2002, the Board requested staff to implement an Executive Summary to accompany each Warrant Register which includes all expenditures greater than \$3,000 per operating and capital improvement plan (CIP) funds.

Staff Analysis/Evaluation:

Warrant registers submitted for May 19, and May 26, 2015 totaling \$1,196,785.32, and Board/Employee Expense Reimbursements for these periods.

Current Warrant Register Information

Warrants are prepared by Accounts Payable; reviewed and approved by the Accounting Manager; the Director of Finance and the General Manager or their designee.

<u>Register Date</u>	<u>Check Numbers</u>	<u>Amount</u>
May 19, 2015	646532 – 646663	\$ 223,167.06
May 26, 2015	646664 – 646792	\$ 973,618.26

Current Board Expense Payments and Reimbursement Information

The items paid on Attachment A and B are expense and reimbursement items that have been reviewed and approved by the Clerk to the Board, Accounting Manager and the General Manager before the warrants are released. The items on Attachment C represent expenses over 60 days old that have not been reimbursed. Pursuant to Board Policy 12065, these reimbursed expenses require Board approval and will be treated as income for tax purposes. The expenses and reimbursements contained herein are for activities performed in the interest of the District in accordance with Board Policy 12065 and Resolution No. 2007-059.

Additional information regarding Board and employee expense reimbursement is available for copying or public inspection at District headquarters in compliance with Government Code Section 53065.5.

Board Decision/Options:

Option 1: Ratify the EID General Warrant Registers as submitted to comply with Section 24600 of the Water Code of the State of California. Receive and file Board and Employee Expense Reimbursements, and approve \$28.38 in expenses more than 60 days old.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Staff/General Manager’s Recommendation:

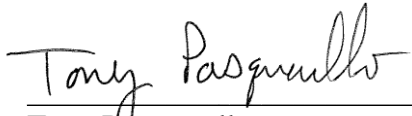
Option 1.

Support Documents Attached:

Attachment A: Board Expenses/Reimbursements

Attachment B: Employee Expenses/Reimbursements totaling \$100 or more

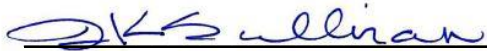
Attachment C: Board Expenses Over 60 Days



Tony Pasquarello
Accounting Manager



Mark Price
Director of Finance (CFO)



Jennifer Sullivan
Clerk to the Board



Jim Abercrombie
General Manager

Attachment A

Board Expenses/Reimbursements Warrant Registers dated 05/18/15 - 05/26/15

DESCRIPTION	William George	Alan Day	George Osborne	Dale Coco, MD	Greg Prada	Total
Personal Vehicle Expense	135.70		120.75			256.45
Hotel			371.90			371.90
Meals or Incidentals Allowance	10.00					10.00
Airfare, Car Rental, Misc Travel						0.00
Fax, Cell or Internet Service	40.00					40.00
Meeting or Conference Registration						0.00
Meals with Others						0.00
Membership Fees/Dues						0.00
Office Supplies						0.00
Reimburse prepaid expenses						0.00
Miscellaneous Reimbursements						0.00
	185.70	0.00	492.65	0.00	0.00	678.35

Attachment B

Employee Expenses/Reimbursements
Warrant Registers dated 05/19/15 - 05/26/15

EMPLOYEE	DESCRIPTION	AMOUNT
KILBURG, RONALD	TUITION REIMBURSEMENT	\$199.57
CORCORAN, DANIEL	PARKING AND MILEAGE - ACWA CONFERENCE	\$136.53
HAWKINS, GREGORY	LUNCH FOR ORIENTATION MEETING	\$196.68
COSTA, ALISON	SAFETY APPRECIATION PICNIC SUPPLIES	\$136.37
EDEN-BISHOP, TRACEY	TRAVEL EXPENSES - HYDRAULIC MODELING TRAINING	\$772.03
PETTERSON, WILLIAM	EXAMINATION FEE FOR D4 CERTIFICATION	\$130.00
RUSSELL, NOEL	REGISTRATION FEE - LEADERSHIP CLASS	\$116.68
		\$1,687.86

Attachment C

SPECIAL LATE REPORTED EXPENSES
 Required Board Approved Prior to Reimbursement
 Warrant Registers dated 05/19/15 - 05/26/15

DESCRIPTION	William George	Alan Day	George Osborne	Dale Coco, MD	Greg Prada	Total
Personal Vehicle Expense						0.00
Hotel						0.00
Meals or Incidentals Allowance						0.00
Airfare, Car Rental, Misc Travel						0.00
Fax, Cell or Internet Service						0.00
Meeting or Conference Registration						0.00
Meals with Others			28.38			28.38
Membership Fees/Dues						0.00
Office Supplies						0.00
Reimburse prepaid expenses						0.00
Miscellaneous Reimbursements						0.00
	0.00	0.00	28.38	0.00	0.00	28.38



MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
EL DORADO IRRIGATION DISTRICT
 District Board Room, 2890 Mosquito Road, Placerville, California
 Tuesday, May 26, 2015 ~ 9:00 A.M.

Board of Directors

BILL GEORGE
BOARD PRESIDENT
 Division III

GEORGE W. OSBORNE
BOARD VICE PRESIDENT
 Division I

Greg Prada
Board Director
 Division II

Dale Coco, MD
Board Director
 Division IV

Alan Day
Board Director
 Division V

**General Manager and
Executive Staff**

JIM ABERCROMBIE
GENERAL MANAGER

THOMAS D. CUMPSTON
GENERAL COUNSEL

Jennifer Sullivan, Clerk to the Board

Mary Lynn Carlton
Communications/Community Relations

Jose Perez, Human Resources

Tom McKinney, Operations

Brian Mueller, Engineering

Mark Price, Finance

**Tim Ranstrom, Information
Technology**

In accordance with the Americans with Disabilities Act and California law, it is the policy of the El Dorado Irrigation District to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation for this meeting, please contact the EID ADA coordinator at 530-642-4045 or e-mail at adacoordinator@eid.org at least 72 hours prior to the meeting. Advance notification within this guideline will enable the District to make reasonable accommodations to ensure accessibility.

PUBLIC COMMENT: Anyone wishing to comment about items not on the Agenda may do so during the public comment period. Those wishing to comment about items on the Agenda may do so when that item is heard and when the Board calls for public comment. ***Public comments are limited to five minutes per person.***

PUBLIC RECORDS DISTRIBUTED LESS THAN 72 HOURS BEFORE A MEETING: Any writing that is a public record and is distributed to all or a majority of the Board of Directors less than 72 hours before a meeting shall be available for immediate public inspection in the office of the Clerk to the Board at the address shown above. Public records distributed during the meeting shall be made available at the meeting.

CALL TO ORDER

President George called the meeting to order at 9:00 A.M.

Roll Call

Board

Present: Directors Osborne, Prada, George, Coco, and Day

Staff

Present: General Manager Abercrombie, General Counsel Cumpston, and Clerk to the Board Sullivan

Pledge of Allegiance and Moment of Silence

President George led the Pledge of Allegiance followed by a Moment of Silence dedicated to our troops serving throughout the world.

ADOPT AGENDA

ACTION: Agenda was adopted.

MOTION CARRIED

Ayes: Directors Day, Osborne, Prada, George, and Coco

COMMUNICATIONS

General Manager's Employee Recognition
None

APPROVE CONSENT CALENDAR

ACTION: Director Day pulled Item No. 5. Consent Calendar was then approved as amended

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

PUBLIC COMMENT

None

COMMUNICATIONS

Board of Directors

Director Coco spoke about his recent presentations to several community groups.

CONSENT CALENDAR

1. Finance (Pasquarello)

Ratification of EID General Warrant Registers for the periods ending May 5 and May 12, 2015, and Board and Employee Expense Reimbursements for these periods.

ACTION: Option 1: Ratified the EID General Warrant Registers as submitted to comply with Section 24600 of the Water Code of the State of California.
Received and filed Board and Employee Expense Reimbursements.

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

2. Clerk to the Board (Sullivan)

Approval of the minutes of the May 11, 2015, regular meeting of the Board of Directors.

ACTION: Option 1: Approved as submitted.

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

3. Office of the General Counsel (Cumpston)

Ratification of Resolution No. 2015-010, to maintain emergency declaration, and ratification of Stage 4 Drought Emergency for Outingdale.

ACTION: Option 1: Ratified Resolution No. 2015-010 (*thus maintaining the general drought emergency declaration for purposes of bidding, contracting, and CEQA compliance*), and ratified the Stage 4 Drought Emergency for Outingdale.

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

4. Finance (Griffin)

Consideration to award a uniform and facility services contract to Cintas Corporation through the US Communities Government Purchasing Alliance for a term of three years in the estimated amount of \$60,000 per year.

ACTION: Option 1: Awarded a uniform and facility services contract to Cintas Corporation through the US Communities Government Purchasing Alliance for a term of three years in the estimated amount of \$60,000 per year.

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

5. Finance / Operations (Ruiz/Strahan)

Consideration to award a second one-year contract extension for bid P13-01 to Doug Veerkamp General Engineering, Inc. for an estimated \$440,000 to perform as-needed asphalt patch-paving services for a total contract length of three years.

ACTION: Option 1: Awarded a second one-year contract extension for bid P13-01 to Doug Veerkamp General Engineering, Inc. for an estimated \$440,000 to perform as-needed asphalt patch-paving services for a total contract length of three years.

MOTION CARRIED

Ayes: Directors Osborne, George, and Coco

Noes: Directors Prada and Day

6. Engineering (Mueller)

Consideration to award contracts for on-call construction inspection services through December 31, 2016.

ACTION: Option 1: Awarded contracts for on-call construction inspection services through December 31, 2016, to the firms listed on the Notice of Intent to Award for Inspection Services.

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

END OF CONSENT CALENDAR

DIRECTOR ITEMS

7. Board of Directors (George)

Consideration to adopt a resolution in support of the nomination of Director Bill George to serve on the Association of California Water Agencies (ACWA) Region 3 Board of Directors.

ACTION: Option 1: Concurred with the Board President's request and adopted Resolution No. 2015-011 in support of the nomination of Director Bill George to the ACWA Region 3 Board of Directors.

MOTION CARRIED

Ayes: Directors Day, Prada, Osborne, George, and Coco

ACTION ITEMS

8. Engineering (Mueller)

Consideration of revisions to the Drought Action Plan to maintain 2 days per week watering schedules, and update on the pond filling restriction.

Public Comment: John Bowman, General Manager, Serrano El Dorado Owners' Association
Steve Fackler, Serrano Country Club
Kirk Bone, Serrano Associates

MOTION: Main motion by Director Osborne and seconded by Director George to approve option 1.

ACTION: Subsidiary motion by Director Coco and seconded by Director Day to 'call the question' which ends debate of this item and calls for an immediate vote. This motion requires a majority vote.

MOTION CARRIED

Ayes: Directors Coco, Day, Osborne, and George

Noes: Director Prada

MOTION FAILED

Ayes: Directors Osborne and George

Noes: Directors Prada, Coco, and Day

MOTION: Substitute motion by Director Day and seconded by Director Prada to approve option 4 to take no action and continue odd/even watering schedules in effect June 1, 2015–September 30, 2015.

MOTION FAILED

Ayes: Directors Day and Prada

Noes: Directors Osborne, George, and Coco

MOTION: Motion by Director Coco to approve option 2. Motion failed due to lack of a second.

MOTION: Motion by Director Osborne to approve option 1. Motion failed due to lack of a second.

MOTION: Motion by Director Day and seconded by Director Prada to approve option 3 to take no action and continue odd/even watering schedules in effect June 1, 2015–September 30, 2015, and continue this item to the July 13 regular Board meeting.

MOTION FAILED

Ayes: Directors Day and Prada

Noes: Directors Osborne, George, and Coco

ACTION: Option 2: Approved 3 days per week watering schedules effective June 1 through September 30, 2015, continued the prohibition on pond filling, confirmed the base period as 2013, and directed staff to revise the 2015 Drought Action Plan accordingly.

MOTION CARRIED

Ayes: Directors Coco, George, Prada, and Day

Noes: Director Osborne

9. Operations (Strahan)

Consideration to approve a contract with Vito Trucking for drought emergency water hauling to the Outingdale Water System in the amount not-to-exceed \$300,000.

ACTION: Option 1: Approved a contract with Vito Trucking for drought emergency water hauling to the Outingdale Water System in the amount not-to-exceed \$300,000.

MOTION CARRIED

Ayes: Directors Osborne, Coco, Prada, George, and Day

10. Operations (Strahan)

Consideration to award a professional service contract to MCC Control Systems in the not-to-exceed amount of \$59,590, and authorize total funding of \$133,494 for the Camino Heights Wastewater Treatment Plant Automation Programming and Integration Project No. 14007.

ACTION: Option 1: Awarded a professional services contract to MCC Control Systems in the not-to-exceed amount of \$59,590, and authorized total funding of \$133,494 for the Camino Heights Wastewater Treatment Plant Automation Programming and Integration Project No. 14007.

MOTION CARRIED

Ayes: Directors Prada, Coco, Osborne, George, and Day

CLOSED SESSION

A. Closed session pursuant to Government Code section 54956.9(d)(2) (Poulsen)

Conference with Senior Deputy General Counsel – Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2); one potential case (termination of Excavating Engineers on Camp 2 Bridge Replacement Project)

ACTION: The Board conferred with counsel and staff but took no action.

REVIEW OF ASSIGNMENTS

Director Day requested that staff bring information to the Board on the District's water waste enforcement activities including penalties.

ADJOURNMENT

President George adjourned the meeting at 11:41 A.M.

Bill George, President
Board of Directors
EL DORADO IRRIGATION DISTRICT

ATTEST:

Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

Approved: _____

EL DORADO IRRIGATION DISTRICT

SUBJECT:

Ratification of Resolution No. 2015-010, to maintain emergency declaration, and ratification of Stage 4 Drought Emergency for Outingdale.

Board Action:

- February 4, 2014 – Board adopted Resolution No. 2014-006, declaring a drought emergency.
- February 10 and 24, March 10 and 24, April 14 and 28, 2014 – Board ratified Resolution No. 2014-006 to maintain the drought emergency.
- May 12, 2014 – Board adopted Resolution No. 2014-010, renewing and updating the emergency drought declaration.
- June 9, 2014 – Board adopted Resolution No. 2014-011, renewing and updating the emergency drought declaration, ratifying the General Manager’s declaration of a Stage 4 Drought Emergency in Outingdale, and ratifying the suspension of Clear Creek flow augmentation.
- June 13, 2014 – At a special meeting, Board authorized staff to increase releases to Clear Creek, using water stored in Jenkinson Lake, to provide approximately 2.0 cubic feet per second flows to ditch customers through July 15.
- June 23, July 14, July 28, August 11, August 25, September 8, October 14, 2014 – Board ratified Resolution No. 2014-011 to maintain the drought emergency.
- October 14, 2014 – Board adopted Resolution 2014-023, declaring an emergency for the repair of the Esmeralda Tunnel.
- October 27, November 10, December 8, 2014 – Board ratified Resolutions Nos. 2014-011 and 2014-023 to maintain the emergency declarations.
- January 12, January 26, February 9, February 23, March 9, 2015 – Board ratified Resolutions Nos. 2014-011 and 2014-023 to maintain the emergency declarations.
- March 23, 2015 – Board adopted Resolution No. 2015-010, renewing and updating the drought emergency declaration.
- April 13, 2015 – Board ratified Resolution No. 2015-010 to maintain the drought emergency declaration.
- May 11 and May 26, 2015 – Board ratified Resolution No. 2015-010 to maintain the drought emergency declaration, and ratified the General Manager’s declaration of a Stage 4 Drought Emergency in Outingdale.

Board Policies (BP), Administrative Regulations (AR), and Board Authority:

Public Contract Code section 11102: An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

Public Contract Code section 22050: The Board must ratify the existence of a declared emergency at each subsequent regular Board meeting by four-fifths vote, or the declared emergency is deemed to be terminated.

California Environmental Quality Act (CEQA) Guidelines section 15359: An emergency is a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to life, health, property, or essential public services.

Public Resources Code section 21080(b)(4) and CEQA Guidelines section 15269(c): exempt from CEQA actions necessary to prevent or mitigate an emergency.

Summary of Issue:

Since February 4, 2014, the Board has taken the following actions to find and determine that the current drought conditions have continuously constituted an emergency:

- Unanimous adoption of Resolution No. 2014 – 006 on February 4, 2014;
- Unanimous ratification of that resolution at six subsequent regular Board meetings through April 28, 2014;
- Adoption of Resolution No. 2014 – 010 on May 12, 2014;
- Adoption of Resolution No. 2014 – 011 on June 9, 2014;
- Ratification of Resolution No. 2014 – 011 on June 23, July 14, July 28, August 11, August 25, September 8, October 14, October 27, November 10, and December 8, 2014, and January 12, January 26, February 9, February 23, and March 9, 2015;
- Adoption of Resolution No. 2015-010 on March 23, 2015; and
- Ratification of Resolution No. 2015-010 on April 13, May 11, and May 26, 2015.

For the emergency declaration to remain in effect, the Board must find (by four-fifths vote for bidding and contracting purposes) at each regular meeting that the need for emergency action still exists. The Board can do so today by ratifying Resolution No. 2015 – 010.

Further, the Board must ratify any emergency action taken by District staff pursuant to the authority delegated by the resolutions at its next regular meeting after such action is taken. The Board ratified the General Manager's Stage 4 Drought Emergency declaration for Outingdale on May 11 and May 26, but because Resolution No. 2015 – 010 does not include that action, the Board must continue to ratify this emergency separately to keep it in effect. No other ratification of staff actions is required at this time.

Staff Analysis/Evaluation:

In Resolutions Nos. 2014 – 006, – 010, – 011, and 2015 – 010, the Board found and determined that the current drought conditions constituted an emergency within the meaning of and for the purposes of (among other enactments) Public Contract Code sections 11102, 22050(a)(2), and 20567, Public Resources Code section 21080(b)(4), and CEQA Guidelines sections 15269(c) and 15359. The Board’s failure to adopt Resolution No. 2014-010 by four-fifths vote on May 12, 2014 and to ratify Resolution No. 2014-011 by four-fifths vote on July 28, 2014 terminated the declaration of emergency for purposes of the Public Contract Code. The Board’s four-fifths votes to ratify on June 9 and August 11, 2014 reinstated the emergency for those purposes. The Board has subsequently adopted or ratified resolutions to keep the emergency continuously in effect; however, because the currently operative resolution (No. 2015 – 010) does not include the Stage 4 Drought Emergency in Outingdale, the Board must continue to ratify that staff action at each regular meeting to maintain that emergency condition in effect.

It behooves the District to do what it can to address drought conditions affecting the District. Such activities may include advancing projects that could protect or expand available water supplies, which the emergency declaration expedites by authorizing staff to dispense with the delays inherent in the competitive bidding and environmental review processes, so that the Board can more quickly consider construction projects and contracts.

Updates on Drought-Related Topics

Resolution No. 2015-010 updated facts about the current drought conditions and regulatory actions taken and considered by the State Water Resources Control Board (SWRCB). It approved the revised Drought Action Plan as separately adopted by Board action in another item on the March 23 agenda. It authorized and directed staff to pursue a new temporary reduction in Deer Creek Wastewater Treatment Plan bypass flows to minimize the potable water supplementation to the recycled water system again in 2015. It also authorized and directed staff to continue its ongoing efforts to obtain variances from Project 184’s mandated minimum instream flows to the extent necessary to protect consumptive water supplies and conserve Project 184 storage for instream flows and other project purposes going into 2016. Following are status updates on the Deer Creek and Project 184 flow variances.

District staff has submitted a petition to the SWRCB to allow the minimum releases from the Deer Creek Wastewater Treatment Plant to again be reduced to 320,000 gallons per day, as was done successfully in 2014, without adverse environmental impacts. A second successful year of releases at this level will further strengthen the case for a permanent reduction. As of June 3, the SWRCB had not noticed this petition for public comment.

The District received SWRCB and Federal Energy Regulatory Commission (FERC) approvals for temporary variances in the minimum streamflows mandated for Project 184. Approval for streamflow variances below the Project 184 reservoir dams expired May 31. Only the variance in Echo Creek streamflows was implemented, because the other variances never became necessary or beneficial, for two reasons. The primary reason was the small, regular doses of late precipitation that the watershed experienced in late April and most of May. The second reason was that the SWRCB's curtailment of post-1914 water rights has necessitated bypassing water flows through Lake Aloha that would otherwise have been stored. These additional flows have made it possible to meet Kyburz minimum flows and all District consumptive needs through May 31 without additional releases from storage.

The variance in Echo Creek allowed the District to fill Echo Lake to capacity. This success will improve the water supply outlook after Labor Day, when the District's FERC license allows it to begin releasing water stored in Echo Lake. It also has a significant recreational benefit at Echo Lake, because it improves navigation from the dam to Upper Echo Lake. Because seasonal snowmelt ended so much earlier than usual, however, Echo Lake's water depth is likely to drop more quickly than normal, constraining recreational navigation later this summer.

As of June 1, the SWRCB still had not begun to curtail any pre-1914 water rights in the state. In late May, just before an expected curtailment of all pre-1914 rights in the San Joaquin River watershed, the SWRCB accepted a voluntary cutback of 25% from Delta agricultural interests holding riparian water rights, which no doubt delayed the implementation of further curtailments. Curtailment of pre-1914 water rights is still expected, however, and General Counsel expects litigation to ensue once this occurs. Depending upon the timing and scope of any such action, the District may want to join the litigation. On June 9, 2014, the District's Board authorized EID to enter into litigation with other agencies to challenge any such action by the SWRCB. General Counsel will assess the legal landscape and consider joining such litigation if necessary or appropriate, and will promptly report any initiation of litigation to the Board.

Staff has taken no emergency actions since the May 26, 2015 meeting that require ratification at this time. Please refer to the staff report for the September 8, 2014 ratification of the emergency declaration for an explanation of the General Manager's contracting authority in a declared emergency.

Board Decisions/Options:

Option 1: Ratify Resolution No. 2015–010 (*thus maintaining the general drought emergency declaration for purposes of bidding, contracting, and CEQA compliance*), and ratify the Stage 4 Drought Emergency for Outingdale.

Option 2: Decline to ratify Resolution No. 2015–010 (*thus terminating the general drought emergency declaration for purposes of bidding, contracting and CEQA compliance*), but ratify the Stage 4 Drought Emergency for Outingdale.

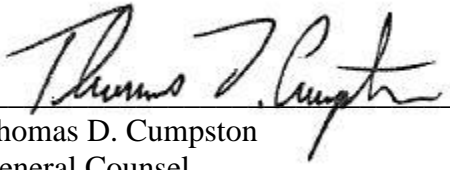
Option 3: Take no action (*thus terminating the general drought emergency declaration for purposes of bidding, contracting and CEQA compliance*).

Staff/General Manager’s Recommendation:

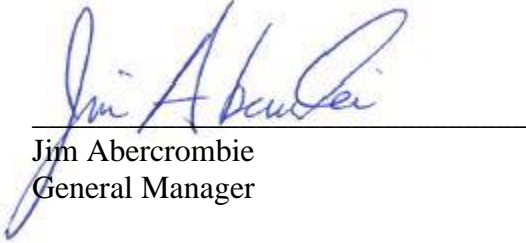
Option 1 (four-fifths vote required for purposes of bidding and contracting).

Support Document Attached:

- A. Resolution 2015-010

Handwritten signature of Thomas D. Cumpston in black ink, written over a horizontal line.

Thomas D. Cumpston
General Counsel

Handwritten signature of Jim Abercrombie in blue ink, written over a horizontal line.

Jim Abercrombie
General Manager

1 RESOLUTION OF THE BOARD OF DIRECTORS OF
2 EL DORADO IRRIGATION DISTRICT
3 CONTINUING ITS DECLARATION OF A STAGE 2 WATER WARNING
4 AND THE EXISTENCE OF AN EMERGENCY

5 **OPERATIVE FACTS**

6 **WHEREAS**, El Dorado Irrigation District (District) has experienced dry conditions since
7 2012, with unimpaired runoff in the American River basin of 74% of normal in 2012, 41% of
8 normal in 2013, and 32% of normal in 2014; and

9
10 **WHEREAS**, 2013 was the driest calendar year on record in California, and water year
11 2014 was the third-driest water year on record in California; and

12 **WHEREAS**, January 2015 was the driest, and January 2013 was the third-driest, January
13 on record in California; and

14
15 **WHEREAS**, as of March 10, 2015, the United States Drought Monitor stated that all of
16 El Dorado County and two-thirds of California were an extreme or exceptional drought
17 condition; and

18 **WHEREAS**, as of March 12, 2015, snow water content in the American River basin was
19 6% of normal for March 1 and 5% of normal for April 1, according to the state Department of
20 Water Resources (DWR); and

21
22 **WHEREAS**, the District's March 2015 manual readings of snow water content for the
23 Caples Lake watershed averaged 22% of normal, and about one-third of the snow water content
24 readings in March 2014; and

1 **WHEREAS**, the United States Bureau of Reclamation (Reclamation) has stated that it
2 will deliver no more than the greater of public health and safety needs or 25% of adjusted
3 historical average deliveries of Central Valley Project water to Municipal and Industrial
4 contractors such as the District; and
5

6 **WHEREAS**, Jenkinson Lake, the District's largest source of supply at 41,033 acre-feet
7 capacity, is unlikely to fill in 2015 despite the importation of more than 8,000 acre-feet of water
8 through the Hazel Tunnel in 2013 and 2014, and the planned importation of an additional 6,000
9 acre-feet in 2015; and
10

11 **WHEREAS**, on January 17, 2014, Governor Edmund G. Brown Jr. proclaimed a state of
12 emergency in California due to drought conditions, and on April 25, 2014, the Governor
13 proclaimed a continued state of emergency for the same reason; and
14

15 **WHEREAS**, the Governor's two proclamations made findings that included the
16 following:

- 17 • California's water supplies continue to be severely depleted;
- 18 • Extremely dry conditions have persisted since 2012 and the duration of this
19 drought is unknown;
- 20 • Among the urgent challenges presented by the severe drought conditions is
21 additional water scarcity if the conditions continue (as they have) into 2015;
- 22 • The magnitude of the severe drought conditions continues to present threats
23 beyond the control of the services, personnel, equipment, and facilities of any
24 single local government;
25
26
27
28

- Conditions of extreme peril to the safety of persons and property exist in California due to water shortage and drought conditions with which local authority is unable to cope; and

WHEREAS, the Governor’s emergency proclamations included the following directives:

- Californians are called on to reduce their water usage by 20 percent;
- Local urban water suppliers are called on to implement their local water shortage contingency plans immediately to avoid or forestall outright restrictions that could become necessary later in the drought season;
- California residents should refrain from wasting water and in particular should:
 - Avoid using water to clean sidewalks, driveways, parking lots and other hardscapes;
 - Turn off fountains and other decorative water features unless they use recycled or grey water;
 - Limit home vehicle washing by patronizing local carwashes that recycle water;
 - Limit outdoor watering of lawns and landscaping to not more than two times a week;
- Recreational facilities such as parks and golf courses and large institutional complexes, such as school and business parks, should immediately implement water reduction plans to reduce the use of potable water for outdoor irrigation;
- Hotels and restaurants should reduce water usage and increase public awareness of the drought by offering drinking water only upon request and providing customers with options to avoid daily washing of towels or sheets;

- Architectural and landscaping provisions of a common interest development that prohibit compliance with any local or state water conservation measures, such as landscaping installation or maintenance requirements, are void and unenforceable; and

WHEREAS, in July 2014 the Water Board adopted emergency regulations requiring local agencies to adopt mandatory conservation measures, and on March 10, 2015 Water Board staff proposed that the Water Board re-adopt all 2014 measures, plus additional mandatory conservation measures on March 17, 2015; and

WHEREAS, in May 2014 the Water Board issued mandatory curtailment notices affecting virtually all post-1914 consumptive water rights, on January 23, 2015 the Water Board sent a notice of potential curtailment of diversions of all water rights in 2015 to the District and other water rights holders in California, and on February 4, 2015 the Water Board issued an Information Order to the District and other holders of riparian and pre-1914 water rights in California, requiring proof of those rights' validity, reporting of their use in 2014, projections of 2015 use, and monthly updates of actual 2015 use; and

APPLICABLE LAW, REGULATION, AND POLICY

WHEREAS, Public Resources Code section 21080(b)(4) and CEQA Guidelines section 15269(c) exempt from CEQA any actions that are necessary to prevent or mitigate an emergency; and

WHEREAS, CEQA Guidelines section 15359 defines "emergency" as "a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to life, health, property, or essential public services;" and

1 **WHEREAS**, Public Contract Code section 20567 authorizes irrigation districts to let
2 contracts without notice for bids in case of an emergency; and
3

4 **WHEREAS**, Public Contract Code section 22050(a)(2) requires that before action is
5 taken to procure equipment, services, and supplies without giving notice for bids, the governing
6 body must first make a finding, based on substantial evidence set forth in the minutes of its
7 meeting, that the emergency will not permit a delay resulting from a competitive solicitation for
8 bids, and that the action is necessary to respond to the emergency; and
9

10 **WHEREAS**, Public Contract Code section 11102 defines “emergency” as “a sudden,
11 unexpected occurrence that poses a clear and imminent danger, requiring immediate action to
12 prevent or mitigate the loss or impairment of life, health, property, or essential public services;”
13 and
14

15 **WHEREAS**, District Board Policy 2050 authorizes the District’s General Manager to act
16 “in emergency situations where no Board Policies or Administrative Regulations exist;” and
17

18 **WHEREAS**, District Administrative Regulation 3061.1, subdivision g, authorizes
19 emergency procurements of supplies, equipment, services, or construction items when there
20 exists a threat to public health, welfare, or safety, and requires Board of Directors ratification of
21 emergency procurements exceeding \$50,000; and
22

23 **WHEREAS**, on March 1, 2014, the Governor signed SB 103 and SB 104 into law,
24 making \$687.4 million available for drought relief, including \$549 million of accelerated
25 infrastructure grants for projects included in Integrated Regional Water Management Plans
(IRWMPs); and
26

27 **WHEREAS**, on November 4, 2014 California voters approved a \$7.5 billion water bond
28 measure that includes funding for projects in many categories, including IRWMPs; and

1 **WHEREAS**, beginning on February 4, 2014, the Board has adopted or ratified resolutions
2 declaring and maintaining continuously in place an emergency and a Stage 2 Water Warning due
3 to drought conditions; and
4

5 **WHEREAS**, the Board adopted the staff-prepared Drought Action Plan on February 4,
6 2014, and approved revisions to the Drought Action Plan on April 14, 2014 and now wishes to
7 approve further revisions to the Drought Action Plan;

8 **NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED** by the Board of
9 Directors of the El Dorado Irrigation District (Board) as follows:
10

- 11 1. The Board concurs with and adopts the findings of the Governor's January 17 and
12 April 25, 2014 emergency proclamations.
- 13 2. The Board approves the further revised Drought Action Plan as separately adopted
14 by Board motion on March 23, 2015.
- 15 3. The Board renews and continues a Stage 2 Water Warning.
- 16 4. The Board finds and declares that the current drought conditions constitute an
17 emergency within the meaning of CEQA Guidelines section 15359, Public
18 Contracts Code section 11102, District Board Policy 2050, and District
19 Administrative Regulation 3061.1, subdivision g.
- 20 5. The Board finds and declares that the adoption of this Resolution and all of the
21 delegations, authorizations, and directions to the General Manager and District
22 staff specified in paragraph 7, below, satisfy the requirements and criteria of
23 Public Resources Code section 21080(b)(4), CEQA Guidelines section 15269(c),
24 and Public Contract Code sections 22050(a)(2) and 20567.
25
26
27
28

1 6. The foregoing findings and declarations are based upon all written, oral, and
2 visual evidence, including both facts and professional opinions, presented to the
3 Board at the meetings of February 4, 10, and 24, March 10 and 24, and April 2,
4 14, and 28, May 12, and June 9, 2014, March 9, 2015, and at the hearing of this
5 Resolution.
6

7 7. The Board hereby delegates, authorizes, and directs the District General Manager
8 and his designees to take all actions reasonably deemed necessary to respond to
9 the emergency conditions declared herein, including but not limited to the
10 following specific actions:
11

12 a. Pursue a new proposal with the Water Board for a temporary modification of
13 the minimum instream flow requirements prescribed for the Deer Creek
14 Wastewater Treatment Plant by Water Rights Order No. WR 95-9, to again
15 minimize potable water supplementation of the recycled water system in 2015.
16

17 b. Continue consultation with and obtain all necessary regulatory approvals from
18 the Federal Energy Regulatory Commission, U.S. Forest Service, Water
19 Board, the California Department of Fish and Wildlife, and members of the
20 Project 184 Ecological Resources Committee for temporary variances to
21 Project 184's instream flow requirements as necessary to enhance and
22 conserve Project 184 water storage for consumptive water supplies and future
23 instream flows for as long as drought conditions persist.
24

25 c. Implement all Stage 2 drought actions detailed in Exhibit A.
26
27
28

- d. Enter into professional services and construction contracts as reasonably deemed necessary to expedite the preservation and enhancement of water supply availability for the District's customers.
- e. Report to and seek ratification of the Board for any actions taken in excess of normal authority or authority expressly granted by this Resolution, at the first regular Board meeting held after each such action.
- f. Continue to report to the Board at least monthly, and more often if necessary, on the current status of the drought conditions, responsive actions taken, weekly water usage data, and the need, if any, for further Board actions, including a Stage 3 drought declaration and the declaration of a Stage 4 water supply emergency.

8. This Resolution shall take effect immediately upon adoption. Subject to the ratification required by Public Contract Code sections 22050(b)(3), (c)(1), and (c)(2), and by District Administrative Regulation 3061.1, subdivision g, this Resolution shall remain in full force and effect until rescinded by a subsequent Resolution of the Board of Directors.

///

///

///

///

///

1 The foregoing Resolution was introduced at a special meeting of the Board of Directors of the
2 EL DORADO IRRIGATION DISTRICT held on the 23rd day of March, 2015 by Director
3 Osborne, who moved its adoption. The motion was seconded by Director Day, and a poll vote
4 was taken which stood as follows:

5 AYES: Directors Osborne, Coco, Prada, George, and Day

6 NOES:

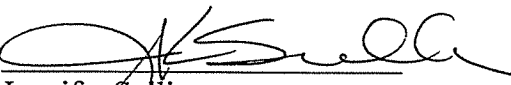
7 ABSTAIN:

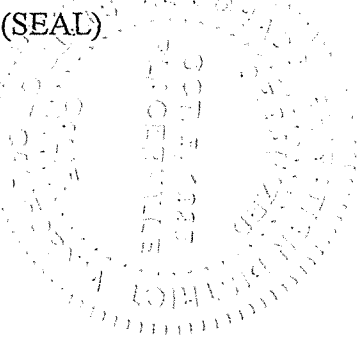
8 ABSENT:

9
10 The motion having a majority of votes "Aye", the Resolution was declared to have been
11 adopted, and it was so ordered.

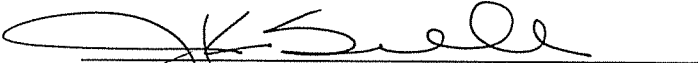
12
13
14 
15 Bill George
16 President, Board of Directors of
17 EL DORADO IRRIGATION DISTRICT

18 ATTEST:

19 
20 Jennifer Sullivan
21 Clerk to the Board



I, the undersigned, Clerk to the Board of the EL DORADO IRRIGATION DISTRICT hereby certify that the foregoing resolution is a full, true and correct copy of a Resolution of the Board of Directors of the EL DORADO IRRIGATION DISTRICT entered into and adopted at a special meeting of the Board of Directors held on the 23rd day of March, 2015.



Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EL DORADO IRRIGATION DISTRICT

Subject: Funding approval for District Capital Improvement Plan (CIP) Projects

Recent Board Action:

October 14, 2014 – The Board adopted the 2015-2019 CIP, subject to available funding.

Board Policies (BP) and Administrative Regulations (AR):

Staff advised that each CIP project would be presented to the Board for funding approval.

Summary of Issue:

Board approval is required to authorize CIP funding prior to staff proceeding with work on the projects.

Staff Analysis/Evaluation:

The CIP project identified in Table 1-1 on page 2 requires immediate funding.

Funding Source:

The primary funding source for the District CIP project is listed in Table 1-1. Table 1-1 also lists the project currently in progress and the amount of funding requested.

The CIP project description for this project is also attached for review. (Attachment A)

**Table 1-1
CIP Funding Request**

	Project Name and Number	2015-2019 CIP Plan¹	Funded to Date	Actual Costs to date²	Amount Requested	Funding Source
1.	Res A WTP Drying Bed Improvements 15022	\$0	\$0	\$0	\$64,552	100% Water rates
	TOTAL FUNDING REQUEST				\$64,552	

¹ Includes all existing costs plus any expected costs in the 5 year CIP Plan.

² Actual costs include encumbrances.

The following section contains a brief breakdown and description of the project in the table. For complete description of the CIP project see Attachment A.

CIP Funding Request

Project No.	15022	Board Date	6/8/2015
Project Name	Res A WTP Drying Bed Improvements		
Project Manager	Rice		

Budget Status	\$	%
Funded to date	\$ 0	--
Spent to date	\$ 0	0%
Current Remaining	\$ 0	0%

Funding Request Breakdown	\$
Materials	\$ 10,700
Contingency	\$ 5,868
Capitalized labor	\$ 47,984
Total	\$ 64,552

Funding Source
100% Water rates

Description
<p>This project will provide new water and power service to the upper drying beds at the Res A WTP. The scope includes installation of 600 lf of 2-inch PVC waterline from the filter building to the drying beds, and 400 lf of electrical conduit from the high service pump station to the drying beds. District staff will procure all materials, perform all trenching, installation, patch paving, and water and power connections as required.</p> <p>Currently staff utilizes mobile generators and engine driven style pumps to drain each bed annually. This is a week long process requiring extensive operator attention for repetitive equipment fueling and is a noise issue with neighbors. Bringing power to the drying beds will allow use of larger submersible pumps to expedite the pump down process and eliminate noise issues. Power at the upper drying beds will also benefit future maintenance tasks in this remote area of the plant.</p> <p>Water service will allow local cleaning and maintenance of the heavy mechanical equipment used to remove solids from the drying beds and eliminate tracking of mud to the filter area for the equipment cleaning and maintenance.</p>

Board Decisions/Options:

Option 1: Authorize funding for the CIP projects as requested in the amount of \$64,552.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Staff/General Manager Recommendation:

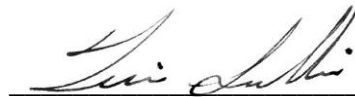
Option 1


Support Documents Attached:

Attachment A: Capital Improvement Project Description and Justifications.

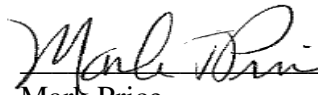


Tony Pasquarello
Accounting Manager



_____ for
Elizabeth Wells
Engineering Manager



Brian Mueller P.E.
Director of Engineering



Mark Price
Director of Finance (CFO)

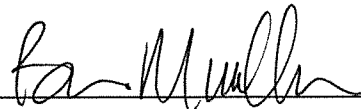


Jim Abercrombie
General Manager

Request for New CIP

Date: May 11, 2015

Project Manager: Rice

Department Head's signature: 

Name of Project: Reservoir A WTP – Water and Power Service Extension to Drying Beds

Description of Project:

Extension of water and electrical service from the filer building up to the drying beds. Staff currently uses generators for power when pumping out the drying beds. A several week process resulting in noise complaints from neighbors and a time demand to refuel the generator several times per day. Water will be utilized to clean and maintain mechanical equipment used in the bed cleaning and leveling operations. This will avoid tracking mud down to the filter area. Estimated material and labor cost spreadsheets are attached. All labor will be provided by District staff.

Project Type: WA WW HY RC RE GD
(circle one)

Budget Approved: Yes _____

No X If no, please provide the date of the board meeting in which it will be submitted for budget approval:

Source of Funding: Water Rates

PROJECT: 15022
Assigned by Accounting

EL DORADO IRRIGATION DISTRICT

SUBJECT: State Legislation Update

Prior Board Action:

Over the past eleven years, the Board has taken positions on State legislation.

Board Policies (BP), Administrative Regulations (AR), and Board Authority:

Board Policy 12020: The Board oversees and directs the implementation of the District's mission by deciding and monitoring policy and fiscal matters.

Summary of Issues:

In cooperation with District staff, state legislative advocate Bob Reeb of Reeb Government Relations, LLC has been analyzing both state legislation, and presently recommends that the District take positions on 11 bills that could affect its interests.

Staff Analysis/Evaluation:

This is the second legislative update during the current legislative cycle, following the update provided on April 13, 2015. As a reminder, 2015 is the first half of the latest two-year legislative cycle in Sacramento. As usual, hundreds of bills have been introduced and legislative hearings are already underway. During the first legislative update at the Board's regular meeting on April 13, 2015, Legislative advocate Bob Reeb reported on 24 bills that warranted the District's participation or monitoring. Some of those bills, and numerous others, were and continue to be placeholder "spot" bills with no substantive content, or they amount to works in progress. Mr. Reeb will continue to monitor these bills for substantive amendments and recommend positions on these bills as it becomes necessary. Other bills have reached a point where they are clearly adverse or (occasionally) favorable to the District's interests. On this legislation, Mr. Reeb recommends specific positions ranging on a spectrum from "oppose" to "support."

In addition to the 24 bills the Board took a position on during its April 13, 2015, meeting, Mr. Reeb now recommends taking a position on one additional bill not yet considered (AB 552) and changing its position on two bills already considered (AB 1347 and ACR 22) as a result of substantive amendments to those bills. Additionally, Mr. Reeb recommends taking a position on eight budget trailer proposals. These proposals are not yet bills, but may become such in an abbreviated manner through the budget adoption process, and are therefore treated as bills at this time. In total, Mr. Reeb recommends taking a position on 11 bills.

The bills Mr. Reeb is tracking cover a wide range of subject matter, including drought, water supply planning, drinking water and wastewater regulation, human resources and labor issues, public contracts, public records, and the California Environmental Quality Act (CEQA).

A summary of the bills, and the recommended District position for each, follows. A summary and analysis of each bill, with the exception of the budget trailer proposals, are available in Mr. Reeb's attached legislative reports. Bills may be viewed by clicking on the live links in Mr. Reeb's reports; hard copies are available upon request. Mr. Reeb will be present at the Board meeting to review the bills and current events in the Capital, and to answer any questions. The bills identified below in **bold type** represent new bills not yet considered. Those identified by **bold type italics** are bills for which Mr. Reeb recommends changing the Board's position as a result of substantive amendments.

- AB 1 (Brown) Drought: local governments: fines - Favor
- AB 142 (Bigelow) Wild and scenic rivers: Mokelumne River - Favor
- AB 149 (Chavez) Urban water management plans - Favor
- AB 152 (Bigelow) Water rights: appropriation - Watch
- AB 153 (Bigelow) Integrated regional water management planning - Watch
- AB 219 (Daly) Public Works: concrete delivery – Not Favor
- AB 401 (Dodd) Low-Income Water Rate Assistance Program – Watch
- **AB 552 (O'Donnell) Public Works Contracts: Damages - Watch**
- AB 639 (Dahle) Water quality: organization and membership of regional boards - Watch
- AB 1047 (Bigelow) Dams and Reservoirs: fees - Watch
- AB 1128 (Jones-Sawyer) Water conservation - Watch
- ***AB 1347 (Chiu) Public contracts: claims – Move from Oppose to Watch***
- AB 1473 (Salas) California Environmental Quality Act – Watch
- ***ACR 22 (Dahle) Sierra Nevada Watershed Protection Week – Move from Favor to Support***
- SB 7 (Wolk) Housing: water meters: multiunit structures - Watch
- SB 154 (Huff) California Environmental Quality Act - Watch
- SB 166 (Gaines) California Environmental Quality Act - Watch
- SB 258 (Bates) Local government - Watch
- SB 272 (Hertzberg) The California Public Records Act: local agencies: inventory - Oppose
- SB 317 (De Leon) The Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016 – Support if Amended
- SB 331 (Mendoza) Local government: transparency - Watch
- SB 375 (Berryhill) Public employees' retirement - Watch
- SB 393 (Mguyen) Local agencies - Watch
- SB 454 (Allen) Water quality: minor violations - Watch
- SB 555 (Wolk) Department of Water Resources: urban retail water suppliers: water loss audits - Watch
- SB 584 (Nguyen) California Environmental Quality Act – Watch
- **TB 807 (DOF) State Water Board Drinking Water Fees – Oppose**
- **TB 820 (DOF) Drought Expanded Local Enforcement Authority – Watch**
- **TB 823 (DOF) Drought Penalties – Watch**
- **TB 824 (DOF) Water Diversion Monitoring and Reporting – Not favor**
- **TB 825 (DOF) Drought Water System Consolidation – Not favor**
- **TB 826 (DOF) Drought Submetering – Oppose unless amended**
- **TB 831 (DOF) CEQA Exemption for Drought Mitigation – Favor**
- **TB 832 (DOF) CEQA Exemption for Water Recycling – Favor**

Board Decisions/Options:

Option 1: Approve recommendations on proposed state legislation as the District's official positions.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Staff/General Manager Recommendation:

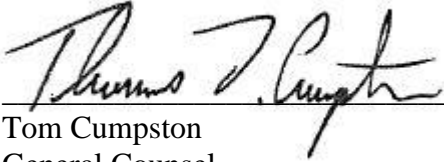
Option 1.

Supporting Documents Attached:

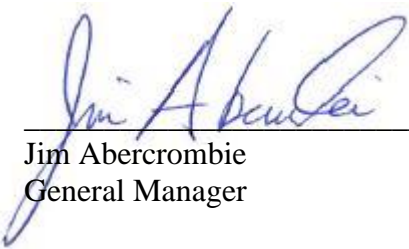
- Attachment A: Reeb Government Relations' legislative report titled El Dorado Irrigation District 2015-16 Regular Session, First Year, April 24, 2015
- Attachment B: Reeb Government Relations' legislative report titled El Dorado Irrigation District 2015-16 Regular Session, First Year (May 29, 2015)



Brian D. Poulsen, Jr.
Senior Deputy General Counsel



Tom Cumpston
General Counsel



Jim Abercrombie
General Manager

**El Dorado Irrigation District
2015-16 Regular Session, First - Friday, April 24, 2015**

AB 1**(Brown D) Drought: local governments: fines.****Current Text:** Introduced: 12/1/2014 [pdf](#) [html](#)**Introduced:** 12/1/2014**Status:** 4/23/2015-In Senate. Read first time. To Com. on RLS. for assignment.**Is Urgency:** N**Is Fiscal:** N**Location:** 4/23/2015-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf.				
								Conc.				

Summary: The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. Existing law, the California Emergency Services Act, sets forth the emergency powers of the Governor under its provisions and empowers the Governor to proclaim a state of emergency for certain conditions, including drought. This bill would prohibit a city, county, or city and county from imposing a fine under any local maintenance ordinance or other relevant ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions.

Laws: An act to add Section 8627.7 to the Government Code, relating to water.

Position

Favor

AB 142**(Bigelow R) Wild and scenic rivers: Mokelumne River.****Current Text:** Amended: 4/6/2015 [pdf](#) [html](#)**Introduced:** 1/12/2015**Last Amend:** 4/6/2015**Status:** 4/15/2015-In committee: Set, first hearing. Referred to suspense file.**Is Urgency:** N**Is Fiscal:** Y**Location:** 4/15/2015-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf.				
								Conc.				

Summary: Existing law, the California Wild and Scenic Rivers Act, provides for a system of classification of those rivers or segments of rivers in the state that are designated as wild, scenic, or recreational rivers, for purposes of preserving the highest and most beneficial use of those rivers. The act requires the Secretary of the Natural Resources Agency to study and submit to the Governor and the Legislature a report that analyzes the suitability or nonsuitability for addition to the system of rivers or segments of rivers that are designated by the Legislature as potential additions to the system, and requires that each report contain specified information and recommendations with respect to the proposed designation. This bill would require the secretary, in a report analyzing the suitability or nonsuitability of a proposed designation of the Mokelumne River, its tributaries, or portions thereof as additions to the system, to consider the potential effects of the proposed designation on future water requirements, as specified, and the effects of climate change on river values and water supply, and to consider other factors. The bill would include any portion of the Mokelumne River designated for potential addition within certain protections afforded to wild and scenic rivers during the study period and implementation of any recommendation to add the portion of the Mokelumne River to the system. This bill contains other related provisions.

Laws: An act to amend Section 5093.56 of, and to add Sections 5093.548 and 5093.549 to, the Public Resources Code, relating to wild and scenic rivers.

Position

Favor

AB 149**(Chávez R) Urban water management plans.****Current Text:** Introduced: 1/15/2015 [pdf](#) [html](#)**Introduced:** 1/15/2015**Status:** 2/2/2015-Referred to Com. on W., P., & W.**Is Urgency:** N**Is Fiscal:** N**Location:** 2/2/2015-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf.				
								Conc.				

Calendar: 4/28/2015 9 a.m. - State Capitol, Room 437 ASSEMBLY WATER, PARKS, AND WILDLIFE, LEVINE, Chair

Summary: Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan and to update its plan once every 5 years on or before December 31 in years ending in 5 and zero, except as specified. The act requires an urban water supplier to submit to the Department of Water Resources a copy of its plan and requires the department to prepare and submit to the Legislature, on or before December 31, in the years ending in 6 and 1, a report summarizing the status of plans adopted pursuant to the act. This bill, commencing January 1, 2017, would instead require an urban water supplier to update its plan at least once every 5 years on or before December 31 in years ending in 6 and one. The bill would instead require the department to submit its report to the Legislature, on or before December 31, in years ending in 7 and two.

Laws: An act to amend Section 10644 of, and to amend, repeal, and add Section 10621 of, the Water Code, relating to water management.

Position

Favor

[AB 152](#)

(Bigelow R) Water rights: appropriation.

Current Text: Introduced: 1/15/2015 [pdf](#) [html](#)

Introduced: 1/15/2015

Status: 1/16/2015-From printer. May be heard in committee February 15.

Is Urgency: N

Is Fiscal: N

Location: 1/15/2015-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Under existing law, the State Water Resources Control Board administers a water rights program pursuant to which the board grants permits and licenses to appropriate water. Existing law requires the board to allow the appropriation for beneficial purposes of unappropriated water under terms and conditions as in its judgment will best develop, conserve, and utilize in the public interest the water sought to be appropriated. This bill would make a technical, nonsubstantive change to these provisions.

Laws: An act to amend Section 1253 of the Water Code, relating to water rights.

Position

Watch

[AB 153](#)

(Bigelow R) Integrated regional water management planning.

Current Text: Introduced: 1/15/2015 [pdf](#) [html](#)

Introduced: 1/15/2015

Status: 1/16/2015-From printer. May be heard in committee February 15.

Is Urgency: N

Is Fiscal: N

Location: 1/15/2015-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law authorizes a regional water management group to prepare and adopt an integrated regional water management plan with specified components. This bill would make a technical, nonsubstantive change to that provision.

Laws: An act to amend Section 10540 of the Water Code, relating to water.

Position

Watch

[AB 219](#)

(Daly D) Public works: concrete delivery.

Current Text: Amended: 4/14/2015 [pdf](#) [html](#)

Introduced: 2/2/2015

Last Amend: 4/14/2015

Status: 4/23/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 2.) (April 22). Re-referred to Com. on APPR.

Is Urgency: N

Is Fiscal: Y

Location: 4/23/2015-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/29/2015 9 a.m. - State Capitol, Room 4202 ASSEMBLY APPROPRIATIONS, GOMEZ, Chair
Summary: Existing law defines "public works," for purposes of requirements regarding the payment of prevailing wages for public works projects, to include, among other things, the hauling of refuse from a public works site to an outside disposal location with respect to contracts involving any state agency, including the California State University and the University of California, or any political subdivision of the state. Existing law makes a willful violation of law relating to payment of prevailing wages on public works a misdemeanor. This bill would expand the definition of "public works " for these purposes to include the delivery of ready-mixed or asphaltic concrete with respect to contracts involving any state agency or any political subdivision of the state. This bill would provide that the expansion of that definition does not apply to contracts advertised for bid or awarded prior to the effective date that provision. By expanding the definition of a crime, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Laws: An act to amend Sections 1720.3 and 1722.1 of, and to add Section 1722.2 to, the Labor Code, relating to public works.

Position
Not Favor

AB 401 (Dodd D) Low-Income Water Rate Assistance Program.

Current Text: Amended: 4/8/2015 [pdf](#) [html](#)

Introduced: 2/19/2015

Last Amend: 4/8/2015

Status: 4/15/2015-In committee: Set, first hearing. Referred to suspense file.

Is Urgency: N

Is Fiscal: Y

Location: 4/15/2015-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the Public Utilities Commission to consider, and authorizes the commission to implement, programs to provide rate relief for low-income ratepayers of a water corporation. This bill would require the department, no later than January 1, 2017, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, which would include specified elements. The bill would require the department, no later than January 1, 2017, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for legislative action that may need to be taken. This bill contains other existing laws.

Laws: An act to add Section 12092 to the Government Code, relating to low-income water assistance.

Position
Watch

AB 639 (Dahle R) Water quality: organization and membership of regional boards.

Current Text: Introduced: 2/24/2015 [pdf](#) [html](#)

Introduced: 2/24/2015

Status: 2/25/2015-From printer. May be heard in committee March 27.

Is Urgency: N

Is Fiscal: N

Location: 2/24/2015-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law requires the State Water Resources Control Board and the 9 California regional water quality control boards to prescribe waste discharge requirements in accordance with the federal national pollutant discharge elimination system permit program established by the federal Clean Water Act and the Porter-Cologne Water Quality Control Act (state act). The state act requires regional boards to consist of 7 members appointed by the Governor, 6 of them on the basis of demonstrated interest or proven ability in the field of water quality and one as a public member not specifically associated with any enumerated qualification. This bill would make nonsubstantive changes to these provisions.

Laws: An act to amend Section 13201 of the Water Code, relating to water quality.

Position
Watch

AB 1047 (Bigelow R) Dams and reservoirs: fees.

Current Text: Introduced: 2/26/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Status: 2/27/2015-From printer. May be heard in committee March 29.

Is Urgency: N

Is Fiscal: N

Location: 2/26/2015-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law requires the Department of Water Resources to adopt, by regulation, a schedule of fees to cover the department's costs in carrying out the supervision of dam safety. This bill would make nonsubstantive changes in those provisions.

Laws: An act to amend Section 6307 of the Water Code, relating to water.

Position

Watch

[AB 1128](#) ([Jones-Sawyer D](#)) Water conservation.

Current Text: Introduced: 2/27/2015 [pdf](#) [html](#)

Introduced: 2/27/2015

Status: 3/2/2015-Read first time.

Is Urgency: N

Is Fiscal: N

Location: 2/27/2015-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law declares the intent of the Legislature to, among other things, promote urban water conservation standards that are consistent with the California Urban Water Conservation Council's adopted best management practices and specified requirements for demand management. This bill would make nonsubstantive changes to these findings and declarations.

Laws: An act to amend Section 10608.4 of the Water Code, relating to water.

Position

Watch

[AB 1347](#) ([Chiu D](#)) Public contracts: claims.

Current Text: Amended: 4/21/2015 [pdf](#) [html](#)

Introduced: 2/27/2015

Last Amend: 4/21/2015

Status: 4/22/2015-Re-referred to Com. on A. & A.R.

Is Urgency: N

Is Fiscal: Y

Location: 4/22/2015-A. A. & A.R.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/29/2015 9 a.m. - State Capitol, Room 437 ASSEMBLY ACCOUNTABILITY AND ADMINISTRATIVE REVIEW, SALAS, Chair

Summary: (1) Existing law prescribes various requirements regarding the formation, content, and enforcement of state and local public contracts. Existing law applicable to state public contracts generally requires that the resolution of claims related to those contracts be subject to arbitration. Existing law applicable to local agency contracts prescribes a process for the resolution of claims related to those contracts of \$375,000 or less. This bill would establish, for contracts entered into on or after January 1, 2016, a claim resolution process applicable to all public entity contracts. The bill would define a claim as a separate demand by the contractor for one or more of: a time extension for relief from damages or penalties for delay, payment of money or damages arising from work done pursuant to the contract for a public work, or payment of an amount disputed by the local agency, as specified. This bill contains other related provisions and other existing laws.

Laws: An act to add Section 9204 to the Public Contract Code, relating to public contracts.

Position

Oppose

[AB 1473](#) ([Salas D](#)) California Environmental Quality Act.

Current Text: Introduced: 2/27/2015 [pdf](#) [html](#)

Introduced: 2/27/2015

Status: 3/2/2015-Read first time.

Is Urgency: N

Is Fiscal: N

Location: 2/27/2015-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Environmental Quality Act requires a lead agency to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project, as defined, that it proposes to carry out or approve that may have a significant effect on the environment, as defined, or to adopt a negative declaration if it finds that the project will not have that effect. This bill would make technical, nonsubstantive changes to a provision within the act.

Laws: An act to amend Section 21060.5 of the Public Resources Code, relating to environmental quality.

Position

Watch

SB 7

(Wolk D) Housing: water meters: multiunit structures.

Current Text: Introduced: 12/1/2014 [pdf](#) [html](#)

Introduced: 12/1/2014

Status: 4/17/2015-Set for hearing April 27.

Is Urgency: N

Is Fiscal: Y

Location: 4/15/2015-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/27/2015 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, LARA, Chair

Summary: (1) Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

Laws: An act to add Chapter 2.5 (commencing with Section 1954.201) to Title 5 of Part 4 of Division 3 of the Civil Code, to add Section 17922.14 to the Health and Safety Code, and to add Section 517 to the Water Code, relating to housing.

Position

Watch

SB 154

(Huff R) California Environmental Quality Act.

Current Text: Introduced: 2/2/2015 [pdf](#) [html](#)

Introduced: 2/2/2015

Status: 2/19/2015-Referred to Com. on RLS.

Is Urgency: N

Is Fiscal: N

Location: 2/19/2015-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report, as defined, on a project that may have a significant effect on the environment, or to adopt a negative declaration if it finds that the project will not have that effect. This bill would make technical, nonsubstantive changes to the definition of "environmental impact report."

Laws: An act to amend Section 21061 of the Public Resources Code, relating to the environment.

Position

Watch

SB 166

(Gaines R) California Environmental Quality Act.

Current Text: Introduced: 2/5/2015 [pdf](#) [html](#)

Introduced: 2/5/2015

Status: 2/19/2015-Referred to Com. on RLS.

Is Urgency: N

Is Fiscal: N

Location: 2/19/2015-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would make technical, nonsubstantive changes to those provisions. This bill contains other existing laws.

Laws: An act to amend Section 21000 of the Public Resources Code, relating to the California Environmental Quality Act.

Position

Watch

[SB 258](#)

(Bates R) Local government.

Current Text: Introduced: 2/18/2015 [pdf](#) [html](#)

Introduced: 2/18/2015

Status: 2/26/2015-Referred to Com. on RLS.

Is Urgency: N

Is Fiscal: N

Location: 2/26/2015-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Ralph M. Brown Act enables the legislative body of a local agency to call both regular and special meetings. The act requires the legislative body of a local agency to post, at least 72 hours before the meeting, an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, in a location that is freely accessible to members of the public, and to provide a notice containing similar information with respect to a special meeting at least 24 hours prior to the special meeting. The act requires that the agenda or notice be freely accessible to members of the public, and be posted on the local agency's Internet Web site, if the local agency has one. This bill would state the intent of the Legislature to enact legislation that would protect the right of the public to participate in open deliberations of the legislative bodies of local agencies by clarifying the appropriate use of special meetings.

Laws: An act to relating to local government.

Position

Watch

[SB 272](#)

(Hertzberg D) The California Public Records Act: local agencies: inventory.

Current Text: Amended: 4/6/2015 [pdf](#) [html](#)

Introduced: 2/19/2015

Last Amend: 4/6/2015

Status: 4/22/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 0.) (April 21). Re-referred to Com. on APPR.

Is Urgency: N

Is Fiscal: Y

Location: 4/22/2015-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 5/4/2015 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, LARA, Chair

Summary: Existing law, the California Public Records Act, requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. The act declares that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. This bill would require each local agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the clerk of the agency's legislative body, and to post the catalog on the local agency's Internet Web site. The bill would require the catalog to disclose a list of the enterprise systems utilized by the agency, and, among other things, the current system vendor and product. Because the bill would require local agencies to perform additional duties, it would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Laws: An act to add Section 6270.5 to the Government Code, relating to public records.

Position

Oppose

[SB 317](#)

(De León D) The Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016.

Current Text: Amended: 4/23/2015 [pdf](#) [html](#)

Introduced: 2/23/2015

Last Amend: 4/23/2015

Status: 4/23/2015-From committee with author's amendments. Read second time and amended. Re-referred to Com. on N.R. & W.

Is Urgency: Y

Is Fiscal: Y

Location: 4/23/2015-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

4/28/2015 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, PAVLEY, Chair

4/29/2015 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary: Under existing law, various measures have been approved by the voters to provide funds for park, river, and coastal protections and programs. This bill would enact the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016, which, if adopted by the voters at the November 8, 2016, statewide general election, would authorize the issuance of bonds in the total amount of \$2,450,000,000 pursuant to the State General Obligation Bond Law to finance a safe neighborhood parks, rivers, and coastal protection program. This bill contains other related provisions.

Laws: An act to add Chapter 14 (commencing with Section 5880) to Division 5 of the Public Resources Code, relating to financing a safe neighborhood parks, rivers, and coastal protection program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

Position

Support if

Amended

[SB 331](#)

(Mendoza D) Public contracts: local agencies: negotiations.

Current Text: Amended: 4/22/2015 [pdf](#) [html](#)

Introduced: 2/23/2015

Last Amend: 4/22/2015

Status: 4/22/2015-From committee with author's amendments. Read second time and amended. Re-referred to Com. on GOV. & F.

Is Urgency: N

Is Fiscal: Y

Location: 4/22/2015-S. G. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/29/2015 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary: Existing law relating to public contracts requires local agencies, including cities and counties, to comply with specified procedures for public contracting for public construction. This bill would enact the Civic Reporting Openness in Negotiations Efficiency Act to establish specific procedures for the negotiation and approval of contracts valued at \$50,000 or more for goods or services by cities, counties, cities and counties, or special districts that have adopted a civic openness in negotiations ordinance, or COIN ordinance, defined as an ordinance imposing specified requirements as part of any collective bargaining process undertaken pursuant to the Meyers-Milias-Brown Act. The act would require the appointment of an independent auditor to review and report on the cost of any proposed contract. The act would require a city, county, city and county, or special district to disclose prescribed information relating to the contract and contract negotiations on its Internet Web site. The act would prohibit a final determination by the governing body regarding approval of any contract until the matter has been heard at a minimum of 2 public meetings of the governing body. By imposing new requirements on cities, counties, cities and counties, and special districts, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Laws: An act to add Chapter 4.5 (commencing with Section 22175) to Part 3 of Division 2 of the Public Contract Code, relating to public contracts.

Position

Watch

[SB 375](#)

(Berryhill R) Public employees' retirement.

Current Text: Introduced: 2/24/2015 [pdf](#) [html](#)

Introduced: 2/24/2015

Status: 3/5/2015-Referred to Com. on RLS.

Is Urgency: N

Is Fiscal: N

Location: 3/5/2015-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Public Employees' Retirement Law governs the rate of employer contributions to the Public Employees' Retirement System. The law requires, among other things, that all assets of an employer be used in the determination of the employer contribution rate for the membership comprising the basis of the computation and that those assets held be recognized over the same funding period used to amortize unfunded accrued actuarial obligations, as specified. This bill would make nonsubstantive changes to that provision.

Laws: An act to amend Section 20816 of the Government Code, relating to retirement.

Position

Watch

SB 393

(Nguyen R) Local agencies.

Current Text: Introduced: 2/25/2015 [pdf](#) [html](#)

Introduced: 2/25/2015

Status: 3/5/2015-Referred to Com. on RLS.

Is Urgency: N

Is Fiscal: N

Location: 3/5/2015-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. This bill would make technical, nonsubstantive changes to the above-described law.

Laws: An act to amend Section 56001 of the Government Code, relating to local government.

Position

Watch

SB 555

(Wolk D) Urban retail water suppliers: water loss management.

Current Text: Amended: 4/16/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 4/16/2015

Status: 4/21/2015-Set for hearing April 27.

Is Urgency: N

Is Fiscal: Y

Location: 4/16/2015-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/27/2015 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, LARA, Chair

Summary: Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020, and requires the state to make incremental progress towards this goal by reducing per capita water use by at least 10% on or before December 31, 2015. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, in accordance with specified requirements. This bill would require each urban retail water supplier, on or before July 1, 2017, and annually each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided. The bill would require the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing. This bill would require the department to provide technical assistance to guide urban retail water suppliers' water loss detection programs. The bill would require the department, in consultation with the State Water Resources Control Board, to develop metrics for reporting year-over-year progress on water loss reduction and would require the board to adopt rules requiring urban retail water suppliers to meet performance standards for the volume of water losses.

Laws: An act to add Section 10608.34 to the Water Code, relating to water.

Position

Watch

SB 584 (Nguyen R) California Environmental Quality Act: exemption.

Current Text: Amended: 4/20/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 4/20/2015

Status: 4/22/2015-Re-referred to Com. on E.Q.

Is Urgency: N

Is Fiscal: N

Location: 4/22/2015-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/29/2015 Anticipated Hearing SENATE E.Q., Not in daily file.

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report, as defined, on a project that may have a significant effect on the environment, or to adopt a negative declaration if it finds that the project will not have that effect. The act also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA exempts specified projects from its provisions. This bill would exempt from the requirements of CEQA a project for the resurfacing of a city or county park, as specified.

Laws: An act to add Section 21080.06 of the Public Resources Code, relating to the environment.

Position

Watch

Total Measures: 23

Total Tracking Forms: 23

**El Dorado Irrigation District
2015-16 Regular Session, First Year**

AB 552 (O'Donnell D) Public works contracts: damages.

Current Text: Amended: 4/27/2015 [pdf](#) [html](#)

Introduced: 2/23/2015

Last Amend: 4/27/2015

Status: 5/21/2015-Referred to Coms. on G.O. and JUD.

Is Urgency: N

Is Fiscal: Y

Location: 5/21/2015-S. G.O.

Summary: Existing law prescribes requirements for contracts between private parties and public entities, as defined. This bill would provide that a public works contract entered into on or after January 1, 2016, that contains a clause requiring a contractor to be responsible for consequential damages is not enforceable unless the consequential damages have been liquidated to a set amount and identified in the public works contract. The bill would also make findings and declarations related to public contracts.

Laws: An act to add Section 7203 to the Public Contract Code, relating to public contracts.

Notes 1: Existing law provides for liquidated damages to be generally included in a public works contract. Existing law does not prohibit a public agency from including unspecified consequential damages (CDs) resulting from a delay of a nonperforming party.

According to the Assembly Judiciary Committee analysis:

"When a public agency enters into a contract for a public works project with a contractor, the agency generally includes provisions for charging the contractor for damages due to delays or nonperformance of the contract. These liquidated damages are specified within the contract and agreed to upon signing of the contract."

According to the author, an unknown but apparently small number of public agencies have begun to include unanticipated and unspecified CDs in public works contracts. These damages are determined after the fact considering available evidence. Contractors that support this legislation argue that having a measurable penalty is extremely important for insurers providing surety bonds for projects. Contractors will generally pay periodic premiums to a surety company in exchange for providing a guarantee to anyone hiring the contractor that the surety company will pay if the contractor fails to meet their contractual obligations. In order to properly provide this guarantee in the form of a surety bond, the surety company must assess the risk involved in any given contract based on a number of factors, including the track record of the contractor, the premium they receive for their service, and the damages they might incur if the contractor fails.

As introduced, the League of California Cities and California State Association of Counties opposed this legislation. Both statewide associations have removed their opposition to the bill, as amended. As currently written, this legislation would provide that if a public contract contains a clause making the contractor liable for CDs, the amount cannot be open-ended, CDs must be liquidated at a set amount and identified in the contract. This bill would not prevent a public agency from seeking CDs, nor would it require a public agency to include a CD clause in its contract.

The California State Association of Counties is remaining vigilant on this legislation and has indicated that it might bring forth further amendments. Given this position, it makes sense for the District to monitor the progress of the legislation as it moves to the Senate.

Current Position: Not Yet Considered

Recommended Position: Watch

AB 1347 (Chiu D) Public contracts: claims.

Current Text: Amended: 4/21/2015 [pdf](#) [html](#)

Introduced: 2/27/2015

Last Amend: 4/21/2015

Status: 5/28/2015-From committee: Amend, and do pass as amended. (Ayes 15. Noes 2.) (May 28).

Is Urgency: N

Is Fiscal: Y

Location: 5/28/2015-A. SECOND READING

Calendar: 6/1/2015 #146 ASSEMBLY ASSEMBLY SECOND READING FILE

Summary: (1) Existing law prescribes various requirements regarding the formation, content, and enforcement of state and local public contracts. Existing law applicable to state public contracts generally requires that the resolution of claims related to those contracts be subject to arbitration. Existing law applicable to local agency contracts prescribes a process for the resolution of claims related to those contracts of \$375,000 or less. This bill would establish, for contracts entered into on or after January 1, 2016, a claim resolution process applicable to all public entity contracts. The bill would define a claim as a separate demand by the contractor for one or more of: a time extension for relief from damages or penalties for delay, payment of money or damages arising from work done pursuant to the contract for a public work, or payment of an amount disputed by the local agency, as specified. This bill contains other related provisions and other existing laws.

Laws: An act to add Section 9204 to the Public Contract Code, relating to public contracts.

Notes 1: This legislation was substantially amended as it passed off of the Assembly Appropriations Committee Suspense File on May 28, 2015. The amendments remove the opposition of most local government organizations that opposed the legislation. The amendments provide for an informal meet and confer procedure between a public entity and a contractor, upon the written request of the contractor, to discuss and seek to settle disputes over the payment for work performed. The nonbinding mediation process remains in the legislation. The amendments provide that claims that are not responded to in a timely manner shall be deemed rejected, as compared to approved under the original legislation. And, the amount of interest that could accrue on unpaid portions of a claim would be capped at 7% per annum. The amendments adopted by the Assembly Appropriations Committee are included with the transmission of this report.

Current Position: Oppose

Recommended Position: Watch

[ACR 22](#)

(Dahle R) Sierra Nevada Watershed Protection Week.

Current Text: Introduced: 2/10/2015 [pdf](#) [html](#)

Introduced: 2/10/2015

Status: 2/17/2015-Referred to Com. on RLS.

Is Urgency: N

Is Fiscal: Y

Location: 2/17/2015-A. RLS.

Summary: This measure would declare the week of September 13, 2015, through September 19, 2015, and the third week of September every year thereafter, as Sierra Nevada Watershed Protection Week. The measure would encourage public schools to include watershed protection in the Sierra Nevada as part of their outdoor education curriculum whenever possible during the month of September. The measure would also encourage state, federal, and local agencies, along with nongovernmental organizations to work cooperatively towards the goal of increasing the pace and scale of watersheds and forest restoration in the region and would urge the Sierra Nevada Conservancy to play a key role in development of a plan and program to address these issues.

Laws: Relative to Sierra Nevada Watershed Protection Week.

Notes 1: The Association of California Water Agencies (ACWA) in March 2013 released a headwaters framework policy document titled "Improving the Resiliency of California's Headwaters." The framework lays the foundation for future work that could have substantial statewide water supply and ecological benefits, while improving relations among those ACWA members in the upper watersheds and those who use water closer to sea level.

Developed by ACWA's Headwaters Framework Working Group, which included representatives from the Sierra Nevada Mountain Range, the document details the role that headwaters play in California's water management system, outlines the benefits of healthy headwaters, identifies current challenges and provides a brief history of headwaters management. The framework makes nearly 30 specific recommendations in the areas of improved planning, coordination and implementation, managing headwaters resources, research and financing headwaters improvements.

This Assembly Concurrent Resolution would set aside a week in September to call attention to the Sierra Nevada watershed and the importance in protecting and enhancing the watershed(s) and their resources.

Current Position: Not Yet Considered

Recommended Position: Support

Total Measures: 3

Total Tracking Forms: 3

STATE LEGISLATION UPDATE

El Dorado Irrigation District

June 8, 2015



PRIOR BOARD ACTION

Over the past eleven years, the Board has taken positions on State Legislation.

BOARD POLICY (BP), ADMINISTRATIVE REGULATIONS (AR), AND BOARD AUTHORITY

- Board Policy 12020: The Board oversees and directs the implementation of the District's mission by deciding and monitoring policy and fiscal matters.

SUMMARY OF ISSUES

- Legislative advocate Bob Reeb and District staff have been analyzing newly introduced state legislation, and presently recommend that the District take positions on 11 bills.

STAFF ANALYSIS/EVALUATION

- 2015 is the first half of the latest two-year legislative cycle in Sacramento.
- Hundreds of bills were introduced and legislative hearings are underway.
- District took positions on 24 bills on April 13, 2015.
- Staff recommend the District adopt positions on:
 - One bill not yet considered
 - Two bills already considered
 - Eight budget trailer proposals

STAFF ANALYSIS/EVALUATION

- Bills cover a wide range of subject matter, including drought, water supply planning, drinking water and wastewater regulation, human resources and labor issues, public contracts, public records, and the California Environmental Quality Act (CEQA).

STAFF ANALYSIS/EVALUATION

- **AB 1** (Brown) Drought: local governments: fines - Favor
- **AB 142** (Bigelow) Wild and scenic rivers: Mokelumne River - Favor
- **AB 149** (Chavez) Urban water management plans - Favor
- **AB 152** (Bigelow) Water rights: appropriation - Watch
- **AB 153** (Bigelow) Integrated regional water management planning - Watch
- **AB 219** (Daly) Public Works: concrete delivery – Not Favor
- **AB 401** (Dodd) Low-Income Water Rate Assistance Program – Watch
- **AB 552** (O'Donnell) **Public works contracts: damages - Watch**
- **AB 639** (Dahle) Water quality: organization and membership of regional boards - Watch

STAFF ANALYSIS/EVALUATION

- AB 1047 (Bigelow) Dams and Reservoirs: fees - Watch
- AB 1128 (Jones-Sawyer) Water conservation - Watch
- AB 1347 (Chiu) *Public contracts: claims – Move from Oppose to Watch*
- AB 1473 (Salas) California Environmental Quality Act – Watch
- ACR 22 (Dahle) *Sierra Nevada Watershed Protection Week – Move from Favor to Support*
- SB 7 (Wolk) Housing: water meters: multiunit structures - Watch
- SB 154 (Huff) California Environmental Quality Act - Watch
- SB 166 (Gaines) California Environmental Quality Act - Watch
- SB 258 (Bates) Local government - Watch
- SB 272 (Hertzberg) The California Public Records Act: local agencies: inventory - Oppose

STAFF ANALYSIS/EVALUATION

- **SB 317** (De Leon) The Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016 – Support if Amended
- **SB 331** (Mendoza) Local government: transparency - Watch
- **SB 375** (Berryhill) Public employees' retirement - Watch
- **SB 393** (Mguyen) Local agencies - Watch
- **SB 454** (Allen) Water quality: minor violations - Watch
- **SB 555** (Wolk) Department of Water Resources: urban retail water suppliers: water loss audits - Watch
- **SB 584** (Nguyen) California Environmental Quality Act – Watch

STAFF ANALYSIS/EVALUATION

- **TB 807 State Water Board drinking water fees – Oppose**
- **TB 820 Drought: expanded local enforcement authority – Watch**
- **TB 823 Drought penalties – Watch**
- **TB 824 Water diversion monitoring and reporting – Not favor**
- **TB 825 Water system consolidation – Not favor**
- **TB 826 Submetering – Oppose unless amended**
- **TB 831 CEQA Exemption for Drought Mitigation – Favor**
- **TB 832 CEQA Exemption for Water Recycling – Favor**

BOARD DECISIONS/OPTIONS

- **Option 1:** Approve recommendations on proposed state legislation as the District's official positions.
- **Option 2:** Take other action as directed by the Board.
- **Option 3:** Take no action.



STAFF/GENERAL MANAGER'S RECOMMENDATION

OPTION 1



**QUESTIONS OR
COMMENTS ?**

EL DORADO IRRIGATION DISTRICT

Subject: Presentation of 2014 Annual Audit

Previous Board Action:

The Board receives and files the annual audit each year.

Board Policies (BP), Administrative Regulations (AR), and Board Authority:

BP 3040 states that an annual audit of the District’s fiscal operations will be conducted by an independent certified public accountant or certified public accountant firm with knowledge and experience in public agency accounting. An audit report shall be prepared by the auditor. The independent certified public accountant firm shall be contracted for three years with an option for a two year extension, requiring Board approval.

Government Code section 26909 requires government agencies to undergo periodic external financial reviews. The Board will review and receive the annual audit report within 180 days after the end of the fiscal year.

Summary of Issue:

This report presents the annual, independent audit of District financial records to the Board for their review. The audit was conducted in accordance with audit standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller’s Minimum Audit Requirements for California Special Districts.

The Government Code requires an annual independent audit of the District’s financial records by a certified public accountant. Through a competitive bid process, the District selected Richardson & Company as its independent auditor for the fiscal years 2012 through 2014.

Richardson & Company completed the annual review, and issued an unqualified (“clean”) opinion that the financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2014. An unqualified opinion is the highest level of assurance that an auditor can provide.

As part of their annual review, Richardson & Company issued the following two reports:

1. Audited Basic Financial Statements (Attachment A)
2. Required Disclosures According to SAS 114 (Attachment B)

Overview of the Audited Basic Financial Statements

The Basic Financial Statements for the fiscal year ended December 31, 2014 contain six main parts:

1. Independent Auditor's Report
2. Management's Discussion and Analysis
3. Financial Statements
4. Notes to the Basic Financial Statements
5. Supplemental Information and Schedules
6. Report on Internal Controls and Compliance

Financial Statements and Notes

El Dorado Irrigation District operates as a utility enterprise and maintains its accounting records in accordance with generally accepted accounting principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities.

Balance Sheet identifies the District's assets, deferred outflows, liabilities, and deferred inflows, which provide information about the nature, and amounts, of investments in assets and obligations to District creditors. They also provide the basis for computing rates of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses and Changes in Net Position reports all of the District's revenues and expenses during the periods indicated. This statement measures the District's operations over the past year and can be used to determine the extent to which the District has successfully recovered its costs through its rates, fees, capacity, and other charges.

Statement of Cash Flows provides information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements are an integral part of, and can be found immediately following, the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Has the financial condition of the District improved or deteriorated as a result of last year's operations? The Balance Sheets and the Statements of Revenues, Expenses and Changes in Net Position are used to provide information to answer this question. These two statements report the net position and the changes in net position during the year. Net position may be a useful indicator over time as to the District's financial position. However, there may be other considerations: both financial and non-financial factors such as changes in economic conditions, population growth, zoning, new or changed government legislation, and others should also be evaluated.

This year's financial statements reflect a continued strong and stable fiscal position for the District.

Financial Highlights for Fiscal Year 2014

- At December 31, 2014, the District's total assets exceeded total liabilities by \$387.5 million. This figure, referred to as the net position, was \$4.7 million higher than the 2013 year-end balance.
- Capital assets, net of accumulated depreciation, totaled \$693.6 million, which were \$5.8 million higher than the prior year due to capital asset additions offset by accumulated depreciation.
- Operating revenue decreased \$5.8 million or 9.5%, to \$55.0 million with a majority of the decrease being from lower water sales and hydroelectric sales as a result of water use conservation efforts by ratepayers and reduced water flows through the District's powerhouse due to the prolonged drought experienced throughout California.
- Water sales and services revenue decreased \$3.3 million or 10.9% from the prior year.
- Hydroelectric sales decreased \$2.7 million or 34.2% from the prior year.
- Property tax revenue increased \$0.8 million or 8.7% from the prior year.
- Operating expenses, not including depreciation, increased \$1.0 million or 2.3% to \$44.1 million from the prior year.
- Facility Capacity Charges (FCCs) and developer contributions increased \$5.9 million or 66.3%, to \$14.8 million from the prior year.
- Debt Service Coverage ratio for 2014 was 2.00; exceeding the 1.25 level required by the bond investors.

2014 Operating and Nonoperating Results versus Budget

- Actual operating revenues of \$55.0 million were below the 2014 budget of \$58.9 million by \$3.9 million, or 6.7%. The unfavorable variance can be attributed to \$1.2 million lower than expected Water Sales and \$2.8 million lower than expected Hydroelectric Sales due to impacts of the prolonged drought.
- Actual operating expenses of \$43.0 million, not including the non-budgeted non-cash postemployment benefits year-end accrual of \$1.1 million, were favorable to the 2014 budget of \$43.6 million by \$0.5 million, or 1.2%. Primary drivers to the favorability were due to personnel expense savings and unused contingency.
- Facility Capacity Charges (FCCs) revenue of \$4.5 million were \$1.5 million higher than the 2014 budget of \$3.0 million primarily due to development growth as a result of an improving real estate market.
- Interest expense of \$11.2 million was favorable to the 2014 budget of \$15.8 million by \$4.7 million due to lower interest rates on the 2008A bond issue variable debt. In 2014, the average interest rate for the variable debt was 0.05%.

BALANCE SHEETS

Net Position, or more commonly referred to as Net Assets, is the difference between assets acquired, owned, and operated by the District and amounts owed (liabilities). Net Position represents the District's net worth. The District's condensed Balance Sheets are displayed below.

Condensed Balance Sheets (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Assets and Deferred Outflows				
Current Assets	\$ 56.7	\$ 62.6	\$ (5.9)	-9.4%
Noncurrent Assets	37.6	39.9	(2.3)	-5.8%
Capital Assets, Net of Accum. Depreciation	693.6	687.8	5.8	0.8%
Deferred Outflows	6.2	5.3	0.9	17.0%
Total Assets and Deferred Outflows	<u>\$794.1</u>	<u>\$795.6</u>	<u>\$ (1.5)</u>	<u>-0.2%</u>
Liabilities and Deferred Inflows				
Current Liabilities	\$ 17.4	\$ 17.9	\$ (0.5)	-2.8%
Noncurrent Liabilities	384.0	390.0	(6.0)	-1.5%
Deferred Inflows	5.2	4.9	0.3	6.1%
Net Position	387.5	382.8	4.7	1.2%
Total Liabilities, Deferred Inflows and Net Position	<u>\$794.1</u>	<u>\$795.6</u>	<u>\$ (1.5)</u>	<u>-0.2%</u>
Detail of Net Position				
Net Investment in Capital Assets	\$315.7	\$303.8	\$ 11.9	3.9%
Restricted for New Facilities	1.5	0.9	0.6	66.7%
Restricted for Debt Service	13.4	20.2	(6.8)	-33.7%
Unrestricted	56.9	57.9	(1.0)	-1.7%
Total Net Position	<u>\$387.5</u>	<u>\$382.8</u>	<u>\$ 4.7</u>	<u>1.2%</u>

Analytical Review of Current Assets

Current assets include cash, receivables, inventory, and prepaid expenses.

- At December 31, 2014, current assets totaled \$56.7 million and were \$5.9 million lower than the prior year. The primary driver to the decrease was the District reducing short-term cash and cash equivalents to take advantage of higher market interest rates by investing \$4.2 million into long-term investments.

Analytical Review of Noncurrent Assets

Noncurrent assets include restricted cash, investments and deposits.

- At December 31, 2014, noncurrent assets totaled \$37.6 million and were \$2.3 million lower than the prior year primarily due to the before-mentioned increase in long-term investments offset by a reduction of \$5.7 million of restricted investments. The \$5.7 million decrease was due to the use of invested reserves held with fiscal agent as a source of funds for the refunding of the 2004A and 2009A bond issues.

Analytical Review of Net Capital Assets

Net Capital Assets include plant, land, water rights, FERC license, and construction in progress, net of accumulated depreciation and amortization.

- At December 31, 2014, net capital assets totaled \$693.6 million or 87.3% of total assets and deferred outflows, which was \$5.8 million higher than the prior year. This net increase primarily represents the District's continued expenditures on the capital investment plan (CIP) and asset additions, offset by depreciation and amortization.

Analytical Review of Current Liabilities

Current liabilities are liabilities that are due within one year. They include accounts payable, accrued liabilities, unearned revenue, and the current portion of long-term liabilities.

- At December 31, 2014, current liabilities totaled \$17.4 million, which were \$0.5 million lower than the prior year, due primarily to lower accrued interest payable and accounts payable at year-end offset by an increase in the current portion of long-term liabilities.

Analytical Review of Noncurrent Liabilities

Noncurrent liabilities are liabilities net of current portion. They include long-term debt and loans due after one year, postemployment benefits, and the noncurrent portion of the FERC license liability.

- At December 31, 2014, noncurrent liabilities totaled \$384.0 million and were \$6.0 million lower than the prior year. Primary drivers to the decrease are due to paydown of bond principal through debt service and refunding of the 2004A and 2009A bond issues.

Analytical Review of Deferred Inflows

Deferred Inflows are classified as an acquisition of resources that is applicable to a future reporting period. For the District, they include deferred property taxes.

- At December 31, 2014, deferred property taxes totaled \$5.2 million, which were \$0.3 million higher than the prior year.

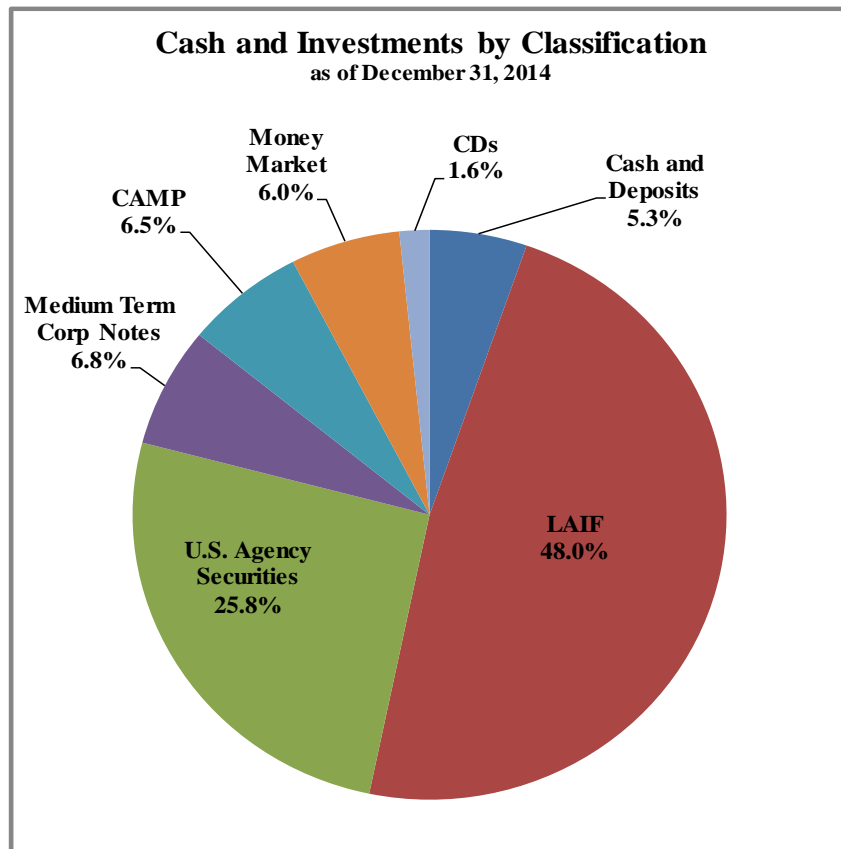
CASH AND DEBT ADMINISTRATION

Cash and Investments

At December 31, 2014, cash and investments totaled \$73.6 million, which were \$8.2 million lower than the prior year, due primarily to the liquidation of the restricted investment held within the reserves fund of the 2004A bond issue, debt service payments, and pay go construction projects.

Cash and Investments (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Cash and Investments				
Cash and Cash Equivalents	\$ 40.2	\$ 45.9	\$ (5.7)	-12.4%
Investments	16.2	12.1	4.1	33.9%
Restricted Cash and Cash Equivalents	8.2	9.1	(0.9)	-9.9%
Restricted Investments	9.0	14.7	(5.7)	-38.8%
Total Cash and Investments	\$ 73.6	\$ 81.8	\$ (8.2)	-10.0%



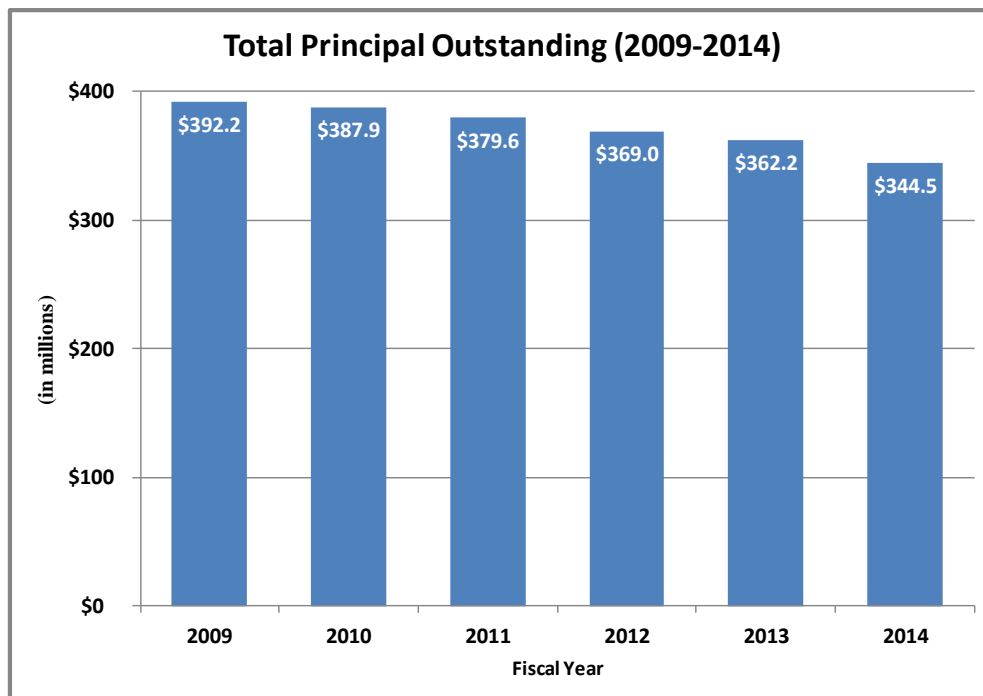
Long-Term Debt

At December 31, 2014, there was \$360.0 million in debt and loans outstanding, a net decrease of \$9.3 million or 2.5% from the prior year. The decrease was due to scheduled bond and loans principal debt service, the refunding of the 2004A and 2009A bond issues, and \$2.9 million prepayment on the 2014A bond issue March 1, 2015 debt service.

**Long-Term Debt
(in millions)**

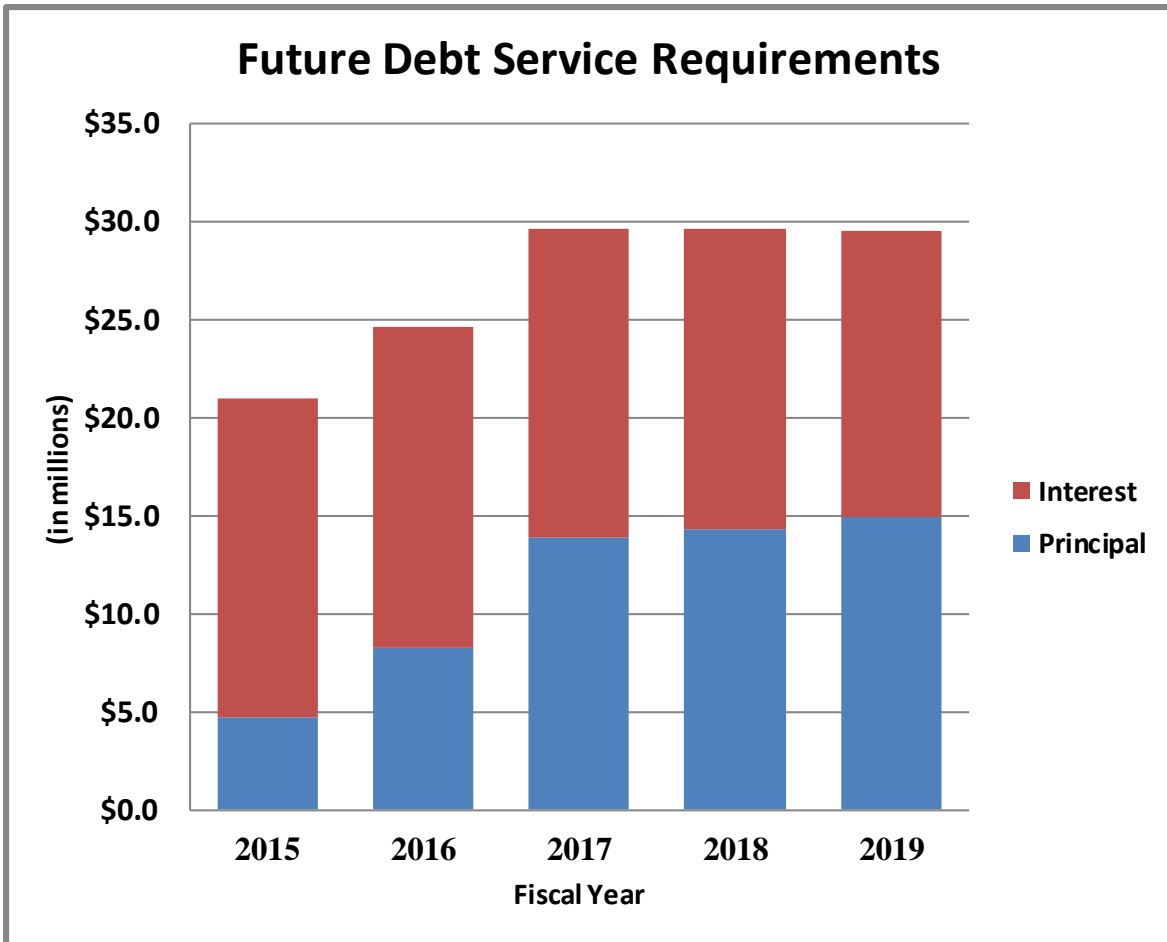
	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Long-Term Debt				
State of California Loans	\$ 15.4	\$ 16.4	\$ (1.0)	-6.1%
Revenue Certificates of Participations				
Fixed Rate Debt	48.0	182.3	(134.3)	-73.7%
Variable Rate Debt	110.7	110.7	-	0.0%
Refunding Revenue Bonds	168.6	50.5	118.1	233.9%
General Obligation Bonds	1.8	2.3	(0.5)	-21.7%
Total Long-Term Debt	\$ 344.5	\$ 362.2	\$ (17.7)	-4.9%
Bond Premium and Discounts	15.5	7.1	8.4	118.3%
Total Long-Term Debt and Loans, net	\$ 360.0	\$ 369.3	\$ (9.3)	-2.5%

As illustrated below, the District’s total long-term debt has decreased \$47.7 million or 12.2% since 2009.



Future Debt Service Requirements

The District’s future debt service requirements through December 31, 2019 are shown on the below chart. The interest due assumes an interest rate of 5.0% on the variable rate debt; which may change.



CAPITAL ASSETS

Additions and deletions to capital assets encompass a broad range of infrastructure, including water and wastewater plants in service, recycled water facilities, construction in progress, and other assets such as vehicles, equipment, office equipment, and furniture.

Details of the District's capital assets, net of accumulated depreciation, are displayed in the table below.

Capital Assets, Net of Accumulated Depreciation (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Capital Assets				
Land and Easements	\$ 7.1	\$ 7.1	\$ -	0.0%
Water Rights	2.5	2.5	-	0.0%
Construction in Progress	39.9	37.9	2.0	5.3%
Water Plant in Service	504.4	496.3	8.1	1.6%
Wastewater Plant in Service	327.4	316.7	10.7	3.4%
General Plant	37.6	37.8	(0.2)	-0.5%
Recycled Water Facility	31.4	29.1	2.3	7.9%
FERC License	49.0	49.0	-	0.0%
Total Capital Assets	999.3	976.4	22.9	2.3%
Less Accumulated Depreciation	(305.7)	(288.6)	(17.1)	5.9%
Total Capital Assets, Net of Accum Depreciation	<u>\$ 693.6</u>	<u>\$ 687.8</u>	<u>\$ 5.8</u>	<u>0.8%</u>

- Net capital assets totaled approximately \$693.6 million and increased by \$5.8 million over the prior year, primarily due to water and wastewater capital asset additions offset by \$17.1 million accumulated depreciation and amortization.
- The major capital asset additions for the current year included:
 - \$6.7 million for West Valley water, wastewater, and recycled water infrastructure.
 - \$4.1 million for improvements to wastewater lift stations.
 - \$1.7 million for Serrano water, wastewater, and recycled water infrastructure.
 - \$1.3 million for the construction of the Motherlode Forcemain.
 - \$1.0 million for improvements to flumes related to Project 184.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Balance Sheets show assets, liabilities, and net position at a specific point in time, the Statements of Revenues, Expenses and Changes in Net Position show the results of operations for the year. The table below displays a condensed version of the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2014 and 2013.

Condensed Statement of Revenues, Expenses and Changes in Net Position For the Years Ended (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Revenues				
Operating Revenues	\$ 55.0	\$ 60.8	\$ (5.8)	-9.5%
Nonoperating Revenues	14.8	13.4	1.4	10.4%
Total Revenues	<u>69.8</u>	<u>74.2</u>	<u>(4.4)</u>	<u>-5.9%</u>
Expenses				
Operating Expenses	44.1	43.1	1.0	2.3%
Depreciation and Amortization	21.8	21.4	0.4	1.9%
Nonoperating Expenses	14.0	14.1	(0.1)	-0.7%
Total Expenses	<u>79.9</u>	<u>78.6</u>	<u>1.3</u>	<u>1.7%</u>
Net Loss Before Capital Contributions	(10.1)	(4.4)	(5.7)	-129.5%
Capital Contributions	14.8	8.9	5.9	66.3%
Change in Net Position	<u>4.7</u>	<u>4.5</u>	<u>0.2</u>	<u>4.4%</u>
Beginning Net Position	<u>382.8</u>	<u>378.3</u>	<u>4.5</u>	<u>1.2%</u>
Net Position, End of Year	<u><u>\$ 387.5</u></u>	<u><u>\$ 382.8</u></u>	<u><u>\$ 4.7</u></u>	<u><u>1.2%</u></u>

Analytical Review of Change in Net Position

Change in Net Position represents the net effect of all revenues, expenses, and capital contributions within a given fiscal year.

The District's Net Position in 2014 increased by \$4.7 million or 1.2% to \$387.5 million, an indicator of a strong financial year; similar to the previous year growth of \$4.5 million. Primary drivers to 2014's increase in Net Position can be attributed to higher developer capital contributions.

Revenues

The District's principal source of revenue is from water sales, which typically accounts for approximately 40%-50% of operating revenues. The District's primary sources of nonoperating revenues are property taxes and surcharges. The other income revenue types include development services, inspection fees, and federal/state grants.

Operating and Nonoperating Revenues For the Years Ended (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Revenues				
Water sales and services	\$ 27.1	\$ 30.4	\$ (3.3)	-10.9%
Wastewater sales and services	19.8	19.3	0.5	2.6%
Recycled Water sales	1.6	1.9	(0.3)	-15.8%
Hydroelectric sales	5.2	7.9	(2.7)	-34.2%
Recreation fees	1.3	1.3	-	0.0%
Total Operating Revenues	<u>55.0</u>	<u>60.8</u>	<u>(5.8)</u>	<u>-9.5%</u>
Nonoperating Revenues				
Surcharges	2.3	2.3	-	0.0%
Voter-approved Taxes	0.5	0.5	-	0.0%
Property Taxes	10.0	9.2	0.8	8.7%
Interest Income	0.5	0.4	0.1	25.0%
Other Income	1.5	1.0	0.5	50.0%
Total Nonoperating Revenues	<u>14.8</u>	<u>13.4</u>	<u>1.4</u>	<u>10.4%</u>
Total Revenues	<u>\$ 69.8</u>	<u>\$ 74.2</u>	<u>\$ (4.4)</u>	<u>-5.9%</u>

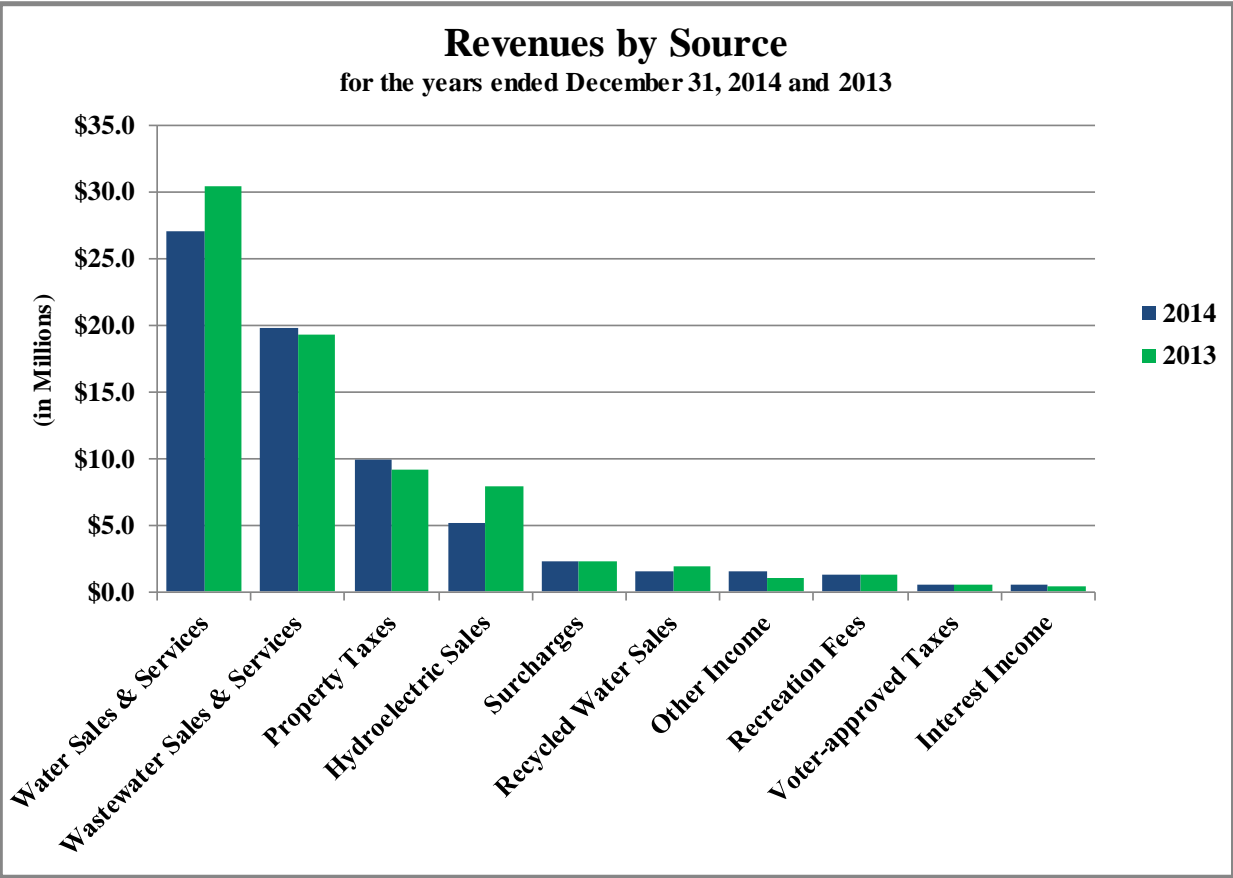
Analytical Review of Operating Revenues

- Fiscal year 2014 operating revenues were \$55.0 million or \$5.8 million lower than the prior year, primarily due to lower water sales and hydroelectric sales as a result of the prolonged draught. Reduced revenue earned from water sales can be attributed to the District imposing a voluntary water consumption conservation effort on the ratepayers.

Analytical Review of Nonoperating Revenues

- Fiscal year 2014 Nonoperating revenues totaled \$14.8 million and were \$1.4 million higher than the prior year, primarily due to an increase in property taxes.

The following chart shows the District’s revenues by source for the years 2014 and 2013. As can be seen, the decrease in revenues is primarily attributed to lower water sales and services and lower hydroelectric sales.

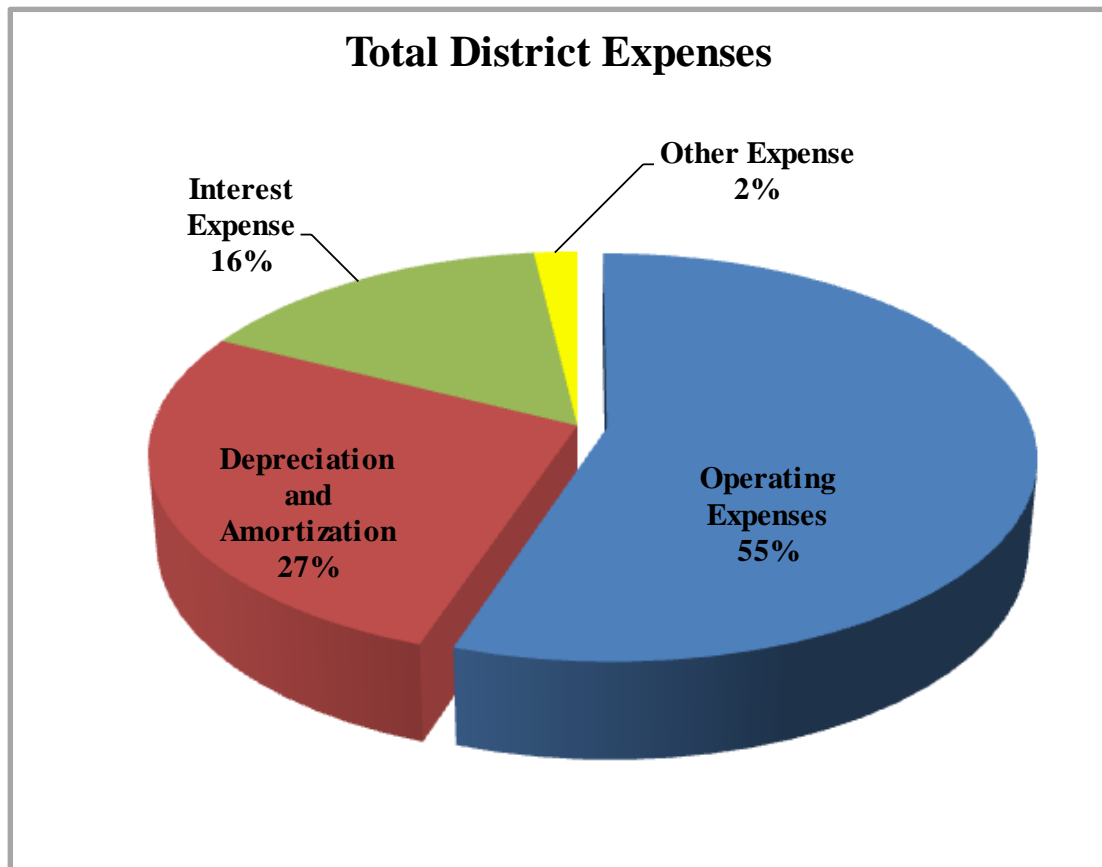


Total Expenses

The District’s total operating and nonoperating expenses in fiscal year 2014 were \$79.9 million or \$1.3 million higher than the prior year, primarily due to \$1.0 million higher operating expenses, partially offset by lower interest expense.

**Total District Expenses
For the Years Ended
(in millions)**

Expenses	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Expenses	\$ 44.1	\$ 43.1	\$ 1.0	2.3%
Depreciation and Amortization	21.8	21.4	0.4	1.9%
Interest Expense	12.5	12.8	(0.3)	-2.3%
Other Expense	1.5	1.3	0.2	15.4%
Total Expenses	<u>\$ 79.9</u>	<u>\$ 78.6</u>	<u>\$ 1.3</u>	<u>1.7%</u>

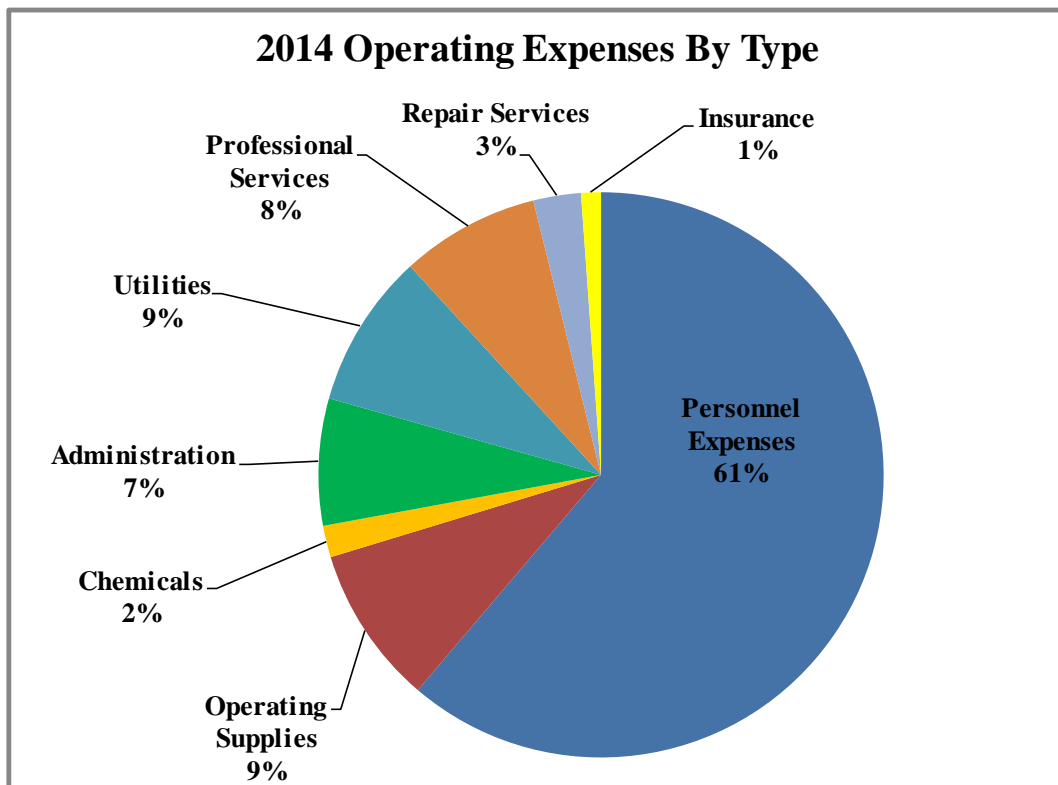


Operating Expenses, Excluding Depreciation and Amortization

The District’s operating expenses fall into the primary cost areas shown below. The majority of the District’s operating expenses are personnel expenses; accounting for approximately 61% of the total. Note that the personnel expenses below for 2014 and 2013 include a non-cash charge of \$1.1 million and \$1.2 million, respectively, for postemployment benefits year-end accrual.

**Operating Expenses, Excluding Depreciation and Amortization
For the Years Ended
(in millions)**

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Expenses				
Personnel Expenses	\$ 27.0	\$26.8	\$ 0.2	0.7%
Operating Supplies	4.0	3.6	0.4	11.1%
Chemicals	0.8	1.0	(0.2)	-20.0%
Administration	3.2	3.1	0.1	3.2%
Utilities	3.9	4.0	(0.1)	-2.5%
Professional Services	3.5	3.3	0.2	6.1%
Repair Services	1.2	0.8	0.4	50.0%
Insurance	0.5	0.5	-	0.0%
Total Operating Expenses	\$ 44.1	\$43.1	\$ 1.0	2.3%



Analytical Review of Operating Expenses, Excluding Depreciation

- Total operating expenses, excluding depreciation and amortization for 2014 were \$44.1 million or \$1.0 million higher than the prior year, primarily due to an increase in operating supplies and repair services within the Water utility operations.

Net Operating Income, Excluding Depreciation and Amortization

Net Operating Income, excluding depreciation and amortization is an important measure of an organization's performance.

Net Operating Income, Excluding Depreciation and Amortization For the Years Ended (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Revenues	\$ 55.0	\$ 60.8	\$ (5.8)	-9.5%
Operating Expenses	44.1	43.1	1.0	2.3%
Net Operating Income, Excluding Depreciation and Amortization	<u>\$ 10.9</u>	<u>\$ 17.7</u>	<u>\$ (6.8)</u>	<u>-38.4%</u>

Analytical Review of Net Operating Income, Excluding Depreciation and Amortization

- Fiscal year 2014 net operating income, excluding depreciation and amortization was \$10.9 million or \$6.8 million lower than the prior year, primarily due to a decrease in operating revenues as discussed earlier. Operating expenses remained relatively flat to the prior year.

KEY FINANCIAL RATIOS

1. Debt Service Coverage

Indicator of ability to cover debt service requirements (principal and interest) with net operating revenues. Bond covenants require a ratio of at least 1.25. The District's internal debt service coverage test, not including FCCs, is 1.00.

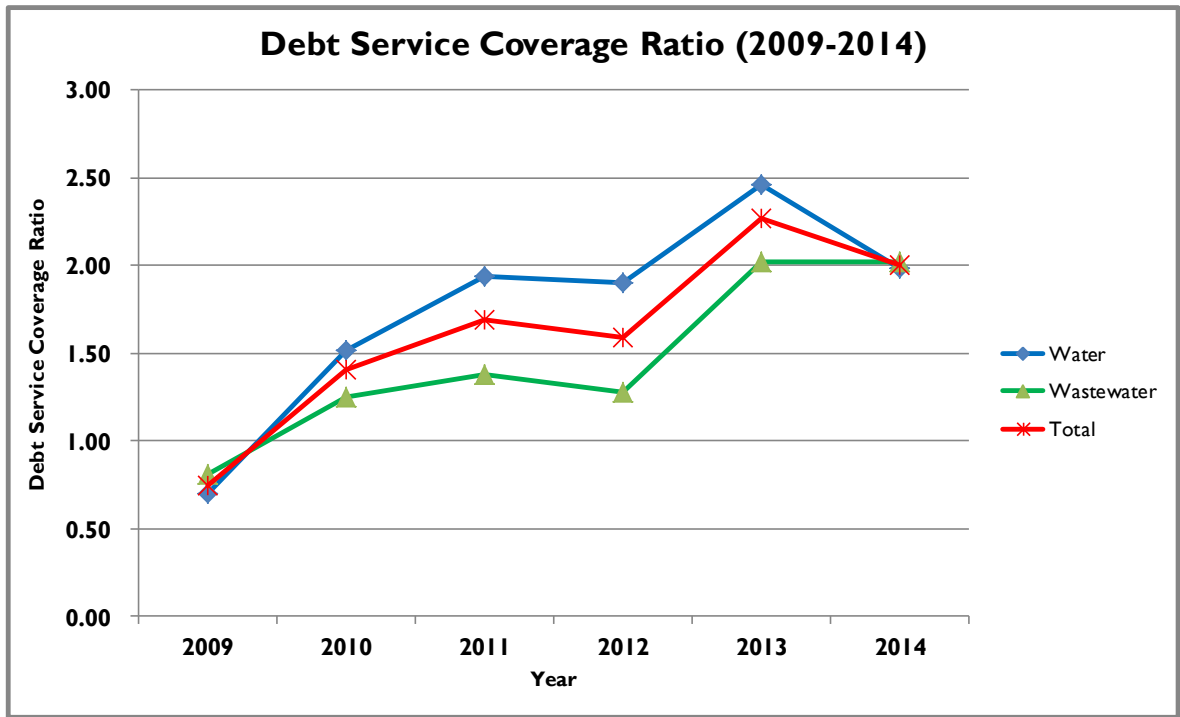
For the Year Ended December 31, 2014
(in millions)

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenues ¹	\$ 44.5	\$ 29.4	\$ 73.9
Expenses ²	(27.5)	(17.1)	(44.6)
Net Revenues	17.0	12.3	29.3
Pre-existing Obligations - SRF Loans	(1.1)		(1.1)
Net Revenues Available for Debt Service	<u>\$ 15.9</u>	<u>\$ 12.3</u>	<u>\$ 28.2</u>
Senior Debt Service Requirements	<u>\$ 8.0</u>	<u>\$ 6.1</u>	<u>\$ 14.1</u>
Debt Service Coverage Ratio w/ FCCs	1.99	2.02	2.00
Debt Service Coverage Ratio w/o FCCs	1.72	1.62	1.68
Cash Available for Capital Projects or Other Purposes	<u>\$ 7.9</u>	<u>\$ 6.2</u>	<u>\$ 14.1</u>

¹ Revenues include all operating revenues, non-operating revenues, and Facility Capacity Charges

² Expenses include both operating and nonoperating expenses, excluding depreciation and interest

As illustrated below, the District has made major strides managing its finances since 2009 to improve its debt service coverage ratio to be more in line with the 2014 industry average of 3.21 and bond community requirements (*source: Moody's Investor Services*).



As illustrated below, the District's recent 3-year average debt service coverage ratio of 1.95 is below industry average for similar sized service population districts and districts with a similar credit rating of A+ (*source: Standard & Poor's Municipal Water and Sewer Ratings Services*).

2014 U.S. Water And Sewer Debt Service Coverage Ratios: Medians And Means By Population

	Pop Above 500,000		Pop 150,000 to 500,000		Pop 20,000 to 150,000		Pop Below 20,000	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	998,454	1,459,872	241,934	268,001	50,095	61,715	9,164	9,529
Debt service coverage*	2.02	3.04	2.15	3.32	2.27	2.98	1.91	2.63

*Average of last three years

EID Average = 1.95

2014 U.S. Water And Sewer Debt Service Coverage Ratios: Medians And Means By Rating Category

	AAA		AA		A		BBB or lower	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	237,492	575,254	74,051	227,882	18,919	64,802	12,500	476,784
Debt service coverage*	3.30	3.97	2.40	3.65	1.73	2.45	1.35	1.50

*Average of last three years

EID Average = 1.95

2. Liquidity – Current Ratio

Indicator of the extent to which current assets can meet the claims of short-term creditors. The District has above-average liquidity compared to the industry average of 2.72 (source: Moody’s Investor Services).

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\$ 56.7}{\$ 17.4} = 3.26$$

(in millions)

3. Liquidity – Days’ Cash on Hand

Indicator of how the internal sources, such as unrestricted cash, investments, and designated reserves can provide the working capital to fund immediate needs on an ongoing basis. The District’s Days’ Cash on Hand is higher than the 2014 industry average of 391 Days (source: Moody’s Investor Services).

$$2014 \frac{\text{Cash and Cash Equivalents}}{\text{Operating Expenses}} \times 365 = \frac{\$ 56.4}{\$ 43.0} \times 365 = 479 \text{ Days}$$

(in millions)

As illustrated below, the District’s 3-year average Days’ Cash on Hand is above the average range for similar sized service population districts and districts with a similar credit rating of A+ (source: Standard & Poor’s Municipal Water and Sewer Ratings Services).

2014 U.S. Water And Sewer Liquidity Ratios: Medians And Means By Population

	Pop Above 500,000		Pop 150,000 to 500,000		Pop 20,000 to 150,000		Pop Below 20,000	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	998,454	1,459,872	241,934	268,001	50,095	61,715	9,164	9,529
Days' cash on hand*	281	353	404	537	375	508	349	422

*Average of last three years

EID Average = 526 Days

2014 U.S. Water And Sewer Liquidity Ratios: Medians And Means By Rating Category

EID

	AAA		AA		A		BBB or lower	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	237,492	575,254	74,051	227,882	18,919	64,802	12,500	476,784
Days' cash on hand*	472	629	417	556	283	402	144	261

*Average of last three years

EID Average = 526 Days

4. **Leverage – Debt Ratio**

Indicator of the extent to which assets are financed through borrowing. Debt ratios vary widely across industries, with capital-intensive businesses such as utilities having much higher debt ratios than other industries like technology. The District's Debt Ratio is lower than the industry average of 0.46 (*source: Moody's Investor Services*).

$$\frac{\text{Total Debt}}{\text{Total Assets}} = \frac{\$344.5}{\$787.9} = 0.44$$

(in millions)

5. **Leverage – Debt to Capitalization Ratio**

An indicator that measures the total amount of debt in a company's capital structure. System indebtedness can provide insight into whether the utility is in the middle of a large growth- or rehabilitation-driven capital program. It can also be closely tied to the utility's rates and capacity for additional debt, which incorporates the analysis of the capital improvement plan (CIP). The District's Debt to Capitalization Ratio is within the industry's strong to adequate range of 50% to 65% (*source: Standard & Poor's Municipal Water and Sewer Ratings Services*).

$$\frac{\text{Total Debt}}{\text{Total Debt} + \text{Investment in Cap Assets}} = \frac{\$ 344.5}{\$ 660.2} = 52\%$$

(in millions)

6. **Efficiency – Non-Capital Operating Ratio**

Measure of ability to cover operational costs with operating revenue. The smaller the ratio, the greater the organization's ability to cover costs if revenues decrease. Non-Capital operating expenses exclude non-cash items such as depreciation and year-end OPEB accrual. The District's Non-Capital operating ratio is above the industry average of 0.72 (*source: Moody's Investor Services*).

$$\frac{\text{Operating Expenses}}{\text{Operating Revenues}} = \frac{\$ 43.0}{\$ 55.0} = 0.78$$

(in millions)

Independent Auditor's Report on Internal Controls and Compliance:

A significant part of the annual audit is a review of the agency's internal control structure. This process involves interviews with staff on processes and procedures in place and documentation of those procedures. Tests are performed on data to determine if staff is following the accounting procedures established to ensure that the financial reports accurately reflect the financial condition of the agency. Richardson & Company did not identify any deficiencies in internal control that they consider to be material weaknesses.

Required Disclosures According to SAS 114:

Statements on Auditing Standards (SAS) 114 establish and provide guidance on the auditor's communication with those charged with governance in relation to an audit of financial statements. Richardson & Company provided their findings related to the audit in a letter dated May 28, 2015 addressed to the Board of Directors (see Attachment B).

Board Decision/Options:

Option 1: Receive and file the 2014 Annual Audit.

Option 2: Take other action as directed by the Board.

Option 3: Take no action. *(The District would not be in compliance with Government Code 26909 after June 30, 2015.)*

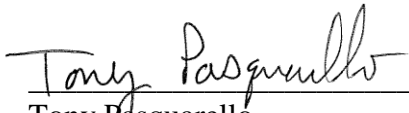
Staff/General Manager Recommendation:

Option 1.

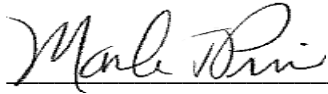
Support Documents Attached:

Attachment A: 2014 Audited Basic Financial Statements

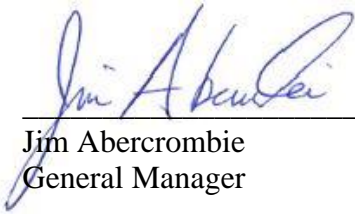
Attachment B: Required Disclosures According to SAS 114



Tony Pasquarello
Accounting Manager



Mark Price
Finance Director



Jim Abercrombie
General Manager

EL DORADO IRRIGATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2014 and 2013

**PREPARED BY THE
FINANCE DEPARTMENT**

EL DORADO IRRIGATION DISTRICT

BASIC FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

Table of Contents

FINANCIAL SECTION

Independent Auditor’s Report..... 1
Management’s Discussion and Analysis..... 4

Basic Financial Statements

Balance Sheets 18
Statements of Revenues, Expenses and Changes in Net Position..... 20
Statements of Cash Flows 21
Notes to the Basic Financial Statements 23

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress of the Employee Retirement Plan
(Unaudited) 47
Schedule of Funding Progress of the Other Postemployment Benefits
Plan (Unaudited) 48

SUPPLEMENTAL SCHEDULES

Combining Balance Sheet..... 49
Combining Schedule of Revenues, Expenses and Changes in Net
Position 50
Combining Schedules of Revenues, Expenses and Changes in Net
Position, Budget and Actual..... 51

COMPLIANCE REPORT

Independent Auditor’s Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards..... 52

Richardson & Company, LLP

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Dorado Irrigation District
Placerville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the El Dorado Irrigation District (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
El Dorado Irrigation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2014 and 2013 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress of the employee retirement plan and schedule of funding progress of the other postemployment benefits plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control

To the Board of Directors
El Dorado Irrigation District

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

May 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

The following discussion and analysis of the El Dorado Irrigation District's (EID or District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2014 and 2013. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

The information in this Management's Discussion and Analysis is presented under the following headings:

- Organization and Business
- Overview of the Basic Financial Statements
- Financial Analysis of the District
- Capital Assets and Debt Administration
- Economic Factors and Next Year's Budgets and Rates
- Requests for Information

ORGANIZATION AND BUSINESS

The District provides water to a population of more than 100,000 people within its service area for municipal, industrial, and irrigation uses, as well as wastewater treatment, and recycled water services, to meet the growing needs of its customers. The District is one of the few California districts that provide a full complement of water, wastewater, recycled water, hydroelectric generation, and recreation services. The District's service area consists of 220 square miles, which includes El Dorado County from the Sacramento County line to the west, the community of Strawberry to the east, the communities of Coloma and Lotus to the north, and the communities of Pleasant Valley and South Shingle Springs to the south. The water system collects, transmits, treats, and distributes high-quality water to residential, commercial, and industrial customers, utilizing more than 1,295 miles of pipeline, 27 miles of ditches, 5 treatment plants, 34 storage tanks and reservoirs, and 38 pumping stations. The wastewater system intercepts and treats wastewater from residences and commercial customers, using more than 560 miles of pipeline and force mains, 63 lift stations, and 4 treatment facilities. The recycled water system utilizes more than 79 miles of pipeline, 5 storage reservoirs / tanks, and 5 pump stations. The hydroelectric system operates a 21-megawatt hydroelectric power generation system, known as Project 184, which consists of the El Dorado Powerhouse, 5 reservoirs (Echo Lake, Lake Aloha, Caples Lake, Silver Lake, and El Dorado Forebay) and dams, and 22.3 miles of flumes, canals, siphons, and tunnels. Project 184 facilities are located east of Placerville in El Dorado, Alpine, and Amador counties. The District also owns and operates Sly Park Recreation Area at its main reservoir, Jenkinson Lake, in El Dorado County. The park includes 640 surface acres of water, 10 picnic areas, 9 miles of shoreline, hiking, and equestrian trails, 2 boat ramps, 191 individual campsites, and 9 group camping areas. The District recovers costs of service primarily through user fees.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's Basic Financial Statements are designed to provide readers with a broad overview of the finances of the El Dorado Irrigation District. There are five components to the Basic Financial Statements: (1) Financial Statements, (2) Notes to the Basic Financial statements, (3) Required Supplementary Information, (4) Optional Supplemental Schedules, and (5) Compliance Report.

The El Dorado Irrigation District operates as a utility enterprise and maintains its accounting records in accordance with generally accepted accounting principles for proprietary funds as prescribed by the Government Accounting Standards Board (GASB). The required financial statements include the Balance Sheet, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows. The financial statements, except for the cash flow statements, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash receipts or payments. The cash flow statements are an exception because those statements show the receipt, and payment, of cash for operating, non-capital, capital and related financing, and investing activities.

REQUIRED FINANCIAL STATEMENTS

The Basic Financial Statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities.

The *Balance Sheet* includes all of the District's assets, deferred outflows, liabilities, and deferred inflows, which provide information about the nature, and amounts, of investments in assets and obligations to District creditors. They also provide the basis for computing rates of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the District's operations over the past year and can be used to determine the extent to which the District has successfully recovered its costs through its rates, fees, facility capacity charges, and other charges. The District's profitability and credit worthiness can also be determined from these statements. They are prepared using the accrual basis of accounting by recognizing revenues in the period they are earned and expenses in the period they are incurred, without regard to the period of cash receipt or payment.

The final required financial statement is the *Statement of Cash Flows*. The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period, as well as net changes in cash resulting from operations, investing, and financing activities, while excluding such non-cash accounting measures as depreciation or amortization of assets. The statements explain where cash came from, where cash was used, and the change in the cash balance during the reporting period.

NOTES TO BASIC FINANCIAL STATEMENTS

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Basic Financial Statements are an integral part of, and can be found immediately following, the financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, the Basic Financial Statements also present certain required and optional supplementary information which follows the notes to the financial statements. This other information includes a retirement funding schedule and combining financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Has the financial condition of the District improved or deteriorated as a result of last year's operations? The Balance Sheets and the Statements of Revenues, Expenses and Changes in Net Position are used to provide information to answer this question. These two statements report the net position and the changes in net position during the year. Net position may be a useful indicator over time as to the District's financial position. However, there may be other considerations: both financial and non-financial factors such as changes in economic conditions, population growth, zoning, new or changed government legislation, and others should also be evaluated.

During 2011, the District completed a new cost of services study and brought the results to the Board of Directors and the public for discussion. The Board directed staff to proceed through the Proposition 218 process, which culminated in a rate structure change which was adopted by the Board. The majority of the rate changes resulting from the study became effective April 1, 2012. One of the most significant changes, in the collection methodology for water rate revenues, was to move from collecting 70 percent from commodity charges and 30 percent from a fixed fee base charge to a 50/50 collection formula. This cost of services study highlighted the need to increase revenues from base charges in an attempt to provide for a more stable funding stream to meet operating costs and debt service obligations, especially in years with high rainfall. The Board adopted water rate increases of 11% for 2012 and 2013, and 5% for 2014. The Board also approved rate increases for wastewater and recycled water of 5% for each of years 2012, 2013, and 2014.

In 2014, the District has continued the work on the many projects that comprise the Capital Improvement Program (CIP). This program includes wastewater lift stations improvements and various Project 184 flume remediations. The Board's adopted CIP budget for 2014 was \$17.3 million, a 12.6% reduction from the 2013 budget of \$19.8 million.

This year's financial statements reflect a continued strong and stable fiscal position for the District.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2014

- At December 31, 2014, the District's total assets exceeded total liabilities by \$387.5 million. This figure, referred to as the net position, was \$4.7 million higher than the 2013 year-end balance.
- Capital assets, net of accumulated depreciation, totaled \$693.6 million, which were \$5.8 million higher than the prior year due to capital asset additions offset by accumulated depreciation.
- Operating revenue decreased \$5.8 million or 9.5%, to \$55.0 million with a majority of the decrease being from lower water sales and hydroelectric sales as a result of water use conservation efforts by ratepayers and reduced water flows through the District's powerhouse due to the prolonged drought experienced throughout California.
- Water sales and services revenue decreased \$3.3 million or 10.9% from the prior year.
- Hydroelectric sales decreased \$2.7 million or 34.2% from the prior year.
- Property tax revenue increased \$0.8 million or 8.7% from the prior year.
- Operating expenses, not including depreciation, increased \$1.0 million or 2.3% to \$44.1 million from the prior year.
- Facility Capacity Charges (FCCs) and developer contributions increased \$5.9 million or 66.3%, to \$14.8 million from the prior year.
- Debt Service Coverage ratio for 2014 was 2.00; exceeding the 1.25 level required by the bond investors.

Operating and Nonoperating Results versus Budget

- Actual operating revenues of \$55.0 million were below the 2014 budget of \$58.9 million by \$3.9 million, or 6.7%. The unfavorable variance can be attributed to \$1.2 million lower than expected Water Sales and \$2.8 million lower than expected Hydroelectric Sales due to impacts of the prolonged drought.
- Actual operating expenses of \$43.0 million, not including the non-budgeted non-cash postemployment benefits year-end accrual of \$1.1 million, were favorable to the 2014 budget of \$43.6 million by \$0.5 million, or 1.2%. Primary drivers to the favorability were due to personnel expense savings and unused contingency.
- Facility Capacity Charges (FCCs) revenue of \$4.5 million were \$1.5 million higher than the 2014 budget of \$3.0 million primarily due to development growth as a result of an improving real estate market.
- Interest expense of \$11.2 million was favorable to the 2014 budget of \$15.8 million by \$4.7 million due to lower interest rates on the 2008A bond issue variable debt. In 2014, the average interest rate for the variable debt was 0.05%.

BALANCE SHEETS

The District's Condensed Balance Sheets are displayed below.

Table A-1
Condensed Balance Sheets
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 56.7	\$ 62.6	\$ 72.0
Noncurrent Assets	37.6	39.9	31.4
Capital Assets, Net of Accumulated Depreciation	693.6	687.8	693.3
Deferred Outflows ¹	6.2	5.3	5.8
Total Assets and Deferred Outflows	<u>\$794.1</u>	<u>\$795.6</u>	<u>\$802.5</u>
Current Liabilities	\$ 17.4	\$ 17.9	\$ 18.2
Noncurrent Liabilities	384.0	390.0	401.2
Deferred Inflows ²	5.2	4.9	4.8
Net Position	<u>387.5</u>	<u>382.8</u>	<u>378.3</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$794.1</u>	<u>\$795.6</u>	<u>\$802.5</u>
Detail of Net Position:			
Net Investment in Capital Assets	\$315.7	\$303.8	\$297.2
Restricted for New Facilities	1.5	0.9	0.0
Restricted for Debt Service	13.4	20.2	20.0
Unrestricted	56.9	57.9	61.1
Total Net Position	<u>\$387.5</u>	<u>\$382.8</u>	<u>\$378.3</u>

¹ Represents deferred amount on refunding of debt.

² Represents deferred property tax revenue.

Analytical Review of Current Assets

Current assets include cash, receivables, inventory, and prepaid expenses.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, current assets totaled \$56.7 million and were \$5.9 million lower than the prior year. The primary driver to the decrease was the District reducing short-term cash and cash equivalents to take advantage of higher market interest rates by investing \$4.2 million into long-term investments.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, current assets totaled \$62.6 million and were \$9.4 million lower than the prior year. The primary driver to the decrease was the District reducing short-term cash and cash equivalents to take advantage of higher market interest rates by investing \$14.0 million into long-term investments. This was partially offset by a \$5.0 million increase in property taxes receivable.

Analytical Review of Noncurrent Assets

Noncurrent assets include restricted cash, investments and deposits.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, noncurrent assets totaled \$37.6 million and were \$2.3 million lower than the prior year primarily due to the before-mentioned increase in long-term investments offset by a reduction of \$5.7 million of restricted investments. The \$5.7 million decrease was due to the use of invested reserves held with fiscal agent as a source of funds for the refunding of the 2004A and 2009A bond issues.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, noncurrent assets totaled \$39.9 million and were \$8.5 million higher than the prior year primarily due to the before-mentioned increase in long-term investments and restricted cash reclassification.

Analytical Review of Net Capital Assets

Net Capital Assets include plant, land, water rights, FERC license, and construction in progress, net of accumulated depreciation and amortization.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, net capital assets totaled \$693.6 million or 87.3% of total assets and deferred outflows, which was \$5.8 million higher than the prior year. This net increase primarily represents the District's continued expenditures on the capital investment plan (CIP) and asset additions, offset by depreciation and amortization.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, net capital assets totaled \$687.8 million, or 86.5 % of total assets and deferred outflows, which is \$5.5 million lower than the prior year. This net decrease primarily represents asset additions, offset by depreciation and amortization, and removal of the Texas Hill property land portion related to prior year's contingent liability of \$1.5 million due to El Dorado County.

Analytical Review of Current Liabilities

Current liabilities are liabilities that are due within one year. They include accounts payable, accrued liabilities, unearned revenue, and the current portion of long-term liabilities.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, current liabilities totaled \$17.4 million, which were \$0.5 million lower than the prior year, due primarily to lower accrued interest payable and accounts payable at year-end offset by an increase in the current portion of long-term liabilities.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, current liabilities totaled \$17.9 million, which were \$0.3 million lower than the prior year, due primarily to reduced unearned revenue and current portion of long-term liabilities offset by an increase in accounts payable at year-end.

Analytical Review of Noncurrent Liabilities

Noncurrent liabilities are liabilities net of current portion. They include long-term debt and loans due after one year, postemployment benefits, and the noncurrent portion of the FERC license liability.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, noncurrent liabilities totaled \$384.0 million and were \$6.0 million lower than the prior year. Primary drivers to the decrease are due to paydown of bond principal through debt service and refunding of the 2004A and 2009A bond issues.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, noncurrent liabilities totaled \$390.0 million and were \$11.2 million lower than the prior year. Primary drivers to the decrease include paydown of bond principal, removal of the Texas Hill contingent liability, and reduction of the noncurrent portion of the FERC license liability due to the completion of planned projects.

Analytical Review of Deferred Inflows

Deferred Inflows are classified as an acquisition of resources that is applicable to a future reporting period. For the District, they include deferred property taxes due to the method used to accrue property tax revenue under GASB Statement No. 33. The entire receivable is accrued when levied and the portion levied for the period after year-end is deferred.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, deferred property taxes totaled \$5.2 million, which were \$0.2 million higher than the prior year.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, deferred property taxes totaled \$4.9 million, which were \$0.1 million higher than the prior year.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Balance Sheets show assets, deferred outflows, liabilities, deferred inflows, and net position at a specific point in time, the Statements of Revenues, Expenses and Changes in Net Position show the results of operations for the year. The table below displays a condensed version of the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2014, 2013, and 2012. The District's Net Position in 2014 increased by \$4.7 million to \$387.5 million, an indicator of another strong financial year.

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues	\$ 55.0	\$ 60.8	\$ 52.2
Nonoperating Revenues	14.8	13.4	14.5
Total Revenues	<u>69.8</u>	<u>74.2</u>	<u>66.7</u>
Operating Expenses	44.1	43.1	41.5
Depreciation and Amortization	21.8	21.4	21.4
Nonoperating Expenses	14.0	14.1	15.4
Total Expenses	<u>79.9</u>	<u>78.6</u>	<u>78.3</u>
Net Loss Before Capital Contributions	(10.1)	(4.4)	(11.6)
Capital Contributions	14.8	8.9	5.4
Change in Net Position	<u>4.7</u>	<u>4.5</u>	<u>(6.2)</u>
Beginning Net Position	<u>382.8</u>	<u>378.3</u>	<u>384.5</u>
Total Net Position	<u><u>\$387.5</u></u>	<u><u>\$382.8</u></u>	<u><u>\$378.3</u></u>

Analytical Review of Operating Revenues

The District's principal source of revenue is from water sales, which typically accounts for approximately 40%-50% of operating revenues.

Table A-3
Operating Revenues
For the Years Ended
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Water Sales & Services	\$27.1	\$30.4	\$24.4
Wastewater/Recycled Water Sales & Services	21.4	21.2	19.9
Recreational Revenues	1.3	1.3	1.1
Hydroelectric Revenues	5.2	7.9	6.8
Total Operating Revenues	<u>\$55.0</u>	<u>\$60.8</u>	<u>\$52.2</u>

Fiscal Year 2014 Compared to 2013: Fiscal year 2014 operating revenues were \$55.0 million or \$5.8 million lower than the prior year, primarily due to lower water sales and hydroelectric sales as a result of the prolonged draught. Reduced revenue earned from water sales can be attributed to the District imposing a voluntary water consumption conservation effort on the ratepayers.

Fiscal Year 2013 Compared to 2012: Fiscal year 2013 operating revenues were \$60.8 million or \$8.6 million higher than the prior year, primarily due to higher water sales and services resulting from a Board adopted 11% rate increase and a dry weather year causing an increase in water consumption. The increase of \$1.3 million in wastewater/recycled water sales and services can primarily be attributed to the Board adopted 5% rate increase.

Analytical Review of Nonoperating Revenues

The District's primary sources of nonoperating revenues are property taxes and surcharges. The other income revenue types include development services, inspection fees, and federal/state grants.

Table A-4
Nonoperating Revenues
For the Years Ended
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Surcharges	\$ 2.3	\$ 2.3	\$ 2.2
Voter-approved Taxes	0.5	0.5	0.5
Property Taxes	10.0	9.2	9.3
Interest Income	0.5	0.4	0.7
Other Income	1.5	1.0	1.8
Total Nonoperating Revenues	<u>\$14.8</u>	<u>\$13.4</u>	<u>\$14.5</u>

Fiscal Year 2014 Compared to 2013: Nonoperating revenues for fiscal year 2014 totaled \$14.8 million and were \$1.4 million higher than the prior year, primarily due to an increase in property taxes.

Fiscal Year 2013 Compared to 2012: Nonoperating revenues for fiscal year 2013 totaled \$13.4 million and were \$1.1 million lower than the prior year, primarily due to a reduction in interest and other income.

Analytical Review of Operating Expenses, Excluding Depreciation

The District’s operating expenses fall into the primary cost areas shown below. The majority of the District’s operating expenses are personnel expenses; accounting for approximately 61% of the total. Note that the personnel expenses below for 2014, 2013, and 2012 include a non-cash charge of \$1.1 million, \$1.2 million, and \$1.7 million, respectively, for postemployment benefits year-end accrual.

Table A-5
Operating Expenses, Excluding Depreciation and Amortization
For the Years Ended
(in millions)

	December 31,		
	2014	2013	2012
Personnel Expense	\$27.0	\$26.8	\$26.6
Operating Supplies	4.0	3.6	3.4
Chemicals	0.8	1.0	0.9
Administration	3.2	3.1	2.8
Utilities	3.9	4.0	4.1
Professional Services	3.5	3.3	2.7
Repair Services	1.2	0.8	0.6
Insurance	0.5	0.5	0.4
Total Operating Expenses, Excluding Depreciation and Amortization	\$44.1	\$43.1	\$41.5

Fiscal Year 2014 Compared to 2013: Total operating expenses, excluding depreciation and amortization for 2014 were \$44.1 million or \$1.0 million higher than the prior year, primarily due to an increase in operating supplies and repair services within the Water utility operations.

Fiscal Year 2013 Compared to 2012: Total operating expenses, excluding depreciation and amortization for 2013 were \$43.1 million or \$1.6 million higher than the prior year, primarily due to an increase in materials and professional services to pay for previously forgone operating maintenance and repairs costs. Additionally, unplanned costs to repair the Caples Lake dam gates contributed to the slight increase in professional services.

Analytical Review of Nonoperating Expenses

The District's primary nonoperating expense is debt service interest expense. The other expense category includes expenditures such as line of credit fees and remarketing fees for the variable debt, fiscal agent fees, and miscellaneous expenses.

Table A-6
Nonoperating Expenses
For the Years Ended
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Interest Expense	\$11.2	\$12.8	\$13.4
Debt Issuance Costs	1.3	0.0	0.9
Other Expense	1.5	1.3	1.1
Total Nonoperating Expenses	<u>\$14.0</u>	<u>\$14.1</u>	<u>\$15.4</u>

Fiscal Year 2014 Compared to 2013: Fiscal year 2014 nonoperating expenses of \$14.0 million were \$0.1 million lower than the prior year, primarily due to reduced interest expense offset by issuance costs incurred on the 2014A bond issue.

Fiscal Year 2013 Compared to 2012: Fiscal year 2013 nonoperating expenses of \$14.1 million were \$1.3 million lower than the prior year, primarily due to \$0.6 million less interest expense and the elimination of annual amortized debt issuance costs as required by the GASB No. 65 pronouncement. GASB No. 65 requires debt issuance costs that were once allowed to be amortized over the life of the bond, to be expensed as incurred.

Analytical Review of Net Operating Income, Excluding Depreciation and Amortization

Net operating income, excluding depreciation is an important measure of an organization's performance.

Table A-7
Net Operating Income, Excluding Depreciation and Amortization
For the Years Ended
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues	\$ 55.0	\$ 60.8	\$ 52.2
Operating Expenses	(44.1)	(43.1)	(41.5)
Net Operating Income, Excluding Depreciation and Amortization	<u>\$ 10.9</u>	<u>\$ 17.7</u>	<u>\$ 10.7</u>

Fiscal Year 2014 Compared to 2013: Fiscal year 2014 net operating income, excluding depreciation and amortization was \$10.9 million or \$6.8 million lower than the prior year, primarily due to a decrease in operating revenues as discussed earlier. Operating expenses remained relatively flat to the prior year.

Fiscal Year 2013 Compared to 2012: Fiscal year 2013 net operating income, excluding depreciation and amortization was \$17.7 million or \$7.0 million higher than the prior year, primarily due to an increase in operating revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

Additions and deletions to capital assets encompass a broad range of infrastructure, including water and wastewater plants in service, recycled water facilities, construction in progress, and other assets such as vehicles, equipment, office equipment, and furniture.

All capital asset increases are consistent with the District's implementation of its capital improvement program.

Details of the District's capital assets, net of accumulated depreciation, are as follows:

Table A-8
Capital Assets, Net of Accumulated Depreciation
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital Assets Not Being Depreciated:			
Land and Easements	\$ 7.1	\$ 7.1	\$ 8.6
Water Rights	2.5	2.5	2.5
Construction in Progress	39.9	37.9	28.2
Total Capital Assets Not Being Depreciated	49.5	47.5	39.3
Capital Assets Being Depreciated:			
Water Plant in Service	504.4	496.3	489.8
Wastewater Plant in Service	327.4	316.7	314.0
General Plant	37.6	37.8	39.2
Recycled Water Facility	31.4	29.1	27.3
FERC License	49.0	49.0	49.0
Total Capital Assets Being Depreciated	949.7	928.9	919.3
Less Accumulated Depreciation	(305.7)	(288.6)	(265.3)
Net Capital Assets Being Depreciated	644.1	640.3	654.0
Total Capital Assets, Net of Accumulated Depreciation	\$693.6	\$687.8	\$693.3

Additional information about the capital assets is presented in Note 3 to the financial statements.

Fiscal Year 2014 Compared to 2013: Net capital assets totaled approximately \$693.6 million and increased by \$5.8 million over the prior year, primarily due to water and wastewater capital asset additions offset by \$17.1 million accumulated depreciation and amortization.

The major capital asset additions for the current year included:

- \$4.1 million for improvements to wastewater lift stations.
- \$1.3 million for the construction of the Motherlode Forcemain.
- \$1.0 million for improvements to flumes related to Project 184.

Fiscal Year 2013 Compared to 2012: Net capital assets totaled approximately \$687.8 million and decreased by \$5.5 million over the prior year, primarily due to \$23.3 million accumulated depreciation and amortization offsetting new construction activity and capital asset additions.

LONG-TERM DEBT AND LOANS

At December 31, 2014, the District had \$360.0 million long-term debt and loans outstanding net of bond premium, compared to \$369.3 million at the end of 2013.

An analysis of the activity in the District’s debt and loans portfolio is as follows:

Table A-9
Debt and Loans Analysis
For the Years Ended
(in millions)

	December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
State of California Loans	\$ 15.4	\$ 16.4	\$ 17.5
Revenue Certificates of Participation	158.7	293.0	298.2
Refunding Revenue Bonds	168.6	50.5	50.7
General Obligation Bonds	1.8	2.3	2.6
Total Principal Outstanding	344.5	362.2	369.0
Bond Premium and Discounts	15.5	7.1	7.7
Total Debt and Loans	<u>\$ 360.0</u>	<u>\$ 369.3</u>	<u>\$ 376.7</u>
Decrease From Prior Year	\$ (9.3)	\$ (7.4)	\$ (6.6)
Percent Change	-2.5%	-2.0%	-1.7%

Additional information on the District’s debt and loans can be found in Note 4 of the financial statements.

Fiscal Year 2014 Compared to 2013: At December 31, 2014, there was \$360.0 million in debt and loans outstanding, a net decrease of \$9.3 million or 2.5% from the prior year. The decrease was due to scheduled bond and loans principal debt service, the refunding of the 2004A and 2009A bond issues, and \$2.9 million prepayment on the 2014A bond issue March 1, 2015 debt service.

Fiscal Year 2013 Compared to 2012: At December 31, 2013, there was \$369.3 million in debt and loans outstanding, a net decrease of \$7.4 million or 2.0% from the prior year. The decrease was primarily due to the scheduled bond and loans principal debt service and \$2.9 million prepayment on the 2004A bond issue March 1, 2014 debt service.

Currently Standard and Poor’s (S&P) and Moody’s have assigned the District a rating of “A+” and “A1”, respectively. This is an increase from the “A” rating assigned by S&P during 2012.

COST OF CAPITAL

At December 31, 2014, the District's weighted average cost of capital was approximately 4.8%. The outstanding debt and loans principal with varying maturities and interest rates are outlined below.

	<u>Debt</u> <u>Balance</u> <u>12/31/2014</u>	<u>Average Coupon</u> <u>Rate</u>
State of California Loans	\$ 15.4	2.32% to 2.60%
2008A Certificate of Participation	110.7	varies*
2009A Certificate of Participation	33.2	3.5% to 6.25%
2010A Certificate of Participation	14.8	4.25% to 5.75%
2012A Refunding Revenue Bonds	48.9	4.00% to 5.00%
2012B Refunding Revenue Bonds	1.4	1.13% to 3.63%
2014A Refunding Revenue Bonds	118.3	3.00% to 5.25%
2003 General Obligation Bonds	1.8	2.00% to 4.50%

* The average weekly variable interest rate for the 2008A issue in 2014 was 0.05%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

ECONOMIC FACTORS

Current El Dorado County economic projections continue to show gradual improvement in economic growth. This improvement has presented itself by increased development in the county specifically within the western portion of the District in El Dorado Hills. As a result, the District has been experiencing increased contributed capital in the form of Facility Capacity Charges (FCCs) and developer capital contributions in 2015, continuing a trend from the fourth quarter 2014. While the county has seen improved economic growth, there are still pressures on the budget. These include:

- Inflation (CPI) has increased thus far in 2015. Nationwide average inflation as of March 2015 was a 1.8% increase over one year ago, with the Northern California region trending at around the same rate.
- Statewide drought. Governor Brown has issued an executive order mandating that all water providers achieve a statewide 25% reduction in water use. As a result, the District is required to reduce its water usage by 28% from 2013 levels (in 2014, District customers reduced usage from 2013 by 24%) and mandatory watering restrictions are in effect. State Board regulations prohibit:
 - Irrigation of ornamental turf on public street medians with potable water.
 - Outside irrigation for newly constructed homes and buildings unless watered using drip or microspray systems.
 - Using potable water to wash sidewalks and driveways.
 - Using hoses with no shutoff nozzles.
 - Irrigating outdoors during and within 48 hours after measurable rainfall.
 - Restaurants from serving water unless upon request.

After years of negotiations with the United States Bureau of Reclamation (USBR), the District secured 8,500 acre feet (AF) of permit 21112 water out of Folsom Reservoir. This new water creates a surplus supply in Folsom

Reservoir that can't be delivered to most of the District, which allows the District to transfer surplus supplies to a third party on an annual basis and earn one-time revenues. In 2015, the District is working on obtaining regulatory approval to transfer approximately 3,000 AF of water to Westlands Water District in Fresno, California at \$700/AF which could yield the District an additional \$2.1 million in 2015 revenue.

NEXT YEAR'S BUDGETS AND RATES

The District closed the fiscal year in a positive financial position, with a \$4.7 million increase in net position. While the District remains in a positive position, the District continues to act in a fiscally responsible manner when budgeting and ensuring costs are managed to meet or exceed expectations.

- **2015 Operating Expenses:** In preparing for the 2015 operating budget, staff was directed to keep their budget relatively flat to the adopted 2014 budget though inflation is expected to be around 2% in 2015. The adopted 2015 operating budget of \$43.6 million reflects diligent cuts made by staff, which is \$0.4 million higher than the 2014 adopted operating budget.
- **2015 Rate Revenue:** The Board of Directors approved a zero percent rate increase for all utilities - water, wastewater, and recycled water. Due to the prolonged drought that is expected to continue through 2015, the District is forecasting water rate revenue to be below the \$27.9 million budget by approximately \$1.5 million, and hydroelectric revenues to be below the \$5.0 million budget by approximately \$3.5 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide EID customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the monies it receives. If you have any questions concerning any information provided in this report, or if you have requests for additional financial information, please contact: Director of Finance, 2890 Mosquito Road, Placerville CA 95667, or visit our website at <http://www.eid.org>.

EL DORADO IRRIGATION DISTRICT

BALANCE SHEETS

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 40,237,040	\$ 45,897,843
Accounts Receivable, Net	5,288,791	5,887,890
Due from Other Governmental Agencies	11,055	93,316
Interest Receivable	92,371	197,900
Taxes Receivable	10,463,751	9,877,624
Inventory	406,058	387,654
Prepaid Expenses and Other Current Assets	231,832	259,825
Total Current Assets	<u>56,730,898</u>	<u>62,602,052</u>
NONCURRENT ASSETS		
Restricted and Other Noncurrent Assets:		
Restricted Cash and Cash Equivalents	8,151,967	9,061,847
Restricted Investments	8,996,470	14,724,053
Investments	16,213,602	12,113,495
Hydroelectric Deposit	4,170,000	4,000,000
Total Restricted and Other Noncurrent Assets	<u>37,532,039</u>	<u>39,899,395</u>
Capital Assets:		
Nondepreciable	49,527,085	47,463,667
Depreciable, Net	644,072,556	640,293,860
Total Capital Assets, Net	<u>693,599,641</u>	<u>687,757,527</u>
Total Noncurrent Assets	<u>731,131,680</u>	<u>727,656,922</u>
TOTAL ASSETS	<u>787,862,578</u>	<u>790,258,974</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refunding of Debt	<u>6,232,030</u>	<u>5,352,482</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,232,030</u>	<u>5,352,482</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 794,094,608</u>	<u>\$ 795,611,456</u>

EL DORADO IRRIGATION DISTRICT

BALANCE SHEETS (CONTINUED)

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,501,715	\$ 3,195,910
Deposits	282,543	262,257
Accrued Compensated Absences	1,468,460	1,447,836
Accrued Payroll and Benefits Payable	912,126	845,257
Unearned Revenue	2,216,229	2,735,512
Accrued Interest Payable	3,646,149	4,688,689
Reserve for Claims and Claims Expenses	833,000	1,143,000
Noncurrent Liabilities - Current Portion	4,691,672	2,925,507
FERC License Liability - Current Portion	786,000	673,437
Total Current Liabilities	<u>17,337,894</u>	<u>17,917,405</u>
NONCURRENT LIABILITIES		
Noncurrent Liabilities	360,702,993	370,644,469
FERC License Liability - Noncurrent Portion	23,288,047	19,321,909
Total Noncurrent Liabilities	<u>383,991,040</u>	<u>389,966,378</u>
TOTAL LIABILITIES	<u>401,328,934</u>	<u>407,883,783</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes	<u>5,231,875</u>	<u>4,961,037</u>
NET POSITION		
Net Investment in Capital Assets	315,736,927	303,832,235
Restricted for New Facilities	1,495,929	896,777
Restricted for Debt Service	13,436,279	20,153,611
Unrestricted	56,864,664	57,884,013
TOTAL NET POSITION	<u>387,533,799</u>	<u>382,766,636</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 794,094,608</u>	<u>\$ 795,611,456</u>

The notes to the basic financial statements are an integral part of this statement.

EL DORADO IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Water Sales	\$ 26,170,261	\$ 29,284,316
Water Services	977,583	1,100,849
Reclaimed Water Reimbursements/Sales	1,568,582	1,860,147
Wastewater Sales	19,715,764	19,309,506
Wastewater Services	74,421	74,959
Recreation Fees	1,301,719	1,266,333
Hydroelectric Sales	5,205,980	7,878,903
Total Operating Revenues	<u>55,014,310</u>	<u>60,775,013</u>
OPERATING EXPENSES		
Personnel Expenses	26,996,667	26,892,273
Operating Supplies	3,986,142	3,578,116
Chemicals	849,371	963,165
Administration	3,173,634	3,127,343
Utilities	3,937,344	3,969,310
Professional Services	3,551,502	3,283,652
Repair Services	1,169,578	849,482
Insurance	454,941	457,679
Depreciation and Amortization	21,751,796	21,419,843
Total Operating Expenses	<u>65,870,975</u>	<u>64,540,863</u>
NET LOSS FROM OPERATIONS	<u>(10,856,665)</u>	<u>(3,765,850)</u>
NONOPERATING REVENUES (EXPENSES)		
Surcharges	2,270,694	2,295,145
Voter-approved Taxes	512,896	477,766
Property Taxes	10,026,368	9,231,002
Interest Income	498,756	410,084
Other Income	1,528,538	1,028,939
Other Expenses	(1,548,628)	(1,362,888)
Debt Issuance Costs	(1,337,587)	
Interest Expense	(11,182,611)	(12,812,463)
Total Nonoperating Revenues (Expenses)	<u>768,426</u>	<u>(732,415)</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(10,088,239)</u>	<u>(4,498,265)</u>
CAPITAL CONTRIBUTIONS		
Facility Capacity Charges	4,543,463	5,453,083
Developer Contributions	10,311,939	3,474,909
Total Capital Contributions	<u>14,855,402</u>	<u>8,927,992</u>
CHANGE IN NET POSITION	<u>4,767,163</u>	<u>4,429,727</u>
NET POSITION, BEGINNING OF YEAR	<u>382,766,636</u>	<u>378,336,909</u>
NET POSITION, END OF YEAR	<u>\$ 387,533,799</u>	<u>\$ 382,766,636</u>

The notes to the basic financial statements are an integral part of this statement.

EL DORADO IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 55,168,144	\$ 60,450,061
Payments to Suppliers	(18,424,322)	(16,098,130)
Payments to Employees	(25,822,754)	(25,417,864)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>10,921,068</u>	<u>18,934,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes Received	10,223,975	4,792,181
Operating Grants and Reimbursements	1,528,538	1,148,497
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>11,752,513</u>	<u>5,940,678</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Advance Refunding of Long-term Debt	(135,128,422)	
Long-term Debt Issued	131,467,923	
Purchases of Capital Assets	(13,532,455)	(17,681,414)
Interest Payments on Long-term Debt	(12,470,682)	(13,134,830)
Principal Payments on Long-term Debt	(6,235,249)	(6,796,726)
Facility Capacity Charges Received	4,543,463	5,453,083
Surcharges Received	2,278,937	2,303,388
Debt Issuance Costs Paid	(2,229,540)	(1,096,031)
Hydroelectric Deposit Paid	(170,000)	
Capital Grants Received		306,009
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(31,476,025)</u>	<u>(30,646,521)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(11,999,500)	(16,236,250)
Proceeds from Sales and Maturities of Investments	13,732,304	2,000,000
Interest Received	498,957	553,620
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,231,761</u>	<u>(13,682,630)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(6,570,683)</u>	<u>(19,454,406)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>54,959,690</u>	<u>74,414,096</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 48,389,007</u>	<u>\$ 54,959,690</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and Cash Equivalents	\$ 40,237,040	\$ 45,897,843
Restricted Cash and Cash Equivalents	<u>8,151,967</u>	<u>9,061,847</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 48,389,007</u>	<u>\$ 54,959,690</u>

(Continued)

EL DORADO IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net Loss From Operations	\$ (10,856,665)	\$ (3,765,850)
Adjustments to Reconcile Net Loss From Operations to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	21,751,796	21,419,843
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	590,856	158,401
Due from Other Governmental Agencies	82,261	145,189
Inventory	(18,404)	(63,288)
Prepaid Expenses and Other Current Assets	27,993	83,655
Accounts Payable	(694,195)	877,862
Deposits	20,286	(128,339)
Accrued Compensated Absences	20,624	221,042
Accrued Payroll and Benefits Payable	66,869	76,691
Unearned Revenue	(519,283)	(628,542)
Reserve for Claims and Claims Expense	(310,000)	(310,000)
FERC License Liability	(327,490)	(329,273)
Other Postemployment Benefits Liability	1,086,420	1,176,676
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 10,921,068</u>	<u>\$ 18,934,067</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Changes in Estimates of FERC Liability	\$ (4,406,191)	\$ 3,371,428
Receipt of Contributed Assets	10,204,252	3,474,909
Change in Fair Value of Investments	105,328	(166,444)
Abandoned projects written off	(656,675)	
Write-off of Texas Hill Liability and Related Cost of Land		1,533,000

The notes to the basic financial statements are an integral part of this statement.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The El Dorado Irrigation District (the District) was organized under the Irrigation District Act and authorizing statutes, and is governed by an elected five-member Board of Directors. The District, which was established on October 5, 1925, was created to provide municipal and industrial water (both retail and wholesale), irrigation water, wastewater treatment and reclamation and recreation services in El Dorado County. Hydroelectric services consist of power generated at El Dorado Powerhouse, which is sold to Pacific Gas & Electric Company (PG&E) under a contract.

B. Financial Reporting Entity

The accompanying basic financial statements of the District include the financial activities of the El Dorado Public Agency Financing Authority (the Authority), a component unit of the District, which was created to provide assistance to the District in the issuance of debt (see Note 4), because financial operations are closely related, the District is financially accountable for the Authority and the Authority is governed by the District's Board of Directors. Debt issued by the Authority is reflected as debt of the District in these financial statements. However, all debt issued by the Authority was refunded in 2004. The Authority has no other transactions and does not issue separate financial statements.

The District is a member of the El Dorado Water and Power Authority (the Authority), which was created under a Joint Powers Agreement between the District, El Dorado County and El Dorado County Water Agency. The District's Board of Directors serves as five of the sixteen members of the Authority's Board of Directors and, therefore, the District does not control the activities of the Authority. The District has only a residual equity interest in the Authority is not responsible for the liabilities of the Authority under the Agreement. The District provides a yearly contribution to the Authority for operations. The District's contributions for the years ended December 31, 2014 and 2013 were \$196,875 and \$281,250, respectively. The Authority does not issue separate financial statements. More information about the Authority may be found at: <http://www.edcgov.us/waterandpower/index.html>.

C. Basis of Presentation

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. In addition, the District follows Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

The accounts of the District are organized and operated as one enterprise fund. The operation of a fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

D. Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

E. Measurement Focus

Enterprise funds are accounted for on a flow of economic resources measurement focus, which means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the activity are included on the balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Restricted Assets*

The District's restricted assets consisted of \$1,495,929 and \$1,345,891 of unspent facility capacity charges restricted for new facilities at December 31, 2014 and 2013, respectively, and \$1,159,400 of developer fees restricted for Webber Dam improvements at December 31, 2014 and 2013. The remaining restricted assets at December 31, 2014 and 2013 represented debt proceeds restricted for future debt service payments by the related debt agreements.

H. *Investments*

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments. Measurement of the fair value of investments is based upon quoted market prices.

I. *Hydroelectric Deposit*

The District is required to maintain a deposit of \$4,000,000 with PG&E to ensure performance under its hydroelectric agreement with PG&E through the contract termination date of May 16, 2021.

J. *Receivables*

Accounts receivable arise from billings to customers for water and sewer usage and certain improvements made to customers' property. Uncollectible amounts from individual customers are not significant.

K. *Budgets and Budgetary Accounting*

The District adopts an annual budget in December each year. The budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The department heads can provide transfers within their own departmental operations budget. Budget transfers between two departments require the approval of the respective department heads. The General Manager may approve the transfer of appropriations from one department to another and transfers of \$50,000 or less from the District's contingency fund. All other transfers must be approved by the Board of Directors. The Board may approve additional appropriations throughout that year as well.

L. *Property Taxes*

The District receives property taxes from El Dorado County. The property taxes are generally levied and become a lien on the property on July 1 and are based on the assessed value of the property as of the previous January. Secured property taxes are levied on July 1 and are due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and are due in one installment by January 1. They become delinquent on August 31, approximately ten months after being levied. The District elected to receive the property taxes from the County under the Teeter Bill. Under this program the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District recognizes the full levy as property taxes receivable at the date of the levy, but recognizes property tax revenue evenly over the fiscal year to which the levy relates under GASB Statement No. 33. The portion of the levy related to January 1 to June 30 of the subsequent year is offset with deferred inflows of resources.

M. Bond Discounts, Issuance Costs and Deferred Amounts on Refunding

Bond discounts, premiums, and deferred amounts on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discounts and premiums. Deferred amounts on refunding are reported as deferred outflows of resources on the balance sheet. Issuance costs are expensed as incurred under GASB Statement No. 65.

N. Compensated Absences

The District's policy allows employees to accumulate earned but unused personal time off (PTO). PTO is divided into Bank A that is payable at termination and Bank B that is allowed to be converted to PERS service credit upon separation or may otherwise be used only in a catastrophic event. The hours earned by employees range from 176 to 296 hours per year, based on the number of years of service. Bank A hours are limited to 160 to 280 hours, depending on years of service. Any hours exceeding the Bank A limit are included in Bank B. Only Bank A is accrued as compensated absences and the entire balance is considered to be current based on historical usage patterns. Bank B is included in the District's pension plan under GASB Statement No. 16 since it is rarely used for time off and is typically converted to PERS service credit. The cost of PTO is recognized in the period it is earned. Activity in current compensated absences was as follows for the year ended December 31:

Balance at January 1, 2014	Additions	Payments	Balance at December 31, 2014	Due Within One Year
<u>\$ 1,447,836</u>	<u>\$ 1,700,248</u>	<u>\$ (1,679,624)</u>	<u>\$ 1,468,460</u>	<u>\$ 1,468,460</u>
Balance at January 1, 2013	Additions	Payments	Balance at December 31, 2013	Due Within One Year
<u>\$ 1,226,794</u>	<u>\$ 1,872,888</u>	<u>\$ (1,651,846)</u>	<u>\$ 1,447,836</u>	<u>\$ 1,447,836</u>

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Inventory

Inventories are stated at the lower of average cost or market. Inventories consist of parts and supplies.

Q. Reserves for Claims and Claims Expense

The District is self-insured for the per-occurrence deductible for personal injury, general liability, property, fire, employee dishonesty, forgery, alteration, theft, disappearance, destruction and computer fraud claims. The District is also self-insured for all dental and vision claims. The District accrues the estimated costs of the self-insured portion of claims in the period in which the amount of the estimated loss is determinable.

R. Reclassifications

Noncurrent liabilities - current portion at December 31, 2013 included a debt principal payment due on January 1, 2015 that the District traditionally pays on December 31, or within one year of the balance sheet date. The current portion of long-term liabilities as of December 31, 2013 was revised to include only the payment due within one year of the balance sheet date. The payment due on January 1, 2015 was reclassified to noncurrent liabilities as of December 31, 2013. A loss on disposal of capital assets was also reclassified from other income to other expenses for the year ended December 31, 2013. These reclassifications had no effect on total assets, liabilities, net position or change in net position as of and for the year ended December 31, 2013.

S. New Pronouncements

In June 2012, the GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The implementation of this Statement will result in the District accruing a pension plan liability and will result in significant new footnote and required supplementary information disclosures and is effective for the District's December 31, 2015 financial statements.

In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of measurement date no earlier than the end of its prior fiscal year. This Statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. This Statement is required to be implemented simultaneously with Statement No. 68.

In February 2015, the GASB approved Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and will require additional disclosures about assets and liabilities measured at fair value. This Statement is effective for periods beginning after June 15, 2015.

The District will analyze the impact of these new Statements prior to the effective dates listed above.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 2 - CASH AND INVESTMENTS

A. Policies

The District invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the District employs the trust department of a bank as the custodian of certain District managed investments, regardless of their form.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The District is in compliance with the Board approved investment policy and California Government Code requirements.

B. Classification

The District's cash and investments consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 40,237,040	\$ 45,897,843
Restricted Cash and Cash Equivalents	8,151,967	9,061,847
Restricted Investments	8,996,470	14,724,053
Investments	<u>16,213,602</u>	<u>12,113,495</u>
Total Cash and Investments	<u>\$ 73,599,079</u>	<u>\$ 81,797,238</u>

Cash and investments were classified under GASB Statement No. 40 as follows at December 31:

	<u>2014</u>	<u>2013</u>
Cash on Hand	\$ 3,975	\$ 4,075
Deposits with Financial Institutions	3,936,848	2,601,069
Total Cash	<u>3,940,823</u>	<u>2,605,144</u>
California Local Agency Investment Fund (LAIF)	35,249,923	39,169,687
U.S. Agency Securities	18,947,730	13,859,060
California Asset Management Program	4,758,453	7,755,301
Money Market Mutual Funds	4,439,808	5,429,558
Medium Term Corporate Notes	5,012,860	4,996,723
Certificates of Deposit	1,249,482	1,249,462
Guaranteed Investment Contracts		6,732,303
Total Investments	<u>69,658,256</u>	<u>79,192,094</u>
Total Cash and Investments	<u>\$ 73,599,079</u>	<u>\$ 81,797,238</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the District's Investment Policy

The District's investment policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's investment policy where the District's investment policy is more restrictive. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreement and not the provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	N/A	75%	None
U.S. Agency Securities	5 years	N/A	80%	30%
Bankers' Acceptances	180 days	N/A	40%	30%
Commercial Paper	180 days	A1,P1	15%	10%
Negotiable Certificates of Deposit	5 years	N/A	25%	None
Repurchase Agreements	90 days	N/A	None	None
Medium Term Corporate Notes	5 years	A,A2	30%	10%
Money Market Mutual Funds	N/A	A1,P1	20%	10%
California Local Agency Investment Fund (LAIF)	N/A	N/A	75%	\$50,000,000
Collateralized Certificates of Deposit	5 years	N/A	None	None
Collateralized Negotiable Investments	5 years	N/A	None	None
California Asset Management Program (CAMP)	N/A	N/A	75%	None

D. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The debt agreements contain certain provisions that address interest risk, credit risk and concentration of credit risk. The permitted investments, maximum percentage of the portfolio and maximum investment in one issuer specified in debt agreements are identical to the table above with the exception of debt agreements not allowing investments in repurchase agreements. In addition, the debt agreements require obligations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and money market mutual funds to be rated AAA by the applicable national statistical rating agency.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date as of December 31, 2014:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
California Local Agency Investment Fund	\$ 35,249,923	\$ 35,249,923		
U.S. Agency Securities	9,951,260			\$ 9,951,260
California Asset Management Program	4,758,453	4,758,453		
Medium Term Corporate Notes	5,012,860	2,006,600		3,006,260
Certificates of Deposit	1,249,482	1,001,318		248,164
Held by Trustee:				
U.S. Agency Securities	8,996,470		\$ 1,998,250	6,998,220
Money Market Mutual Funds	4,439,808	4,439,808		
Total	\$ 69,658,256	\$ 47,456,102	\$ 1,998,250	\$ 20,203,904

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of December 31, 2014 for each investment type.

	Minimum Legal Rating	Total	Ratings as of Year-end					Unrated
			AAA/Aaa	Aa1/AA+	A1/A+	A2/A	A3/A-	
California Local Agency Investment Fund	N/A	\$ 35,249,923						\$ 35,249,923
U.S. Agency Securities	N/A	9,951,260		\$ 9,951,260				
California Asset Management Program	N/A	4,758,453						4,758,453
Medium Term Corporate Notes	A/A2	5,012,860			\$ 2,997,980	\$ 1,005,370	\$ 1,009,510	
Certificates of Deposit	N/A	1,249,482						1,249,482
Held by Trustee:								
U.S. Agency Securities	AAA/Aaa	8,996,470		8,996,470				
Money Market Mutual Funds	AAA/Aaa	4,439,808	\$ 4,439,808					
Total		\$ 69,658,256	\$ 4,439,808	\$ 18,947,730	\$ 2,997,980	\$ 1,005,370	\$ 1,009,510	\$ 41,257,858

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

The investment policy of the District limited the amount that can be invested in any one issuer to the amount stipulated in the table at Note 2.C above. As of December 31, 2014, the District invested in the following investments which each represent more than 5% of its total investment in any one issuer (other than U.S. Treasury obligations, mutual funds and external investment pools):

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	\$ 11,985,450

H. Custodial Credit Risk

Concentration of Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At December 31, 2014 and 2013, the carrying amount of the District's deposits was \$3,935,710 and \$2,601,069 and the balance in financial institutions was \$4,715,646 and \$3,895,878, respectively. Of the balance in financial institutions, \$337,110 and \$265,865 was covered by federal depository insurance and \$4,378,536 and \$3,630,013 was collateralized by securities pledged by the financial institution, respectively.

As of December 31, 2014 and 2013, all of the District's securities were held by the District's agent in the District's name and were not exposed to custodial credit risk.

Investment in LAIF: LAIF is stated at fair value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is \$60,268,887,722 that is managed by the State Treasurer. Of that amount, 98.92 percent is invested in non-derivative financial products and 1.08 percent is invested in derivative financial products and structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The District records on its books the fair value of its

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

pro-rata share of the value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 200 and 209 days at December 31, 2014 and 2013, respectively.

Investment in JPA Pool: The only investment in a JPA pool held by the District is the investment in the California Asset Management Trust (CAMP). CAMP was created under the provisions of the California Joint Exercise of Powers Act to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. CAMP is governed by a board of seven trustees, all of whom are officials or employees of public agencies. The money market portfolio offers daily liquidity and is rated Aam by Standard and Poor's. To maintain the Aam rating, the portfolio's weighted average maturity may not exceed 90 days. The fair value of the District's position in CAMP is the same as the value of the pool shares.

NOTE 3 – CAPITAL ASSETS

A. Summary

Capital assets are stated at historical cost if purchased or constructed. The District capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of additions to utility plant and major replacements of property are capitalized. Capitalized costs include material, direct labor, transportation and such indirect items as engineering, supervision, employee fringe benefits and interest on net borrowed funds related to plant under construction, if material. Easements with indefinite lives are capitalized as part of land and easements, which is not depreciable. Contributed property is recorded at estimated fair market value at the date of donation. Repairs, maintenance and minor replacements of capital assets are expensed.

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of depreciable capital assets.

Capital assets are depreciated using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District's water rights and FERC license are intangible assets. Water rights have an indefinite useful life and are not amortized under GASB Statement No. 51. The District has assigned the useful lives listed below to capital assets and intangible assets:

<u>Description</u>	<u>Estimated Life</u>
Facilities and Improvements	30 – 50 years
Buildings and Structures	40 – 100 years
Equipment and Furniture	5 – 10 years
FERC License	40 years

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 3 – CAPITAL ASSETS (Continued)

B. FERC License Intangible Asset and FERC License Liability

On October 16, 2006, the Federal Energy Regulatory Commission (FERC) issued an order renewing the license for the El Dorado Hydroelectric Project No. 184, effective October 1, 2006. The FERC license is recorded as an intangible asset under GASB Statement No. 51. The cost basis of the FERC license is made up of historical expenses of \$7,856,145 incurred for studies, legal counsel and consultants through the date the license was issued in 2006 as well as an asset recorded when the FERC license liability described below was recorded, which had a balance of \$41,120,059 at December 31, 2014 and 2013. The license is being amortized over the forty year license term, which ends in 2046. The historical expenses are amortized in the amount of \$196,404 per year using the straight line method.

The FERC license liability reported on the balance sheet represents the present value of future expenses that are required to be incurred by the District as part of the license agreement, including improving and maintaining a number of campgrounds, constructing a boat launch facility, making modifications to the outlets of dams, improving trailheads and monitoring environmental issues.

The liability is reduced each year as required tasks are completed and the liability is also adjusted for changes in cost estimates of the individual tasks making up the liability as they become known. The completed tasks included in the original FERC license liability are removed from the liability when paid. After consulting with the GASB, the District records any changes in estimates that are removed from the liability as amortization in the capital asset roll-forward. The remaining FERC license basis (\$41,120,059 original cost less accumulated amortization) at the beginning of each year is amortized using the straight line method over the remaining license term. The change in the FERC license liability and the current portion related to tasks expected to be completed within one year were as follows at December 31:

Balance at January 1, 2014	Payments	Change in Estimate	Balance at December 31, 2014	Current Portion
<u>\$ 19,995,346</u>	<u>\$ (327,491)</u>	<u>\$ 4,406,192</u>	<u>\$ 24,074,047</u>	<u>\$ 786,000</u>
Balance at January 1, 2013	Payments	Change in Estimate	Balance at December 31, 2013	Current Portion
<u>\$ 23,696,047</u>	<u>\$ (329,275)</u>	<u>\$ (3,371,426)</u>	<u>\$ 19,995,346</u>	<u>\$ 673,437</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 3 – CAPITAL ASSETS (Continued)

C. Additions and Retirements

Capital assets balances and activity are summarized below:

	Balance at January 1, 2014	Additions	Deletions	Transfers	Balance at December 31, 2014
Capital Assets not Being Depreciated:					
Land and Easements	\$ 7,082,232	\$ 45,053			\$ 7,127,285
Water Rights	2,516,865				2,516,865
Construction in Progress	37,864,570	13,306,952	\$ (656,675)	\$ (10,631,912)	39,882,935
Total Capital Assets not Being Depreciated	<u>47,463,667</u>	<u>13,352,005</u>	<u>(656,675)</u>	<u>(10,631,912)</u>	<u>49,527,085</u>
Capital Assets Being Depreciated:					
Water Plant in Service	496,309,329	4,123,828	(39,275)	4,037,020	504,430,902
Wastewater Plant in Service	316,705,303	4,054,167		6,594,892	327,354,362
General Plant	37,764,527	56,910	(229,083)		37,592,354
Reclaimed Water Facility	29,137,670	2,257,484			31,395,154
FERC License	48,976,204				48,976,204
Total Capital Assets Being Depreciated	<u>928,893,033</u>	<u>10,492,389</u>	<u>(268,358)</u>	<u>10,631,912</u>	<u>949,748,976</u>
Less Accumulated Depreciation and Amortization for:					
Water Plant in Service	(150,536,199)	(10,283,657)	39,275		(160,780,581)
Wastewater Plant in Service	(89,587,092)	(7,927,085)			(97,514,177)
General Plant	(18,279,220)	(1,987,874)	229,083		(20,038,011)
Reclaimed Water Facility	(7,420,809)	(740,557)			(8,161,366)
FERC License	(22,775,853)	3,593,568			(19,182,285)
Total Accumulated Depreciation	<u>(288,599,173)</u>	<u>(17,345,605)</u>	<u>268,358</u>		<u>(305,676,420)</u>
Total Capital Assets Being Depreciated, Net	<u>640,293,860</u>	<u>(6,853,216)</u>		<u>10,631,912</u>	<u>644,072,556</u>
Total Capital Assets, Net	<u>\$ 687,757,527</u>	<u>\$ 6,498,789</u>	<u>\$ (656,675)</u>	<u>\$ -</u>	<u>\$ 693,599,641</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2013	Additions	Deletions	Transfers	Balance at December 31, 2013
Capital Assets not Being Depreciated:					
Land and Easements	\$ 8,615,232		\$ (1,533,000)		\$ 7,082,232
Water Rights	2,516,865				2,516,865
Construction in Progress	28,156,974	\$ 17,403,609	(266,857)	\$ (7,429,156)	37,864,570
Total Capital Assets not Being Depreciated	<u>39,289,071</u>	<u>17,403,609</u>	<u>(1,799,857)</u>	<u>(7,429,156)</u>	<u>47,463,667</u>
Capital Assets Being Depreciated:					
Water Plant in Service	489,823,940	1,485,703	(135,364)	5,135,050	496,309,329
Wastewater Plant in Service	313,988,108	527,965		2,189,230	316,705,303
General Plant	39,206,594		(1,442,067)		37,764,527
Reclaimed Water Facility	27,293,748	1,739,046		104,876	29,137,670
FERC License	48,976,204				48,976,204
Total Capital Assets Being Depreciated	<u>919,288,594</u>	<u>3,752,714</u>	<u>(1,577,431)</u>	<u>7,429,156</u>	<u>928,893,033</u>
Less Accumulated Depreciation and Amortization for:					
Water Plant in Service	(140,561,156)	(9,990,849)	15,806		(150,536,199)
Wastewater Plant in Service	(81,899,964)	(7,687,128)			(89,587,092)
General Plant	(17,576,442)	(2,144,845)	1,442,067		(18,279,220)
Reclaimed Water Facility	(6,741,766)	(679,043)			(7,420,809)
FERC License	(18,486,447)	(4,289,406)			(22,775,853)
Total Accumulated Depreciation	<u>(265,265,775)</u>	<u>(24,791,271)</u>	<u>1,457,873</u>		<u>(288,599,173)</u>
Total Capital Assets Being Depreciated, Net	<u>654,022,819</u>	<u>(21,038,557)</u>	<u>(119,558)</u>	<u>7,429,156</u>	<u>640,293,860</u>
Total Capital Assets, Net	<u>\$ 693,311,890</u>	<u>\$ (3,634,948)</u>	<u>\$ (1,919,415)</u>	<u>\$ -</u>	<u>\$ 687,757,527</u>

The \$1,533,000 decrease in land and easements above is related to the removal of the Texas Hill liability as discussed in Notes 4.B and 9.C. This transaction did not result in a gain or loss on disposal of capital assets.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 4 – LONG-TERM LIABILITIES

A. Composition and Changes

The District generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance at January 1, 2014	Incurred	Retired	Balance at December 31, 2014	Due Within One Year
State of California Loans	\$ 22,855,212	\$ 16,455,819		\$ (1,055,249)	\$ 15,400,570	\$ 671,672
Certificates of Participation:						
Refunding Revenue, Series 2004A	75,445,000	35,260,000		(35,260,000)		
Adjustable Rate Revenue, Series 2008A	110,705,000	110,705,000			110,705,000	
Revenue, Series 2009A	132,285,000	132,285,000		(99,040,000)	33,245,000	2,760,000
Refunding Revenue, Series 2010A	14,755,000	14,755,000			14,755,000	
Refunding Revenue Bonds:						
Series 2012A	48,935,000	48,935,000			48,935,000	
Series 2012B	1,750,000	1,570,000		(180,000)	1,390,000	185,000
Series 2014A	121,190,000		\$ 121,190,000	(2,910,000)	118,280,000	635,000
2003 General Obligation Refunding Bonds	6,000,000	2,260,000		(425,000)	1,835,000	440,000
Total		362,225,819	121,190,000	(138,870,249)	344,545,570	\$ 4,691,672
Bond Premiums and Discounts		7,056,609	10,277,923	(1,859,405)	15,475,127	
Total Debt and Loans		369,282,428	131,467,923	(140,729,654)	360,020,697	
Other Postemployment Benefits		4,287,548	2,185,342	(1,098,922)	5,373,968	
Less: Due Within One Year		(2,925,507)		(1,766,165)	(4,691,672)	
Due in More Than One Year		\$ 370,644,469	\$ 133,653,265	\$ (143,594,741)	\$ 360,702,993	
	Issue Amount	January 1, 2013	Incurred	Retired	December 31, 2013	Due Within One Year
State of California Loans	\$ 22,855,212	\$ 17,485,670		\$ (1,029,851)	\$ 16,455,819	\$ 655,507
Certificates of Participation:						
Refunding Revenue, Series 2004A	75,445,000	40,436,875		(5,176,875)	35,260,000	1,665,000
Adjustable Rate Revenue, Series 2008A	110,705,000	110,705,000			110,705,000	
Revenue, Series 2009A	132,285,000	132,285,000			132,285,000	
Refunding Revenue, Series 2010A	14,755,000	14,755,000			14,755,000	
Refunding Revenue Bonds:						
Series 2012A	48,935,000	48,935,000			48,935,000	
Series 2012B	1,750,000	1,750,000		(180,000)	1,570,000	180,000
2003 General Obligation Refunding Bonds	6,000,000	2,670,000		(410,000)	2,260,000	425,000
Total		369,022,545		(6,796,726)	362,225,819	\$ 2,925,507
Bond Premiums and Discounts		7,654,259		(597,650)	7,056,609	
Total Debt and Loans		376,676,804		(7,394,376)	369,282,428	
County of El Dorado Note - Texas Hill	3,969,205	1,533,000		(1,533,000)		
Other Postemployment Benefits		3,110,872	\$ 2,185,342	(1,008,666)	4,287,548	
Less: Due Within One Year		(3,871,726)		946,219	(2,925,507)	
Due in More Than One Year		\$ 377,448,950	\$ 2,185,342	\$ (8,989,823)	\$ 370,644,469	

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 4 – LONG-TERM LIABILITIES (Continued)

B. Description of the District's Long Term Debt Issues

State of California Loans

The State of California Department of Water Resources, through the State Revolving Fund Loan Program, provides low interest loans for clean water and drinking projects to localities that operate facilities throughout the State of California. The State Revolving Fund is funded through federal appropriations. As of December 31, 2012, the District has entered into ten State Revolving Fund loans to finance the lining and covering of reservoirs as mandated by the State Department of Health Services, in the aggregate amount of \$22,855,212. The loans bear interest rates that range from 2.32% to 2.60%. The District implemented a water rate surcharge that is collected for debt service payments on these loans. Semi-annual principal and interest payments ranging from \$20,087 to \$186,656 are due on either January 1 and July 1 or April 1 and October 1, through October 1, 2028. Each loan has a maximum term of 20 years.

Adjustable Rate Revenue Certificates of Participation, Series 2008A

On April 30, 2008, the District issued Adjustable Refunding Revenue Certificates of Participation, Series 2008A in the amount of \$110,705,000. Proceeds from these certificates were used to refund the District's 2003B and 2004B Adjustable Rate Revenue bonds as well as to establish a reserve account of \$9,940,697. The Certificates are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates are variable and are based on weekly auction rates determined by the remarketing agent. Interest rates are capped at 12%. Principal payments ranging from \$14,020,000 to \$17,730,000 are payable annually on March 1 from March 1, 2030 through March 1, 2036, and interest payments are payable on the first Wednesday of each month, through March 1, 2036.

Revenue Certificates of Participation, Series 2009A

On January 23, 2009, the District issued Revenue Certificates of Participation, Series 2009A in the amount of \$132,285,000. Proceeds from these certificates were used to acquire certain facilities for the District water system and wastewater system and to purchase a financial guaranty insurance policy. The Certificates are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Originally, interest rates ranged from 3.50% to 6.25%. Principal payments ranged from \$2,760,000 to \$9,515,000 were payable annually on August 1, from August 1, 2015 through August 1, 2039, and interest payments ranged from \$273,556 to \$3,652,459 were payable semi-annually on February 1 and August 1, through August 1, 2039. On February 13, 2014, the District issued Refunding Revenue Bonds, Series 2014A, of which a portion of the proceeds were used to advance refund \$99,040,000 of the 2009A certificates. After the refunding, interest rates range from 3.50% to 5.38%. Principal payments ranging from \$2,760,000 to \$4,035,000 are payable annually on August 1, from August 1, 2015 through August 1, 2024, and interest payments ranging from \$108,441 to \$744,859 are payable semi-annually on February 1 and August 1, through August 1, 2024.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Refunding Revenue Certificates of Participation, Series 2010A

On February 17, 2010, the District issued Refunding Revenue Certificates of Participation, Series 2010A in the amount of \$14,755,000. Proceeds from these certificates were used to advance refund a portion of the 2003A Revenue Certificates of Participation. The Certificates are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates range from 4.25% to 5.75%. Principal payments ranging from \$4,690,000 to \$5,175,000 are payable annually on March 1, 2022 through March 1, 2024, and interest payments ranging from \$148,781 to \$406,322 are payable semi-annually on March 1 and September 1, through March 1, 2024.

Refunding Revenue Bonds, Series 2012A

On June 28, 2012 the District issued the Refunding Revenue Bonds, Series 2012A in the amount of \$48,935,000. Proceeds from these bonds combined with Series 2012B were used to advance refund the District's 2003A Revenue Certificates of Participation. The Bonds are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates range from 4% to 5%. Principal payments ranging from \$2,035,000 to \$6,430,000 are payable annually on March 1, from March 1, 2017 through March 1, 2029, and interest payments of \$57,400 to \$1,138,656 are payable semi-annually on March 1 and September 1, through March 1, 2029.

Refunding Revenue Bonds, Series 2012B

On June 28, 2012 the District issued the Refunding Revenue Bonds, Series 2012B in the amount of \$1,750,000. Proceeds from these bonds combined with Series 2012A were used to advance refund the District's 2003A Revenue Certificates of Participation. The Bonds are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates range from 1.13% to 3.63%. Principal payments ranging from \$180,000 to \$220,000 are payable annually on March 1, from March 1, 2013 through March 1, 2021, and interest payments of \$3,988 to \$23,281 are payable semi-annually on March 1 and September 1, through March 1, 2021.

Refunding Revenue Bonds, Series 2014A

On February 13, 2014, the District issued the Refunding Revenue Bonds, Series 2014A in the amount of \$121,190,000. Proceeds from these bonds were used to advance refund all of the District's outstanding 2004A Refunding Revenue Certificates of Participation and a portion of the 2009A Revenue Certificates of Participation. The bonds are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates range from 3% to 5.25%. Principal payments ranging from \$210,000 to \$8,915,000 are payable annually on March 1, from March 1, 2015 through March 1, 2039, and interest payments of \$234,019 to \$3,001,056 are payable semi-annually on March 1 and September 1, through March 1, 2039.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 4 – LONG-TERM LIABILITIES (Continued)

2003 General Obligation Refunding Bonds

On December 9, 2003, the District issued the 2003 General Obligation Refunding Bonds in the amount of \$6,000,000. Proceeds from these bonds were used to prepay a portion of the Sly Park Facilities Contract between the District and the United States, Department of the Interior, Bureau of Reclamation. The Bonds are to be repaid from a property tax assessment on property within the District’s jurisdiction. Interest rates range from 2.0% to 4.5%. Principal payments, ranging from \$240,000 to \$455,000 are payable annually on October 1, through October 1, 2019, and interest payments, ranging from \$5,513 to \$95,319 are payable semi-annually on April 1 and October 1, through October 1, 2019.

C. Debt Service Requirements

Annual debt service requirements are shown below for the above debt issues:

For the Year Ended December 31	Business-type Activities	
	Principal	Interest
2015	\$ 4,691,673	\$ 16,299,779
2016	8,252,837	16,255,836
2017	13,954,912	15,833,937
2018	14,282,655	15,259,168
2019	14,891,083	14,634,559
2020-2024	65,145,818	63,991,452
2025-2029	41,241,592	50,946,470
2030-2034	107,060,000	33,094,313
2035-2039	75,025,000	7,259,706
Total	<u>\$ 344,545,570</u>	<u>\$ 233,575,220</u>

The table above is based on an assumed interest rate of 5% in 2015 and thereafter on the Adjustable Rate Revenue Certificates of Participation, Series 2008A, which may change.

D. Refunding of Debt

In 2014 and 2013, the District defeased \$2,910,000 and \$2,925,000 of the Refunding Revenue Bonds, Series 2014A, and Refunding Revenue Certificates of Participation, Series 2004A, respectively, by creating separate irrevocable trust to prepay a portion of the subsequent year debt service payment. This was done to help meet the debt service coverage ratios for the Bonds and Certificates. Amounts were placed in an escrow account from which principal and interest will be used to make scheduled principal and interest payments on the refunded Bonds and Certificates. For financial reporting purposes, the prepaid portion of the Bonds and Certificates are considered defeased and have been removed from the District’s financial statements.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 4 – LONG-TERM LIABILITIES (Continued)

On February 13, 2014, the District issued the Refunding Revenue Bonds, Series 2014A in an advanced refunding of all the outstanding Refunding Revenue Certificates of Participation, Series 2004A, and a portion of the outstanding Revenue Certificates of Participation, Series 2009A. The net proceeds of the Bonds were used to purchase U.S. Agency securities and these securities were deposited in an irrevocable trust with an escrow agent. The 2004A Certificates were repaid 30 days after the issuance of the 2014A Bonds and the 2009A Certificates principal was repaid on August 1, 2014. The advance refunding resulted in a difference of \$4,699,245 between the reacquisition price and the net carrying amount of the old debt. The difference, reported in the accompanying financial statements as deferred outflows of resources, is being charged as an addition to interest expense through the year 2024 using the straight-line method. The District completed the advance refunding to reduce its total debt service payments by \$27,026,400, which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$17,182,464.

At December 31, 2014 and 2013 the amount held in escrow (including interest earned on the prepayment) for the payment of outstanding Bonds and Certificates that are considered defeased were as follows:

	<u>2014</u>	<u>2013</u>
Refunding Revenue Bonds, Series 2014A	\$ 2,997,300	
Refunding Revenue Certificates of Participation, Series 2004A		\$ 2,998,125

E. Pledged Revenues

The District has pledged future water and wastewater system revenues, net of specified operating expenses, to repay its 2008A, 2009A and 2010A Certificates of Participation in the original amounts of \$110,705,000, \$132,285,000 and \$14,755,000, respectively, and to repay its 2012A, 2012B and 2014A Refunding Revenue Bonds in the original amounts of \$48,935,000, \$1,750,000 and \$121,190,000, respectively. Proceeds of the Certificates and Bonds were used to refund certain debt issuances as described above and to fund improvements to the District's water and wastewater systems. The Certificates and Bonds are payable solely from water and wastewater system revenues and are payable through August 1, 2039. Annual principal and interest payments on the Certificates and Bonds are expected to be 80% or less of net revenues as required by the Bond indentures. The current year's principal and interest payments are 50% of net revenues. Total principal and interest remaining to be paid on the Certificates and Bonds were \$558,072,735 and \$612,395,609 at December 31, 2014 and 2013, respectively. Cash basis principal and interest paid on the Certificates and Bonds were \$14,109,981 and \$15,327,048 (including parity debt payments, but not including defeased amount), and total water and wastewater system net revenues calculated in accordance with the covenants were \$28,221,425 and \$34,806,719 at December 31, 2014 and 2013, respectively.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 5 – NET POSITION

Net Position is the excess of all the District's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three categories as follows:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include facility capacity fees received for use on capital projects, fees charged for the provision of future water resources and debt service reserve funds.

Unrestricted describes the portion of net position which is not restricted as to use.

NOTE 6 – EMPLOYEE RETIREMENT PLAN

Plan Description: The District provides retirement benefits through the California Public Employee's Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating entities within the State of California. Benefit provisions and all other requirements are established by state statute and District resolution. The District has an agent single employer public employee defined benefit plan and uses a 2.7% at 55 retirement formula for employees hired prior to May 1, 2010, a 2.0% at 55 retirement formula for all new hires after that date through December 31, 2012 and a 2.0% at 62 retirement formula for employees that were not members of CalPERS as of January 1, 2013. One agent plan is used for all three of the District's retirement benefit formulas. Copies of CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 2% to 9% of their annual covered salary. The District agreed to contribute a percentage of certain employee's required contributions on their behalf, as specified in the related labor agreements. The District is required to contribute at an actuarially determined blended rate, which was 26.120%, 24.950% and 24.000% of annual covered payroll for the periods July 1, 2014 to December 31, 2014, July 1, 2013 to June 30, 2014, and January 1, 2013 to June 30, 2013, respectively.

Annual Pension Cost: For the years ended December 31, 2014 and 2013, the District's annual pension cost of \$4,132,624 and \$3,962,220, respectively, for CalPERS was equal to the District's required and actual contributions. Three year trend information is as follows:

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 6 – EMPLOYEE RETIREMENT PLAN (Continued)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 3,530,559	100%	\$ -
6/30/2013	3,962,220	100%	
6/30/2014	4,132,624	100%	

The required contributions during the years ended December 31, 2014 and 2013 were determined as part of the June 30, 2012, 2011, and 2010 actuarial valuations using the entry age normal actuarial cost method. The District’s actuarial assumptions, for the most recent period, included a 7.50% investment rate of return (net of administrative expenses), projected annual salary increases of 3.30% to 14.20%, cost of living increases of 3.00%, and an inflation component of 2.75%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. Unfunded losses are amortized over a closed 30-year period, with Direct Rate Smoothing provision including a 5 year ramp up/ramp down provision.

Funded Status and Funding Progress: The funded status of the Plan for the two most recent years as of the June 30, 2013 valuation, the Plan’s most recent valuation date, was as follows:

	June 30, 2013	June 30, 2012
Actuarial Accrued Liability (AAL)	\$ 121,108,702	\$ 114,401,830
Actuarial Value of Plan Assets	75,812,634	79,365,456
Unfunded Actuarial Accrued Liability (UAAL)	\$ 45,296,068	\$ 35,036,374
Funded Ratio (Actuarial Value of Plan Assets/AAL)	62.6%	69.4%
Covered Payroll (Active Plan Participants)	\$ 16,063,714	\$ 15,637,005
UAAL as a Percentage of Covered Payroll	282.0%	224.1%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The District’s other postemployment benefits (OPEB) healthcare plan (the Plan), an agent multiple-employer plan, provides medical benefits to employees that directly retire from the District and their eligible dependents, subject to a monthly limitation pursuant to Government Code Section 22892, as amended by AB 2544. To be 100% vested in the District’s retiree medical benefits, an employee hired before January 1, 2010 must have a minimum of five years of service

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

with the District and/or other CalPERS member agencies. To be 50% vested in the District’s retiree medical benefits, an employee hired on or after January 1, 2010 must have a minimum of ten years of service, of which a minimum of five years must be service with the District. Thereafter, the percentage of vesting increases by 5% each additional year of service through year 20 at which point an employee will be 100% vested. The District’s Board of Directors has the authority to establish and amend benefit provisions. On October 24, 2011, the District’s Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of District’s Board of Directors. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The benefits are fully funded by the District in accordance with the District’s Code of Regulations and with the Memorandum of Understanding for employees in the Association of El Dorado Irrigation District Employees. The required contribution is based on projected pay-as-you-go financing requirement. For the years ended December 31, 2014 and 2013, the District contributed approximately \$1,098,922 and \$1,008,666, respectively, to the Plan. Plan members did not make any contributions to the Plan.

Annual OPEB Cost and Net OPEB Obligation: The District’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District’s net OPEB obligation.

	<u>2014</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 2,159,000	\$ 2,159,000
Interest on Net OPEB Obligation	233,315	233,315
Adjustment to Annual Required Contribution	<u>(206,973)</u>	<u>(206,973)</u>
Annual OPEB Cost (Expense)	2,185,342	2,185,342
Contributions Made	<u>(1,098,922)</u>	<u>(1,008,666)</u>
Increase (Decrease) in Obligation	1,086,420	1,176,676
Net OPEB Obligation (Asset) - Beginning of Year	<u>4,287,548</u>	<u>3,110,872</u>
Net OPEB Obligation (Asset) - End of Year	<u>\$ 5,373,968</u>	<u>\$ 4,287,548</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the three most recent years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2012	\$ 2,746,143	255.11%	\$ 3,110,872
December 31, 2013	2,185,342	46.15%	4,287,548
December 31, 2014	2,185,342	50.29%	5,373,968

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Funded Status and Funding Progress: The funded status of the Plan for the two most recent years as of the July 1, 2013 valuation, the Plan’s most recent valuation date, was as follows:

	<u>July 1, 2013</u>	<u>July 1, 2012</u>
Actuarial Accrued Liability (AAL)	\$ 22,454,000	\$ 22,225,000
Actuarial Value of Plan Assets	<u>6,600,000</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 15,854,000</u>	<u>\$ 22,225,000</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	29.4%	0.0%
Covered Payroll (Active Plan Participants)	\$ 16,278,000	\$ 17,296,000
UAAL as a Percentage of Covered Payroll	97.4%	128.5%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial valuation used the rates of mortality, disability and other withdrawals used by CalPERS in the valuation of the District’s pension plan. The actuarial assumptions included a 7.5 percent investment rate of return, a 2.75 percent rate of inflation, 5.5 percent healthcare premium increases and a 3.00 percent increase in payroll. The UAAL is being amortized over a closed 30 year period. The remaining amortization period at July 1, 2013 was 25 years.

NOTE 8 - INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District is insured up to the amounts specified below for claims related to the following coverages:

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 8 – INSURANCE (Continued)

Type of Claim	Coverage Limits	Deductibles (Per Occurrence)
General District and Hydroelectric Project 184:		
General Liability	\$ 3,000,000	\$ 10,000
Property - Excluding Hydroelectric Project 184	94,882,788	25,000
Crime	250,000	1,000
Management Liability	3,000,000	10,000
Business Automobile	N/A	N/A
Excess - Umbrella Liability	10,000,000	None
Workers' Compensation	Statutory Limit	None
Hydroelectric Project 184:		
Property (Declared Value - \$96,586,827)	50,000,000	10,000 to 1,000,000
Business Interruption	7,960,000	None
Boiler and Machinery Equipment	50,000,000	10,000 to 1,000,000

The District purchases commercial insurance for first and third party claims up to the stated coverage limits. The District is self-insured for amounts in excess of these amounts. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The reserve for claims and claims expense is based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, and to allow the accrual of estimated incurred but not reported claims and incremental claims expense. As of December 31, 2014 and 2013, the entire claims liability is reported as a current liability on the balance sheet. Changes in the District's claims liability amount in 2014 and 2013 were as follows:

Reserve for Claims and Claims Expenses as of December 31, 2012	\$ 1,453,000
Current Year Incurred Claims and Changes in Estimates	358,923
Net (Payments) Recoveries	<u>(668,923)</u>
Reserve for Claims and Claims Expenses as of December 31, 2013	1,143,000
Current Year Incurred Claims and Changes in Estimates	348,672
Net (Payments) Recoveries	<u>(658,672)</u>
Reserve for Claims and Claims Expenses as of December 31, 2014	<u><u>\$ 833,000</u></u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014 and 2013

NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES

A. Capital Project Commitments

The District had the following capital project commitments outstanding as of December 31, 2014:

Esmeralda Tunnel	\$ 3,131,704
Carson Creek 1 Lift Station	2,420,903
Bridge Replace Camp 2	1,257,970
Flume 42/43 Replacement	1,016,053
Flume 45 Replacement	432,534
Res 7B Tank Recoating Rehab	416,982
2013 Lift Station Upgrades	213,415
Vehicle Replacement Program	<u>208,008</u>
Total	<u>\$ 9,097,569</u>

B. Litigation

The District is a defendant in a number of lawsuits, which have arisen, in the normal course of business including challenges over certain rates and changes. The ultimate outcome of these matters is not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

C. Other Contingencies

On February 6, 1996, the District purchased the Texas Hill property from the County under an installment purchase agreement for the potential development of the Texas Hill Reservoir. A contingent payment of \$3,378,360, consisting of \$1,533,000 in principal and \$1,845,360 of interest imputed at 5%, would be due if and when the District obtains construction financing for and commences construction of the Texas Hill Reservoir. In March 2013, the District approved the Integrated Water Resources Master Plan that no longer includes this project in the District's future capital plans. As a result, the \$1,533,000 liability and related land was removed from the balance sheet in 2013. It is at least reasonably possible the project could be added back to the District's capital plan in the future and this liability could potentially need to be paid. Also, in the event that the property is sold or used for any purpose that is inconsistent with the development of the Texas Hill Reservoir, any funds received would be restricted to fund the development of increased water supplies or increased wastewater capacity for the benefit of customers or potential customers of the District, but no additional payment would be due to the County.

NOTE 10 – SUBSEQUENT EVENT

A. Pending Water Transfer

The District entered into an agreement with Westlands Water District in Fresno, California during 2015 to transfer 3,000 acre feet of water for \$700 per acre feet, or \$2.1 million. The District is currently waiting for regulatory approval of this water transfer.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO IRRIGATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

SCHEDULE OF FUNDING PROGRESS OF THE
 EMPLOYEE RETIREMENT PLAN (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2011	\$ 75,016,376	\$ 110,172,862	\$ 35,156,486	68.1%	\$ 16,267,727	216.1%
June 30, 2012	79,365,456	114,401,830	35,036,374	69.4%	15,637,005	224.1%
June 30, 2013	75,812,634	121,108,702	45,296,068	62.6%	16,063,714	282.0%

EL DORADO IRRIGATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

SCHEDULE OF FUNDING PROGRESS OF THE
 OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011		\$ 22,225,000	\$ 22,225,000	0.0%	\$ 15,807,562	140.6%
July 1, 2012		22,225,000	22,225,000	0.0%	17,296,000	128.5%
July 1, 2013	\$ 6,600,000	22,454,000	15,854,000	29.4%	16,278,000	97.4%

SUPPLEMENTAL SCHEDULES

EL DORADO IRRIGATION DISTRICT

COMBINING BALANCE SHEET

December 31, 2014

	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Total
ASSETS AND DEFERRED OUTFLOWS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 7,874,543	\$ 26,177,938	\$ 133,935	\$ 198,097	\$ 659,209	\$ 5,193,318	\$ 40,237,040
Accounts Receivable, Net	5,083,098		144,077			61,616	5,288,791
Due from Other Governmental Agencies	11,055						11,055
Interest Receivable	73,971		14,879			3,521	92,371
Taxes Receivable	9,954,542		509,209				10,463,751
Inventory	406,058						406,058
Prepaid Expenses and Other Current Assets	231,832						231,832
Total Current Assets	<u>23,635,099</u>	<u>26,177,938</u>	<u>802,100</u>	<u>198,097</u>	<u>659,209</u>	<u>5,258,455</u>	<u>56,730,898</u>
NONCURRENT ASSETS							
Restricted and Other Noncurrent Assets:							
Restricted Cash and Cash Equivalents	3,712,158		4,439,809				8,151,967
Restricted Investments			8,996,470				8,996,470
Investments	16,213,602						16,213,602
Hydroelectric Deposit						4,170,000	4,170,000
Total Restricted and Other Noncurrent Assets	<u>19,925,760</u>		<u>13,436,279</u>			<u>4,170,000</u>	<u>37,532,039</u>
Capital Assets:							
Non Depreciable	8,186,214	33,679,493			93,639	7,567,739	49,527,085
Depreciable, Net	535,660,718				5,426,329	102,985,509	644,072,556
Capital Assets, Net	<u>543,846,932</u>	<u>33,679,493</u>			<u>5,519,968</u>	<u>110,553,248</u>	<u>693,599,641</u>
Total Noncurrent Assets	<u>563,772,692</u>	<u>33,679,493</u>	<u>13,436,279</u>		<u>5,519,968</u>	<u>114,723,248</u>	<u>731,131,680</u>
TOTAL ASSETS	<u>587,407,791</u>	<u>59,857,431</u>	<u>14,238,379</u>	<u>198,097</u>	<u>6,179,177</u>	<u>119,981,703</u>	<u>787,862,578</u>
DEFERRED OUTFLOWS							
Deferred Amount on Refunding of Debt			6,232,030				6,232,030
TOTAL DEFERRED OUTFLOWS			<u>6,232,030</u>				<u>6,232,030</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 587,407,791</u>	<u>\$ 59,857,431</u>	<u>\$ 20,470,409</u>	<u>\$ 198,097</u>	<u>\$ 6,179,177</u>	<u>\$ 119,981,703</u>	<u>\$ 794,094,608</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
CURRENT LIABILITIES							
Accounts Payable	\$ 2,501,223		\$ 353		\$ 139		\$ 2,501,715
Deposits	282,243				300		282,543
Accrued Compensated Absences	1,325,102				27,048	\$ 116,310	1,468,460
Accrued Payroll and Benefits Payable	822,347				18,770	71,009	912,126
Unearned Revenue	2,216,229						2,216,229
Accrued Interest Payable			3,646,149				3,646,149
Reserve for Claims and Claims Expenses	833,000						833,000
Noncurrent Liabilities - Current Portion			4,691,672				4,691,672
FERC License Liability - Current Portion						786,000	786,000
Total Current Liabilities	<u>7,980,144</u>		<u>8,338,174</u>		<u>46,257</u>	<u>973,319</u>	<u>17,337,894</u>
NONCURRENT LIABILITIES							
Noncurrent Liabilities	5,373,968		355,329,025				360,702,993
FERC License Liability - Noncurrent Portion						23,288,047	23,288,047
Total Noncurrent Liabilities	<u>5,373,968</u>		<u>355,329,025</u>			<u>23,288,047</u>	<u>383,991,040</u>
TOTAL LIABILITIES	<u>13,354,112</u>		<u>363,667,199</u>		<u>46,257</u>	<u>24,261,366</u>	<u>401,328,934</u>
DEFERRED INFLOWS							
Deferred Property Taxes	4,977,271		254,604				5,231,875
NET POSITION							
Net Investment in Capital Assets	543,846,932	\$ 33,679,493	(353,788,667)		5,519,968	86,479,201	315,736,927
Restricted for New Facilities	1,495,929						1,495,929
Restricted for Debt Service			13,436,279				13,436,279
Unrestricted	23,733,547	26,177,938	(3,099,006)	\$ 198,097	612,952	9,241,136	56,864,664
TOTAL NET POSITION (DEFICIT)	<u>569,076,408</u>	<u>59,857,431</u>	<u>(343,451,394)</u>	<u>198,097</u>	<u>6,132,920</u>	<u>95,720,337</u>	<u>387,533,799</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 587,407,791</u>	<u>\$ 59,857,431</u>	<u>\$ 20,470,409</u>	<u>\$ 198,097</u>	<u>\$ 6,179,177</u>	<u>\$ 119,981,703</u>	<u>\$ 794,094,608</u>

EL DORADO IRRIGATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2014

	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Total
OPERATING REVENUES							
Water Sales	\$ 26,170,261						\$ 26,170,261
Water Services	977,583						977,583
Reclaimed Water Reimbursements/Sales	1,568,582						1,568,582
Wastewater Sales	19,715,764						19,715,764
Wastewater Services	74,421						74,421
Recreation Fees					\$ 1,301,719		1,301,719
Hydroelectric Sales						\$ 5,205,980	5,205,980
Total Operating Revenues	<u>48,506,611</u>				<u>1,301,719</u>	<u>5,205,980</u>	<u>55,014,310</u>
OPERATING EXPENSES							
Personnel Expense	24,602,846				597,772	1,796,049	26,996,667
Operating Supplies	3,664,612				124,226	197,304	3,986,142
Chemicals	849,371						849,371
Administration	2,992,775				42,392	138,467	3,173,634
Utilities	3,756,324				113,399	67,621	3,937,344
Professional Services	2,801,479		\$ 14,350		405,298	330,375	3,551,502
Repair Services	722,080				6,072	441,426	1,169,578
Insurance	228,859					226,082	454,941
Depreciation and Amortization	19,043,281				283,842	2,424,673	21,751,796
Total Operating Expenses	<u>58,661,627</u>		<u>14,350</u>		<u>1,573,001</u>	<u>5,621,997</u>	<u>65,870,975</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(10,155,016)</u>		<u>(14,350)</u>		<u>(271,282)</u>	<u>(416,017)</u>	<u>(10,856,665)</u>
NONOPERATING REVENUES (EXPENSES)							
Surcharges	998,783		1,271,911				2,270,694
Voter-approved Taxes			512,896				512,896
Property Taxes	10,026,368						10,026,368
Interest Income	367,160		128,039		36	3,521	498,756
Other Income	1,500,908				3,503	24,127	1,528,538
Other Expenses		\$ (204,756)	(891,953)			(451,919)	(1,548,628)
Debt Issuance Costs			(1,337,587)				(1,337,587)
Interest Expense			(11,182,611)				(11,182,611)
Total Nonoperating Revenues (Expenses)	<u>12,893,219</u>	<u>(204,756)</u>	<u>(11,499,305)</u>		<u>3,539</u>	<u>(424,271)</u>	<u>768,426</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>2,738,203</u>	<u>(204,756)</u>	<u>(11,513,655)</u>		<u>(267,743)</u>	<u>(840,288)</u>	<u>(10,088,239)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS							
Facility Capacity Charges	4,543,463						4,543,463
Developer Contributions	10,204,252	107,687					10,311,939
Transfers Out	(39,814,376)	(11,221,982)	(137,326,469)		(45,000)	(15,046,517)	(203,454,344)
Transfers In	27,850,279	19,763,799	153,503,160		77,020	2,260,086	203,454,344
Total Capital Contributions	<u>2,783,618</u>	<u>8,649,504</u>	<u>16,176,691</u>		<u>32,020</u>	<u>(12,786,431)</u>	<u>14,855,402</u>
CHANGE IN NET POSITION	<u>5,521,821</u>	<u>8,444,748</u>	<u>4,663,036</u>		<u>(235,723)</u>	<u>(13,626,719)</u>	<u>4,767,163</u>
NET POSITION, BEGINNING OF YEAR	<u>563,554,587</u>	<u>51,412,683</u>	<u>(348,114,430)</u>	<u>\$ 198,097</u>	<u>6,368,643</u>	<u>109,347,056</u>	<u>382,766,636</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ 569,076,408</u>	<u>\$ 59,857,431</u>	<u>\$ (343,451,394)</u>	<u>\$ 198,097</u>	<u>\$ 6,132,920</u>	<u>\$ 95,720,337</u>	<u>\$ 387,533,799</u>

EL DORADO IRRIGATION DISTRICT

COMBINED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

For the Year Ended December 31, 2014

	Actual	Budget	Variance Positive (Negative)
OPERATING REVENUES			
Water Sales	\$ 26,170,261	\$ 27,337,688	\$ (1,167,427)
Water Services	977,583	1,004,139	(26,556)
Reclaimed Water Reimbursements/Sales	1,568,582	1,890,000	(321,418)
Wastewater Sales	19,715,764	19,561,163	154,601
Wastewater Services	74,421	73,837	584
Recreation Fees	1,301,719	1,080,700	221,019
Hydroelectric Sales	5,205,980	8,000,000	(2,794,020)
Total Operating Revenues	<u>55,014,310</u>	<u>58,947,527</u>	<u>(3,933,217)</u>
OPERATING EXPENSES			
Personnel Expense	26,996,667	26,567,147	(429,520)
Operating Supplies	3,986,142	3,265,816	(720,326)
Chemicals	849,371	1,059,672	210,301
Administration	3,173,634	3,132,748	(40,886)
Utilities	3,937,344	3,957,668	20,324
Professional Services	3,551,502	3,466,396	(85,106)
Repair Services	1,169,578	824,965	(344,613)
Insurance	454,941	801,755	346,814
Contingency		500,000	500,000
Total Operating Expenses	<u>44,119,179</u>	<u>43,576,167</u>	<u>(543,012)</u>
NET OPERATING INCOME	<u>10,895,131</u>	<u>15,371,360</u>	<u>(4,476,229)</u>
NONOPERATING REVENUES (EXPENSES)			
Surcharges	2,270,694	1,979,048	291,646
Voter-approved Taxes	512,896		512,896
Property Taxes	10,026,368	9,300,000	726,368
Interest Income	498,756	850,000	(351,244)
Other Income	1,528,538	2,256,000	(727,462)
Other Expenses	(1,548,628)	(1,328,460)	(220,168)
Debt Issuance Costs	(1,337,587)		(1,337,587)
Interest Expense	(11,182,611)	(15,844,802)	4,662,191
Facility Capacity Charges	4,543,463	3,000,000	1,543,463
Total Nonoperating Revenues (Expenses)	<u>5,311,889</u>	<u>211,786</u>	<u>5,100,103</u>
EXCESS OF BUDGETED REVENUES OVER BUDGETED EXPENSES	<u>16,207,020</u>	<u>\$ 15,583,146</u>	<u>\$ 623,874</u>
NON-BUDGETED ITEMS			
Developer Contributions	10,311,939		
Depreciation and Amortization	(21,751,796)		
Total Non-budgeted Items	<u>(11,439,857)</u>		
CHANGE IN NET POSITION	<u>\$ 4,767,163</u>		

COMPLIANCE REPORT

Richardson & Company, LLP

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
El Dorado Irrigation District
Placerville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the El Dorado Irrigation District (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
El Dorado Irrigation District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

May 28, 2015

Richardson & Company, LLP

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

May 28, 2015

To the Board of Directors
El Dorado Irrigation District
2890 Mosquito Road
Placerville, California 95667-4761

We have audited the financial statements of El Dorado Irrigation District (the District) for the year ended December 31, 2014, and have issued our report thereon dated May 28, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated September 10, 2012 and to a Board Member on April 17, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2014. We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements are those used in determining the depreciable lives and methods used for capital assets, the amount of the compensated absences liability, the amount of the pension liability and the amount of the other post-employment benefits liability. We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements as a whole.

Certain financial statements disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements include the disclosure of the FERC intangible asset and liability disclosed in the capital asset footnote (Note 3), the long-term liability footnote and especially the disclosures related to the debt refunding therein (Note 4),

the employee retirement plan footnote (Note 6), the other post-employment benefits plan footnote (Note 7) and the commitment and contingencies footnote (Note 9).

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were five audit adjustments posted during the audit, all of which were posted by management. Audit adjustments were posted to record 2014A bond issuance, defeasance of 2004A and 2009A bonds and to reclassify restricted cash and investments, net position and the net investment in capital assets for reporting purposes.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 28, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) as reported in the table of contents of the financial statements, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the District's combining statements, which accompany the financial statement but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

May 28, 2015



El Dorado Irrigation District

Fiscal Year 2014 Annual Audit Review

El Dorado Irrigation District

June 8, 2015

Agenda

- Applicable Board Policies & Administrative Regulations
- Audit requirements and auditor's responsibilities
- Basic Financial Statements review & analysis
- Report on Internal Controls and Compliance
- Comments from Richardson & Company, LLP

Previous Board Action

- The Board receives and files the annual audit each year.

Board Policies & Administrative Regulations

- **BP 3040**: An annual audit of the District's fiscal operations will be conducted by an independent certified accountant or certified public accounting firm with knowledge and experience in public agency accounting.
 - The Board will review and receive the annual audit report within 180 days after the end of the fiscal year.
- Government Code section 26909 requires government agencies to have periodic external financial reviews.

Audit Requirements

- The audit must be conducted in accordance to audit standards:
 - Generally accepted in the United States
 - Applicable to financial audits contained in Government Auditing Standards
 - Meeting the State Controller's minimum audit requirements for California special districts
- Richardson & Company, LLP performed the fiscal year 2014 audit for the District.

Auditor's Responsibility

- To express an opinion on the financial statements based on their audit.
- Issue a report on internal controls and compliance with laws, regulations, contracts, and grant agreements.
- Communicate with those charged with governance matters related to the audit as required by Statement on Auditing Standards (SAS) 114.

Fiscal Year 2014 Audited Financial Statements Review



EXPENDITURE	
Personnel Services	20,689
Less charged to maintenance	17,64
Sub total Personnel Services	3,0
Other Expenses	
Maintenance	
TOTAL	
Surplus before Depreciation	
Depreciation and amortisation	
Surplus after Depreciation	
Share of net profits from joint venture	
Surplus from Ordinary Activities	

14,373
19,627
7,108
41,108
84,022
5000
31,962
27,995
7,058
2,210
3,280
3,127
2,450
1,633
1,618
1,237
719
560
347
48
84,245
(224)
11,202

Audited Financial Statements

- The Basic Financial Statements consist of six parts:
 - Independent Auditor's Report
 - Management's Discussion and Analysis
 - Basic Financial Statements
 - Notes to the Basic Financial Statements
 - Supplemental Information and Schedules
 - Report on Internal Controls and Compliance

Independent Auditor's Report

- Richardson & Company, LLP issued an unqualified (“clean”) opinion that the financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2014, and the results of its operations and cash flows for the fiscal year.
- An unqualified opinion is the highest level of assurance that an auditor can provide.

Basic Financial Statements

- **Balance Sheet**
 - Identifies the District's assets, deferred outflows, liabilities, deferred inflows, and net position as of December 31, 2014.
- **Statement of Revenues, Expenses and Changes in Net Position**
 - Reports all of the District's revenues and expenses during the fiscal year 2014.
- **Statement of Cash Flows**
 - Provides information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities.

2014 Financial Highlights

- Total assets exceeded total liabilities by \$387.5 million, referred to as the net position, which was \$4.7 million higher than 2013.
- Capital assets, net of accumulated depreciation, totaled \$693.6 million, which were \$5.8 million higher than 2013.
- Operating revenue decreased \$5.8 million or 9.5% to \$55.0 million from 2013 due to lower water sales and hydroelectric sales as a result of the prolonged drought.
- Water sales revenue decreased \$3.3 million or 10.9% from 2013.
- Hydroelectric sales decreased \$2.7 million or 34.2% from the 2013.

2014 Financial Highlights, cont.

- Property taxes revenue increased \$0.8 million or 8.7% from 2013.
- Operating expenses, not including depreciation, increased \$1.0 million or 2.3% from 2013.
- Facility Capacity Charges (FCCs) decreased \$0.9 million to \$4.5 million from 2013.
- Developer Contributions increased \$6.8 million to \$10.3 million from 2013.
- Debt Service Coverage ratio including FCCs for 2014 was 2.00; exceeding the 1.25 level required by the bond investors.
- Debt Service Coverage ratio w/o FCCs for 2014 was 1.68; exceeding the 1.00 internal test.

2014 and 2013 Balance Sheets



14,373	
19,627	
7,108	
41,108	
84,022	
5000	
31,962	
27,995	
7,058	
2,210	
3,280	
3,127	
2,450	
1,633	
1,618	
1,237	
719	
560	
347	
48	
84,245	
(224)	
11,202	

EXPENDITURE	
Personnel Services	20,689
Less charged to maintenance	
Sub total Personnel Services	17,64
Other Expenses	3,0
Maintenance	
TOTAL	
Surplus before Depreciation	
Depreciation and amortisation	
Surplus after Depreciation	
Share of net profits from joint venture	
Surplus from Ordinary Activities	

Condensed Balance Sheets

(in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Assets and Deferred Outflows				
Current Assets	\$ 56.7	\$ 62.6	\$ (5.9)	-9.4%
Noncurrent Assets	37.6	39.9	(2.3)	-5.8%
Capital Assets, Net of Accum. Depreciation	693.6	687.8	5.8	0.8%
Deferred Outflows	6.2	5.3	0.9	17.0%
Total Assets and Deferred Outflows	<u>\$ 794.1</u>	<u>\$ 795.6</u>	<u>\$ (1.5)</u>	<u>-0.2%</u>
Liabilities and Deferred Inflows				
Current Liabilities	\$ 17.4	\$ 17.9	\$ (0.5)	-2.8%
Noncurrent Liabilities	384.0	390.0	(6.0)	-1.5%
Deferred Inflows	5.2	4.9	0.3	6.1%
Total Liabilities and Deferred Inflows	<u>\$ 406.6</u>	<u>\$ 412.8</u>	<u>\$ (6.2)</u>	<u>-1.5%</u>
Net Position				
Net Investment in Capital Assets	\$ 315.7	\$ 303.8	\$ 11.9	3.9%
Restricted for New Facilities	1.5	0.9	0.6	-
Restricted for Debt Service	13.4	20.2	(6.8)	-33.7%
Unrestricted	56.9	57.9	(1.0)	-1.7%
Total Net Position	<u>\$ 387.5</u>	<u>\$ 382.8</u>	<u>\$ 4.7</u>	<u>1.2%</u>
Total Liabilities, Deferred Inflows and Net Position				
	<u>\$ 794.1</u>	<u>\$ 795.6</u>	<u>\$ (1.5)</u>	<u>-0.2%</u>

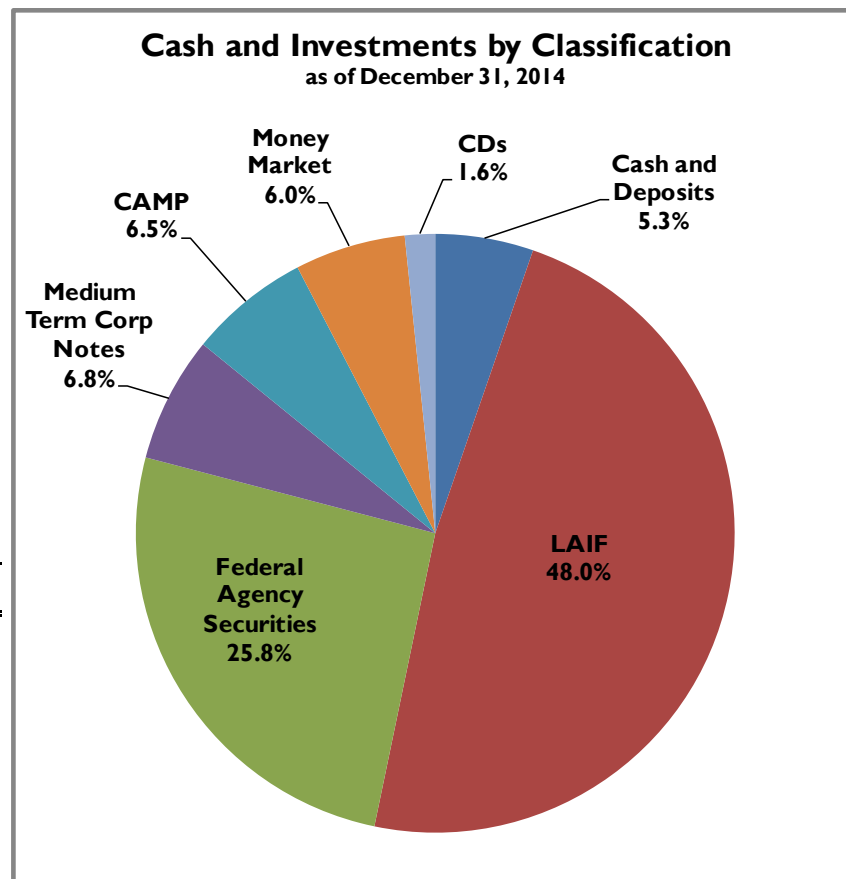
Cash and Investments

- Cash and Investments decreased \$8.2 million from prior year.

Cash and Investments (in millions)

December 31,

	2014	2013	Inc (Dec)	Inc (Dec)
Cash and Investments				
Cash and Cash Equivalents	\$ 40.2	\$ 45.9	\$ (5.7)	-12.4%
Investments	16.2	12.1	4.1	33.9%
Restricted Cash	8.2	9.1	(0.9)	-9.9%
Restricted Investments	9.0	14.7	(5.7)	-38.8%
Total Cash and Investments	\$ 73.6	\$ 81.8	\$ (8.2)	-10.0%



Capital Assets

- Capital Assets increased \$5.8 million from prior year.

Capital Assets, Net of Accumulated Depreciation (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Capital Assets				
Land and Easements	\$ 7.1	\$ 7.1	\$ -	0.0%
Water Rights	2.5	2.5	-	0.0%
Construction in Progress	39.9	37.9	2.0	5.3%
Water Plant in Service	504.4	496.3	8.1	1.6%
Wastewater Plant in Service	327.4	316.7	10.7	3.4%
General Plant	37.6	37.8	(0.2)	-0.5%
Recycled Water Facility	31.4	29.1	2.3	7.9%
FERC License	49.0	49.0	-	0.0%
Total Capital Assets	999.3	976.4	22.9	2.3%
Less Accumulated Depreciation	(305.7)	(288.6)	(17.1)	5.9%
Total Capital Assets, Net of Accum. Depreciation	<u>\$ 693.6</u>	<u>\$ 687.8</u>	<u>\$ 5.8</u>	<u>0.8%</u>

Capital Assets, cont.

- Major capital asset additions in 2014 were:
 - \$6.7 million for West Valley water, wastewater, and recycled water infrastructure.
 - \$4.1 million for improvements to wastewater lift stations.
 - \$1.7 million for Serrano water, wastewater, and recycled water infrastructure.
 - \$1.3 million for the construction of the Motherlode Forcemain.
 - \$1.0 million for improvements to flumes.

Liabilities

- Total liabilities decreased \$6.5 million from prior year primarily due to debt service offset by an increase in the FERC license obligation estimate.

Total Liabilities (in millions)

Liabilities	December 31,			
Current Liabilities	\$ 11.9	\$ 14.3	\$ (2.4)	-16.8%
Total Debt and Loans, net	360.0	369.3	(9.3)	-2.5%
Other Postemployment Benefits (OPEB)	5.4	4.3	1.1	25.6%
FERC License Liability	24.1	20.0	4.1	20.5%
Total Liabilities	<u>\$ 401.4</u>	<u>\$ 407.9</u>	<u>\$ (6.5)</u>	<u>-1.6%</u>

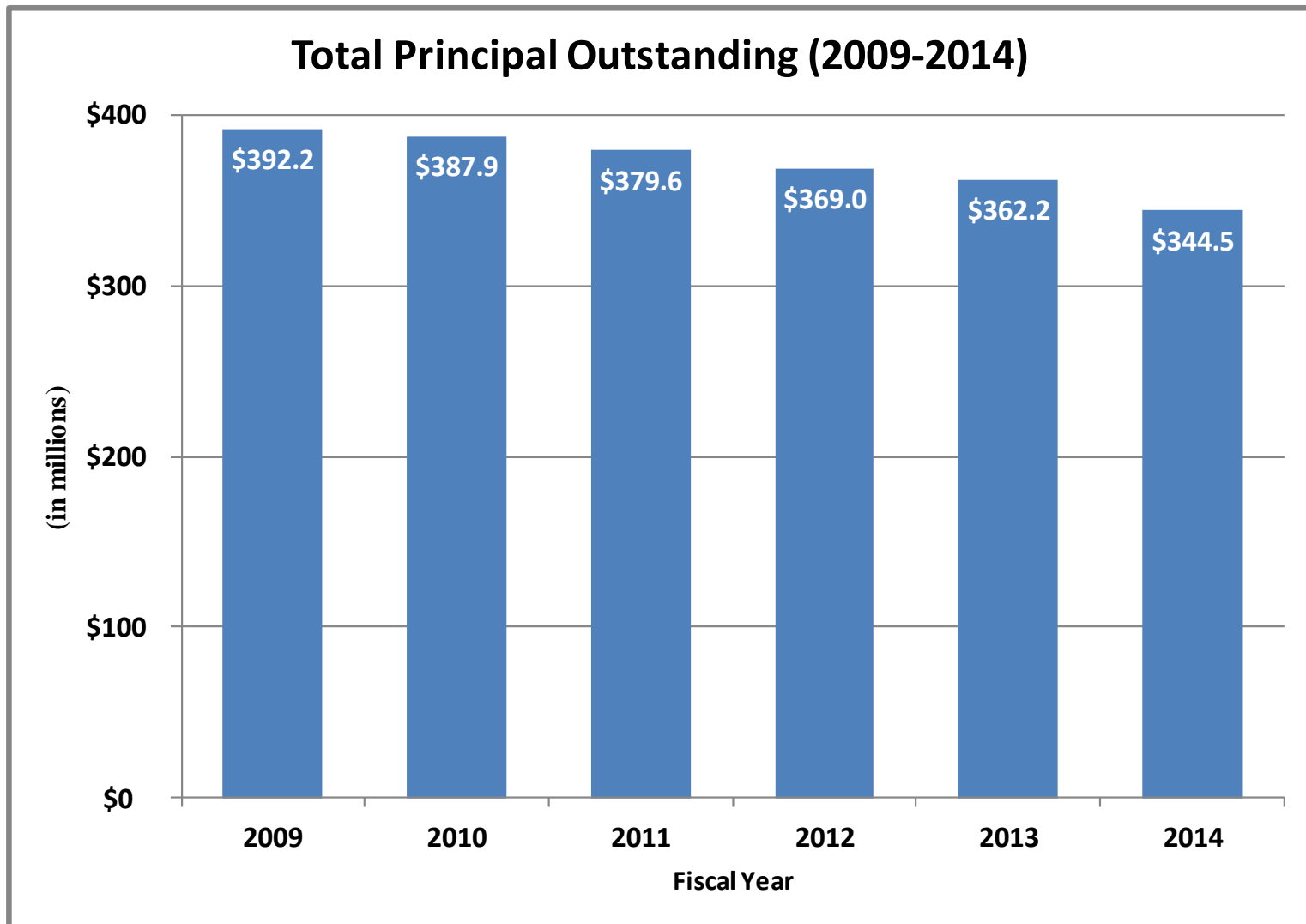
Total Debt and Loans

- Total debt and loans outstanding decreased \$9.3 million from 2013.

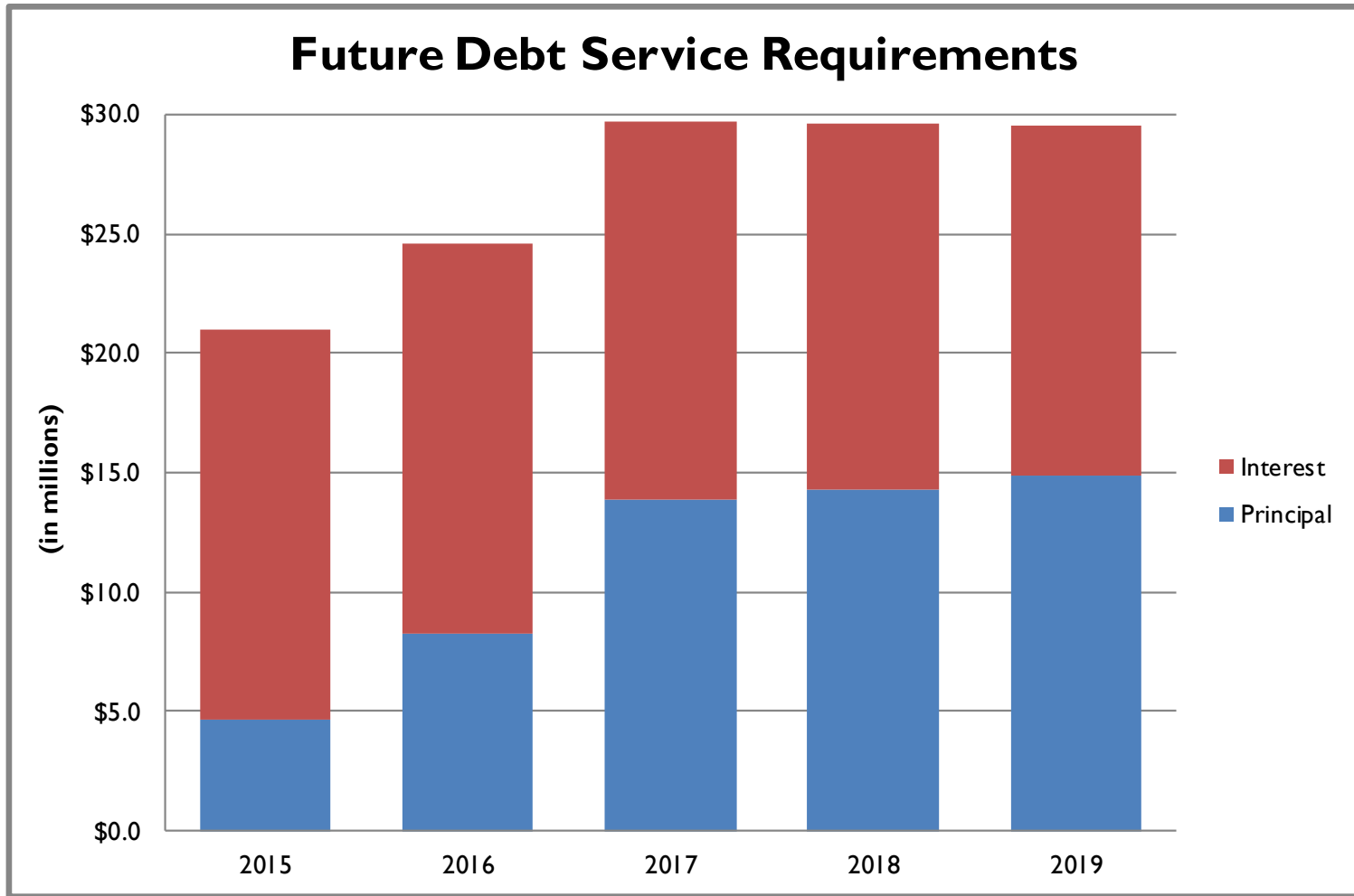
Long-Term Debt and Loans (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Long-Term Debt and Loans				
State of California Loans	\$ 15.4	\$ 16.4	\$ (1.0)	-6.1%
Revenue Certificates of Participations				
Fixed Rate Debt	48.0	182.3	(134.3)	-73.7%
Variable Rate Debt	110.7	110.7	-	0.0%
Refunding Revenue Bonds	168.6	50.5	118.1	233.9%
General Obligation Bonds	1.8	2.3	(0.5)	-21.7%
Total Long-Term Debt	<u>\$ 344.5</u>	<u>\$ 362.2</u>	<u>\$ (17.7)</u>	<u>-4.9%</u>
Bond Premium and Discounts	15.5	7.1	8.4	118.3%
Total Long-Term Debt and Loans, net	<u>\$ 360.0</u>	<u>\$ 369.3</u>	<u>\$ (9.3)</u>	<u>-2.5%</u>

Debt Principal Outstanding has decreased \$47.7 million or 12.2% since 2009



Future Debt Service – Next 5 Years



- ❖ The interest due assumes an interest rate of 5.0% on the variable rate debt

2014 and 2013 Statements of Revenues, Expenses and Changes in Net Position



REVENUE	EXPENDITURE
14,373	Personnel Services 20,689
19,627	Less charged to maintenance
7,108	Sub total Personnel Services 17,64
41,108	Other Expenses 3,6
84,022	Maintenance
5000	TOTAL
31,962	Surplus before Depreciation
27,995	Depreciation and amortisation
7,058	Surplus after Depreciation
2,210	Share of net profits from joint venture
3,280	Surplus from Ordinary Activities
3,127	
2,450	
1,633	
1,618	
1,237	
719	
560	
347	
48	
84,245	
(224)	
11,202	

Condensed Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended
(in millions)

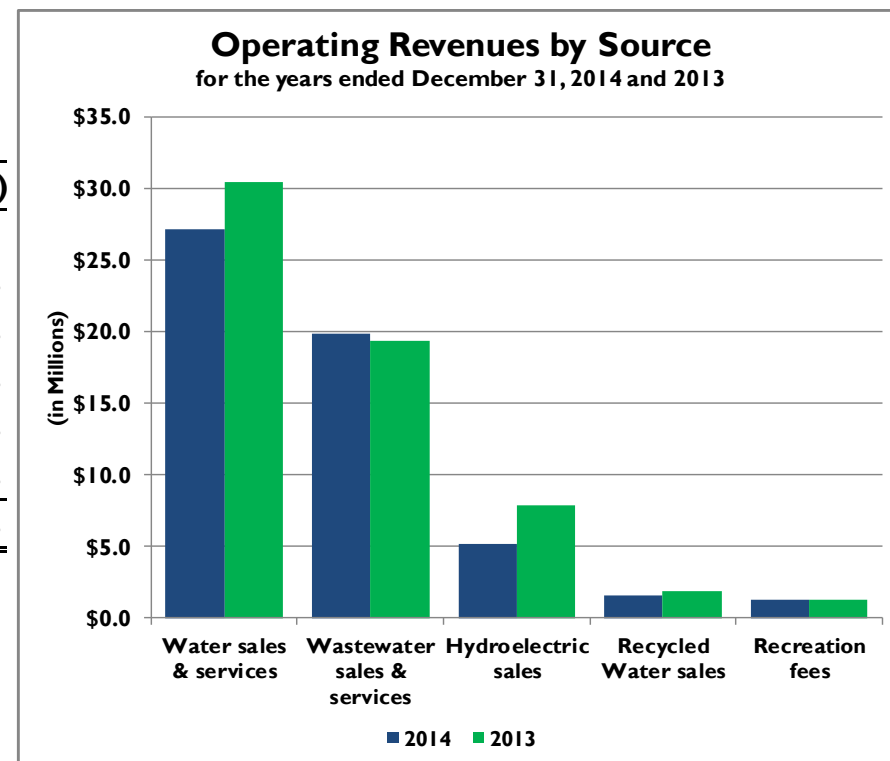
	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Revenues				
Operating Revenues	\$ 55.0	\$ 60.8	\$ (5.8)	-9.5%
Nonoperating Revenues	14.8	13.4	1.4	10.4%
Total Revenues	<u>69.8</u>	<u>74.2</u>	<u>(4.4)</u>	<u>-5.9%</u>
Expenses				
Operating Expenses	44.1	43.1	1.0	2.3%
Depreciation and Amortization	21.8	21.4	0.4	1.9%
Nonoperating Expenses	14.0	14.1	(0.1)	-0.7%
Total Expenses	<u>79.9</u>	<u>78.6</u>	<u>1.3</u>	<u>1.7%</u>
Net Loss Before Capital Contributions	<u>(10.1)</u>	<u>(4.4)</u>	<u>(5.7)</u>	<u>-129.5%</u>
Capital Contributions				
Facility Capacity Charges (FCCs)	4.5	5.4	(0.9)	-16.7%
Developer Contributions	10.3	3.5	6.8	194.3%
Total Capital Contributions	<u>14.8</u>	<u>8.9</u>	<u>5.9</u>	<u>66.3%</u>
Change in Net Position	<u>4.7</u>	<u>4.5</u>	<u>0.2</u>	<u>4.4%</u>
Net Position, Beginning of Year	<u>382.8</u>	<u>378.3</u>	<u>4.5</u>	<u>1.2%</u>
Net Position, End of Year	<u>\$ 387.5</u>	<u>\$ 382.8</u>	<u>\$ 4.7</u>	<u>1.2%</u>

Operating Revenues

- Operating Revenues decreased \$5.8 million from 2013.

For the Years Ended
(in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Revenues				
Water sales and services	\$ 27.1	\$30.4	\$ (3.3)	-10.9%
Wastewater sales and services	19.8	19.3	0.5	2.6%
Recycled Water sales	1.6	1.9	(0.3)	-15.8%
Hydroelectric sales	5.2	7.9	(2.7)	-34.2%
Recreation fees	1.3	1.3	-	0.0%
Total Operating Revenues	\$ 55.0	\$ 60.8	\$ (5.8)	-9.5%

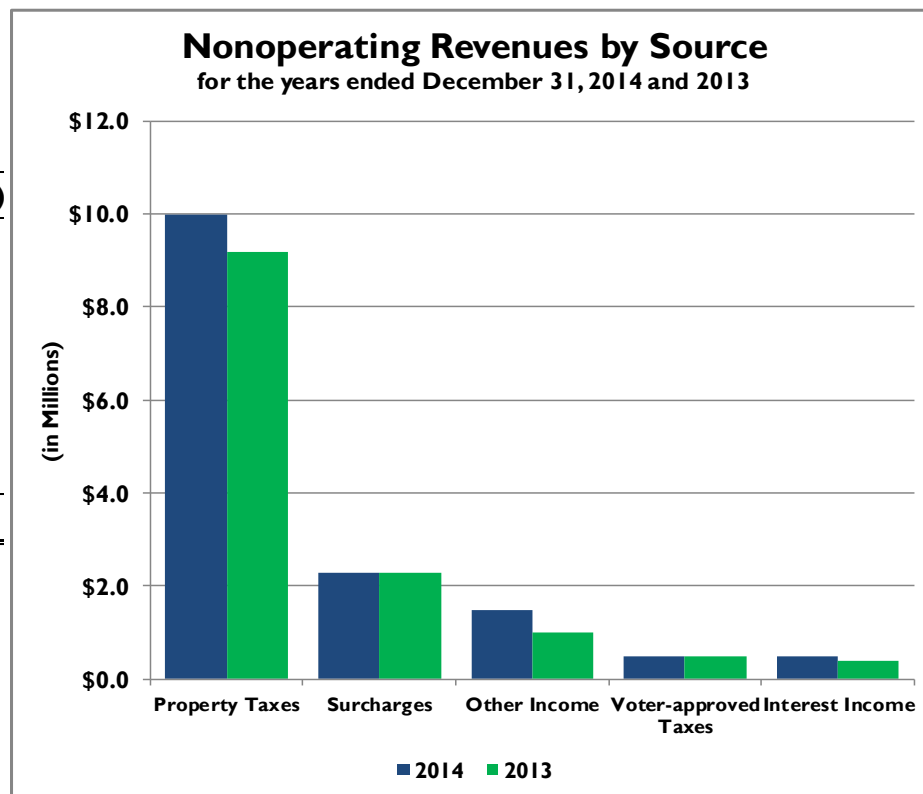


Nonoperating Revenues

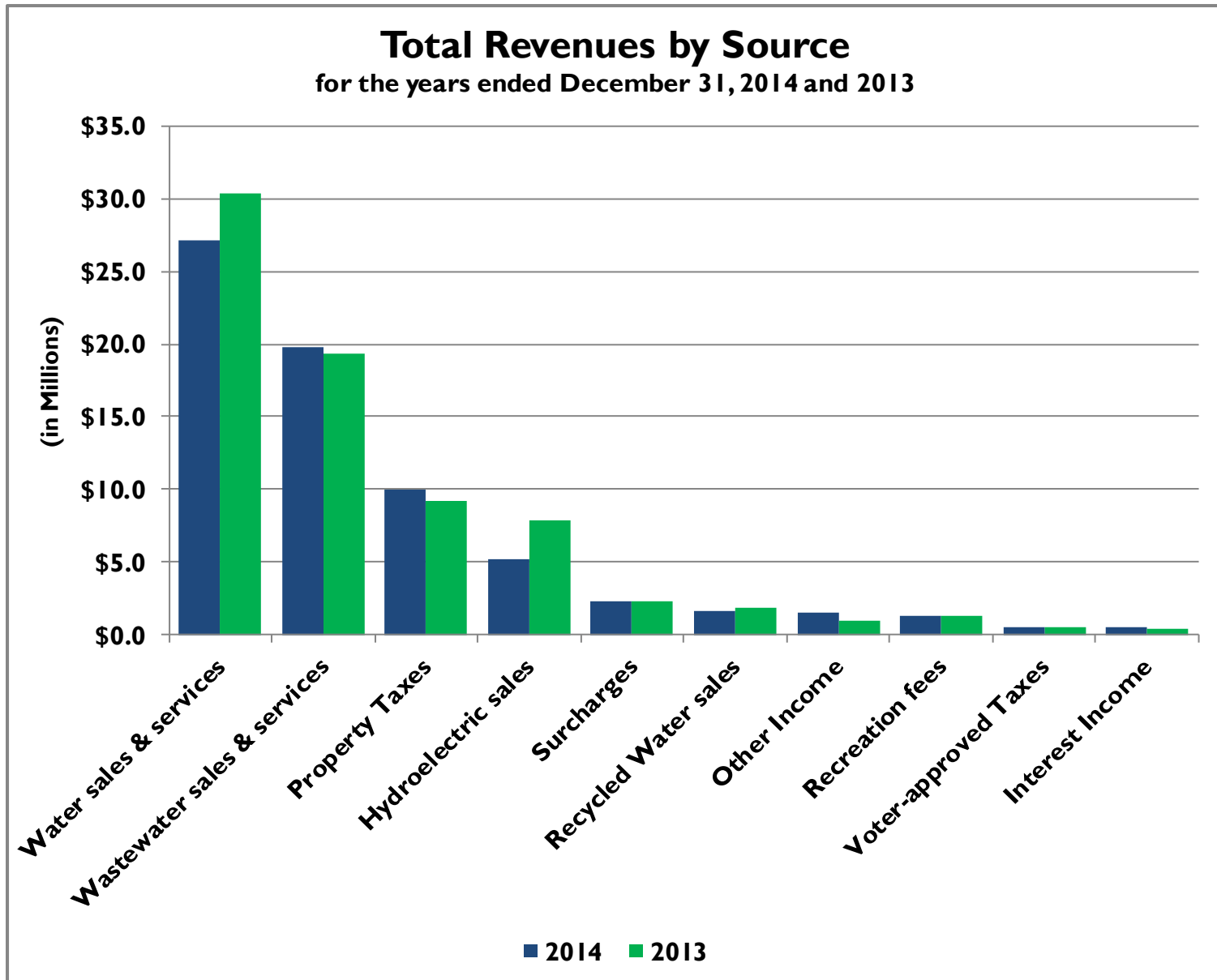
- Nonoperating Revenues increased \$1.1 million from 2013.

For the Years Ended
(in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Nonoperating Revenues				
Surcharges	\$ 2.3	\$ 2.3	\$ -	0.0%
Voter-approved Taxes	0.5	0.5	-	0.0%
Property Taxes	10.0	9.2	0.8	8.7%
Interest Income	0.5	0.4	0.1	25.0%
Other Income	1.5	1.0	0.5	50.0%
Total Nonoperating Revenues	\$ 14.8	\$ 13.4	\$ 1.4	10.4%



District's Total Revenues



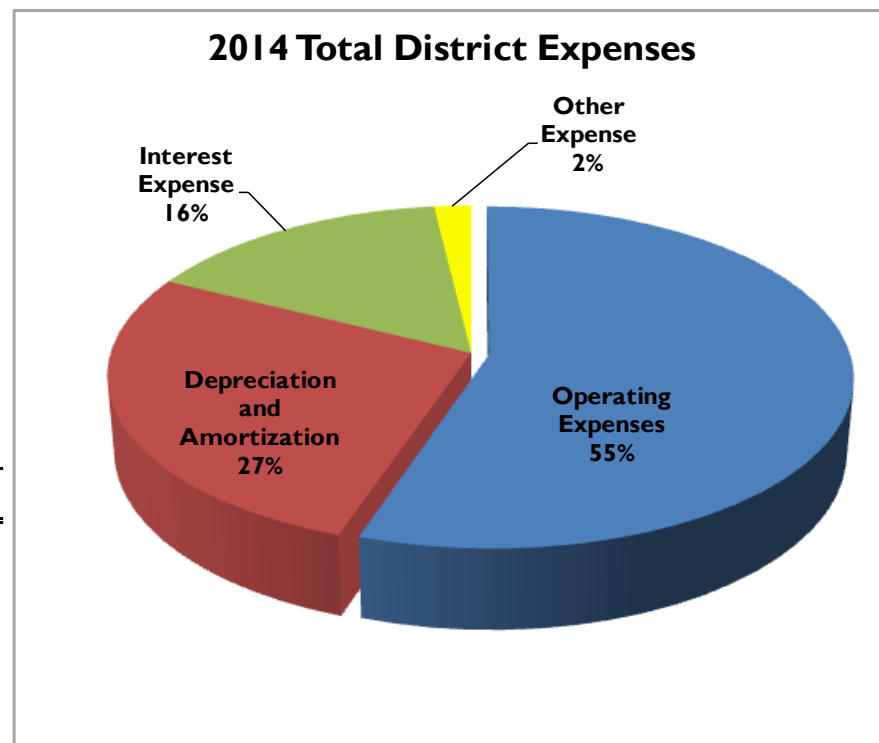
Total Expenses

- Total Expenses increased \$1.3 million or 1.7%.

For the Years Ended
(in millions)

December 31,

Expenses	December 31,		Inc (Dec)	
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Expenses	\$ 44.1	\$ 43.1	\$ 1.0	2.3%
Depreciation and Amortization	21.8	21.4	0.4	1.9%
Interest Expense	12.5	12.8	(0.3)	-2.3%
Other Expense	1.5	1.3	0.2	15.4%
Total Expenses	\$ 79.9	\$ 78.6	\$ 1.3	1.7%



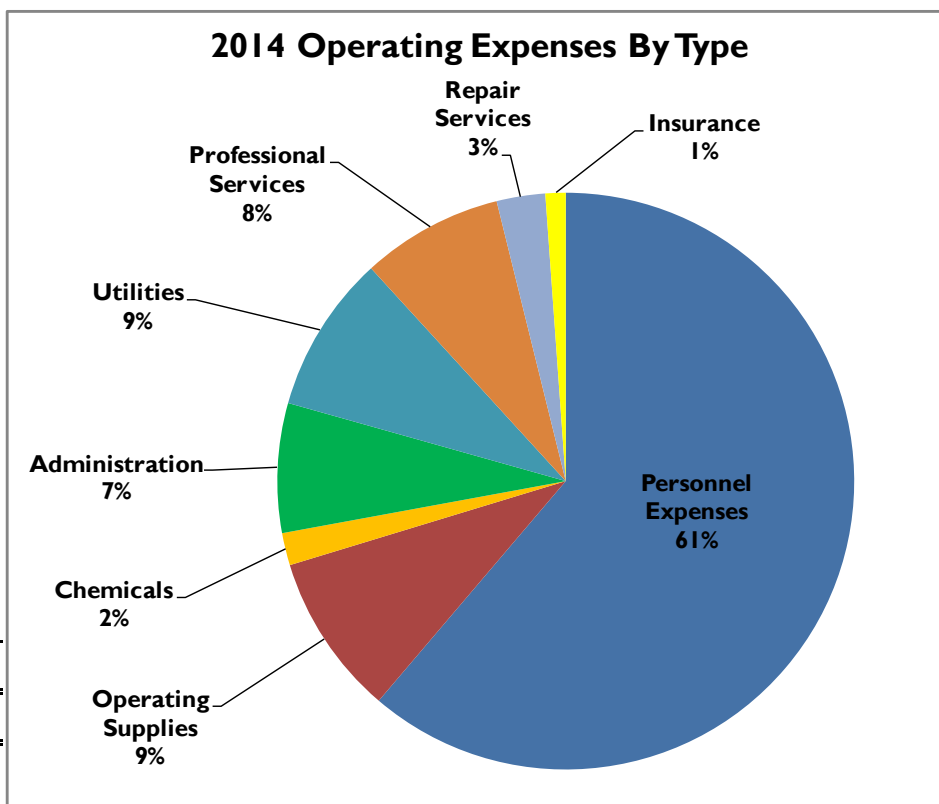
- ❖ Interest rates on the Variable debt averaged 0.05% during 2014 with a low of 0.02%.
- ❖ Variable Rate Debt Reserves Restricted Investments earned \$69.0 million (0.85% yield) in 2014.

Operating Expenses

- 2014 Operating Expenses, excluding depreciation and amortization increased \$1.0 million or 2.3%.
 - Non-cash OPEB year-end accrual was \$1.1 million.

For the Years Ended
(in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Expenses				
Personnel Expenses	\$ 27.0	\$ 26.8	\$ 0.2	0.7%
Operating Supplies	4.0	3.6	0.4	11.1%
Chemicals	0.8	1.0	(0.2)	-20.0%
Administration	3.2	3.1	0.1	3.2%
Utilities	3.9	4.0	(0.1)	-2.5%
Professional Services	3.5	3.3	0.2	6.1%
Repair Services	1.2	0.8	0.4	50.0%
Insurance	0.5	0.5	-	0.0%
Total Operating Expenses	\$ 44.1	\$ 43.1	\$ 1.0	2.3%
<i>without OPEB Accrual</i>	<i>\$ 43.0</i>	<i>\$ 41.9</i>	<i>\$ 1.1</i>	<i>2.6%</i>



Operating Income Before Depreciation and Amortization (OIBDA)

- OIBDA in 2014 was \$10.9 million.
 - A popular non-GAAP measure of financial performance used by companies to show profitability in ongoing business operations; excluding the effects of capitalization.

For the Years Ended (in millions)

	December 31,			
	2014	2013	Inc (Dec)	Inc (Dec)
Operating Revenues	\$ 55.0	\$ 60.8	\$ (5.8)	-9.5%
Operating Expenses	44.1	43.1	1.0	2.3%
Operating Income, Excluding Depreciation and Amortization	\$ 10.9	\$ 17.7	\$ (6.8)	-38.4%

2014 Key Financial Ratios



14,373	
19,627	
7,108	
41,108	
84,022	
5000	
31,962	
27,995	
7,058	
2,210	
3,280	
3,127	
2,450	
1,633	
1,618	
1,237	
719	
560	
347	
48	
84,245	
(224)	
11,202	

EXPENDITURE	
Personnel Services	20,689
Less charged to maintenance	
Sub total Personnel Services	17,64
Other Expenses	3,6
Maintenance	
TOTAL	
Surplus before Depreciation	
Depreciation and amortisation	
Surplus after Depreciation	
Share of net profits from joint venture	
Surplus from Ordinary Activities	

2014 Debt Service Coverage

- Debt Service Coverage ratio decreases from 2.27 to 2.00 in 2014. Below industry average of 3.21 (Moody's Investors Svcs).

For the Year Ended December 31, 2014
(in millions)

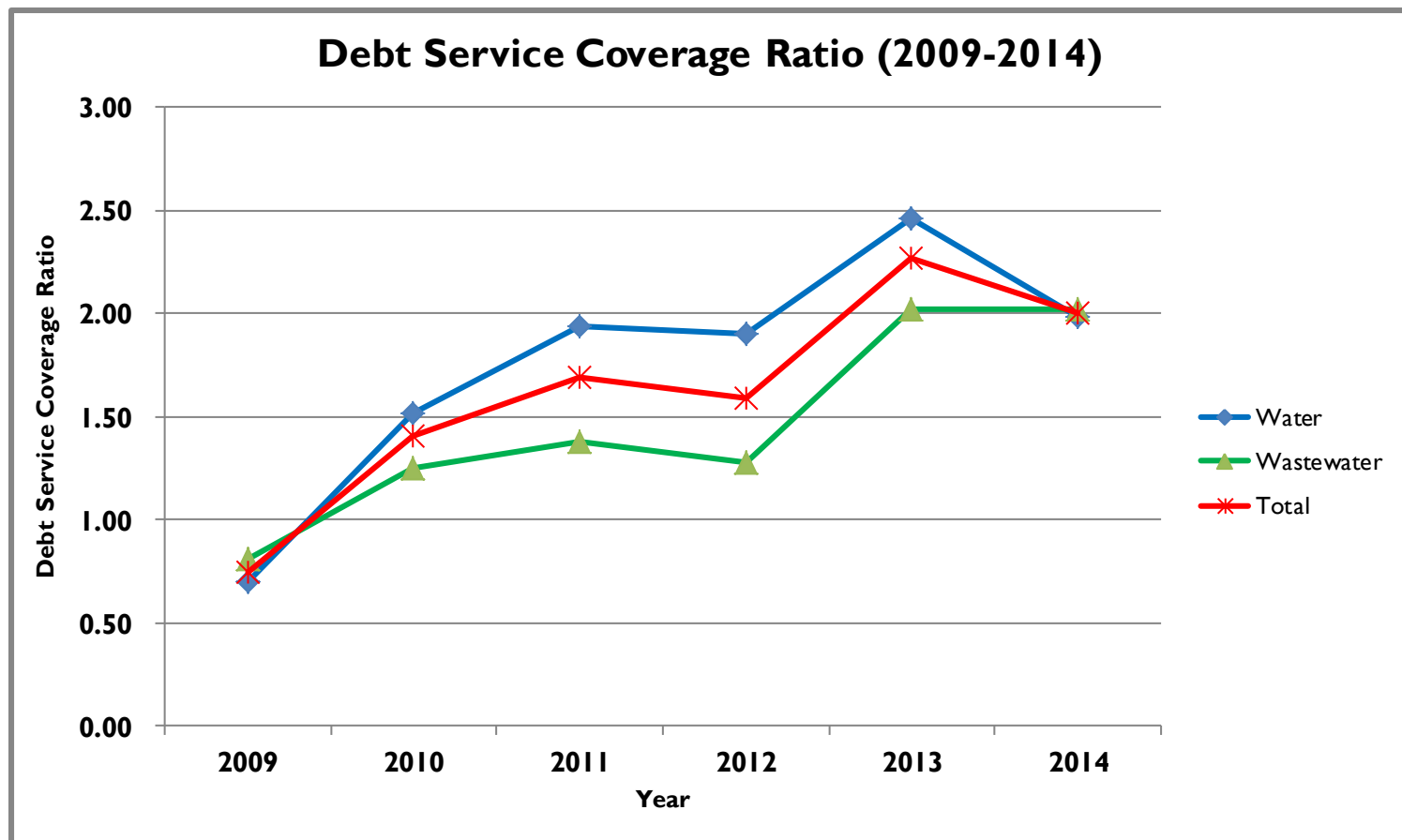
	Water	Wastewater	Total
Revenues ¹	\$ 44.5	\$ 29.4	\$ 73.9
Expenses ²	(27.5)	(17.1)	(44.6)
Net Revenues	17.0	12.3	29.3
Pre-existing Obligations - SRF Loans	(1.1)		(1.1)
Net Revenues Available for Debt Service	<u>\$ 15.9</u>	<u>\$ 12.3</u>	<u>\$ 28.2</u>
Senior Debt Service Requirements	<u>\$ 8.0</u>	<u>\$ 6.1</u>	<u>\$ 14.1</u>
Debt Service Coverage Ratio w/ FCCs	1.99	2.02	2.00
Debt Service Coverage Ratio w/o FCCs	1.72	1.62	1.68
Cash Available for Capital Projects or Other Purposes	<u>\$ 7.9</u>	<u>\$ 6.2</u>	<u>\$ 14.1</u>

¹ Revenues include all operating revenues, non-operating revenues, and Facility Capacity Charges

² Expenses include both operating and nonoperating expenses, excluding depreciation and interest

Debt Service Coverage Trend

- District has made major strides to improve its debt service coverage ratio over the last six years.



Debt Service Coverage Trend, cont.

- EID trails 3-year average of similar sized service population districts and similar credit rating districts.

2014 U.S. Water And Sewer Debt Service Coverage Ratios: Medians And Means By Population

	Pop Above 500,000		Pop 150,000 to 500,000		Pop 20,000 to 150,000		Pop Below 20,000	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	998,454	1,459,872	241,934	268,001	50,095	61,715	9,164	9,529
Debt service coverage*	2.02	3.04	2.15	3.32	2.27	2.98	1.91	2.63

*Average of last three years

EID Average = 1.95

2014 U.S. Water And Sewer Debt Service Coverage Ratios: Medians And Means By Rating Category

	AAA		AA		A		BBB or lower	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	237,492	575,254	74,051	227,882	18,919	64,802	12,500	476,784
Debt service coverage*	3.30	3.97	2.40	3.65	1.73	2.45	1.35	1.50

*Average of last three years

EID Average = 1.95

Source: Standard & Poor's Municipal Water and Sewer Ratings Services.

Liquidity – Current Ratio

- Indicator of the extent to which current assets can meet the claims of short-term creditors.
- District's 2014 Current Ratio = 3.26
 - Industry average = 2.72
- Calculation:

$$\begin{array}{r}
 \text{Current Assets} \\
 \hline
 \text{Current Liabilities}
 \end{array}
 = \frac{\text{\$ 56.7}}{\text{\$ 17.4}} = 3.26$$

(in millions)

Liquidity – Days' Cash on Hand

- Indicator of how unrestricted cash, investments, and designated reserves can provide the working capital to fund immediate needs on an ongoing basis.
- District's 2014 Days' Cash on Hand = 479 days
 - Industry average = 391 days
- Calculation:

$$\begin{array}{r}
 \text{Cash and Cash Equivalents} \\
 \hline
 \text{Operating Expenses}
 \end{array}
 \times 365 = \frac{\text{\$ } 56.4}{\text{\$ } 43.0} \times 365 = 479 \text{ Days}$$

(in millions)

Liquidity – Days’ Cash on Hand, cont.

- EID exceeds 3-year average of similar sized service population districts and similar credit rating districts.

2014 U.S. Water And Sewer Liquidity Ratios: Medians And Means By Population

	Pop Above 500,000		Pop 150,000 to 500,000		Pop 20,000 to 150,000		Pop Below 20,000	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	998,454	1,459,872	241,934	268,001	50,095	61,715	9,164	9,529
Days' cash on hand*	281	353	404	537	375	508	349	422

*Average of last three years

EID Average = 526 Days

2014 U.S. Water And Sewer Liquidity Ratios: Medians And Means By Rating Category

	AAA		AA		A		BBB or lower	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Population	237,492	575,254	74,051	227,882	18,919	64,802	12,500	476,784
Days' cash on hand*	472	629	417	556	283	402	144	261

*Average of last three years

EID Average = 526 Days

Leverage – Debt Ratio

- Indicator of the extent to which assets are financed through borrowing. Varies widely across industries.
- District's 2014 Debt Ratio = 0.44
 - Industry average = 0.46
- Calculation:

$$\begin{array}{r}
 \text{(in millions)} \\
 \frac{\text{Total Debt}}{\text{Total Assets}} = \frac{\$344.5}{\$787.9} = 0.44
 \end{array}$$

Leverage – Debt to Capitalization Ratio

- Indicator that measures the total amount of debt in a company's capital structure. Varies widely across industries.
- District's 2014 Debt to Capitalization Ratio = 52%
 - Strong = 35%-50%
 - Adequate = 50%-65%
- Calculation:

$$\frac{\text{Total Debt}}{\text{Total Debt} + \text{Investment in Cap Assets}} = \frac{\text{\$ 344.5}}{\text{\$ 660.2}} = 52\%$$

(in millions)

Efficiency – Non-Capital Operating Ratio

- Measure of ability to cover operational costs with operating revenue. Smaller the ratio, greater the organization's ability to cover costs if revenues decrease.
- District's 2014 Operating Ratio = 0.78
 - Industry average = 0.72
- Calculation:

$$\begin{array}{r}
 \text{Operating Expenses} \\
 \hline
 \text{Operating Revenues}
 \end{array}
 = \frac{\text{\$ 43.0}}{\text{\$ 55.0}} = 0.78$$

(in millions)

❖ *Operating Expenses do not include non-cash depreciation expense and year-end OPEB accrual*

Source: Moody's Investor Services.

Report on Internal Controls and Compliance

- Richardson & Company did not identify any deficiencies in internal control that they considered to be material weaknesses.
- Richardson & Company did not identify any instances of noncompliance or other matters that are required to be reported.

Comments from Richardson & Company, LLP

- Brian Nash, CPA - Partner

Board Decisions/Options

- Option 1:
Receive and file the 2014 Annual Audit.

- Option 2:
Take other action as directed by the Board.

- Option 3:
Take no action.

Staff/General Manager's Recommendation

Option I

EL DORADO IRRIGATION DISTRICT

SUBJECT: Consideration to award a construction contract to TNT Industrial Contractors Inc. in the not-to-exceed amount of \$344,740; and authorize total funding of \$453,678 for the El Dorado Hills Wastewater Treatment Plant Digester 1 Rehabilitation, Project No. 14043.01, Contract No. 15-06.

Previous Board Actions:

- May 11, 2015 – The Board approved additional funding for the El Dorado Hills Wastewater Digester 1 s project.

Board Policies (BP), Administrative Regulations (AR), and Board Authority

In accordance with Board Policy 3060 and Administrative Regulation 3061, contracts above \$50,000 require Board approval.

Summary of Issues

The EDHWWTP Digester 1 is in need of a new interior protective coating along the ceiling and upper wall areas. Also, several areas need concrete rehabilitation to insure structural and containment continuity. Other areas needing work include minor exterior piping rehabilitation and the replacement of rusted bolts and access hatches.

Staff Analysis/Evaluation

The El Dorado Hills Wastewater Treatment Plant is one of four treatment plants that the District owns and operates. In 1997, a 60-foot-diameter by approximately 45-foot-tall anaerobic digester (Digester 1) was constructed to break down solids removed from the primary and secondary clarifiers. The facility also includes a second, nearly identical Digester 2, which was constructed with the expansion of the plant in 2010. In 2014, District staff identified leaks in Digester 1 which prompted a shutdown of Digester 1 to perform a full investigation. Typically digesters are expected to last many decades; however they require inspection and rehabilitation every 15-20 years of use.

In late 2014, SAGE engineers performed an on-site investigation of Digester 1 under an on-call contract. The objective of this investigation was to:

- Visually evaluate the reinforced concrete structure and the miscellaneous metal work attached to the concrete structure
- Visually evaluate and inspect the coating system within the tank
- Visually evaluate the entire wall and floor sections
- Collect concrete core samples in the roof, floor and walls
- Collect measurements on the silo dimensions including openings, foundation, roof and interior construction which would be needed for a structural analysis purposes
- Provide a condition assessment report with recommended rehabilitation

The report concluded that the digester structure is in generally good condition considering the length of service. Several areas of rehabilitation and maintenance were recommended to ensure the continued proper operation of Digester 1 for another 20 years. These items include:

- Rehabilitation of concrete spalling in floor sump wall
- Rehabilitation of a rock pocket near base of wall
- Rehabilitation cracks in post-tension blockout concrete and other similar blockouts exhibiting cracking
- Removal of existing interior coating, fill pitting in dome and construction wall joint and replace coating (dome and upper wall section)
- Remove and replace mastic joint between main structure and overflow structure
- Remove two observation/inspection ports in the dome and cover with steel plates
- Remove and re-grout guard railing at specific locations
- Remove corrosion on pipe flanges and recoat with appropriate coating
- Replace seals on both manhole covers in digester dome

SAGE coordinated with District staff to develop the design and prepare plans and specifications for bidding.

Bidding

On April 10, 2015, an advertisement for bids was published for the Digester 1 Rehabilitation project. A mandatory pre-bid site visit was held on May 4, 2015. Six contractors attended the pre-bid site visit, although some were attending as subcontractors for this project. On May 20, 2015, one bid was received from TNT Industrial Contractors Inc. in the amount of \$344,740. The engineer's estimate for this project was \$350,000.

Consequences of Delaying the Project

With only one bid received, staff considered rejecting the bid and re-bidding the project. However, given the bid is within the engineer's estimate and with no signs of the construction climate slowing down, there are no guarantees that rebidding the project will result in more favorable results. The work is more specialized and does not garner the interest of general contractors that typically bid on our projects.

Also from an operational standpoint, Digester 1 needs to be rehabilitated and placed back online in order to perform a subsequent warranty inspection on Digester 2. In 2010, Digester 2 had a construction issue with the dome and under a special warranty agreement the contractor is required to perform a warranty inspection after five years from construction completion. Operations staff has also recently reported signs of a leak on Digester 2. Therefore it is important to perform the Digester 2 inspection within the 5-year timeframe in the event rehabilitation is required by the contractor at their cost.

Environmental Review and Regulatory Permits

In accordance with the California Environmental Quality Act (CEQA), CEQA Guidelines, and the District's Procedures to Implement CEQA, staff has determined the proposed Digester 1 Rehabilitation project is categorically exempt from CEQA pursuant to Section 15301 of the CEQA Guidelines as maintenance to an existing facility. Staff will file a Notice of Exemption from CEQA with the County Recorder's Office after Board approval of the project. No permits are required from regulatory agencies for this work.

Funding

A new project was created in 2014 after CIP adoption in order to fund the evaluation and design. District staff will perform construction management and general inspection. Bay Area Coatings will perform inspection of the interior dome and upper walls re-coating. A summary of funding needs is as follows:

Funding Requirements

TNT Industrial Contractors Inc.	\$344,740
Capitalized Labor – Construction Management and Inspection	\$44,861
Coating Inspection – Bay Area Coatings	\$10,285
Construction Engineering services - SAGE	\$21,640
Project Contingency	\$42,153
Total Project Cost	\$463,678
Current Project Balance	(\$10,000)
TOTAL FUNDING REQUESTED	\$453,678

Board Decisions/Options:

Option 1: Award a construction contract to TNT Industrial Contractors Inc. in the not-to-exceed amount of \$344,740; and authorize total funding of \$453,678 for the El Dorado Hills Wastewater Treatment Plant Digester 1 Rehabilitation, Project No. 14043.01, Contract No. 15-06.

Option 2: Take other action as directed by the Board.

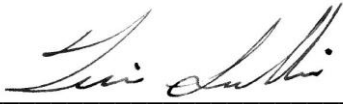
Option 3: Take no action.

Staff/General Manager's Recommendation

Option 1

Support Documents Attached

A. Bid Summary



Tim Sullivan, P.E.
Senior Engineer



for

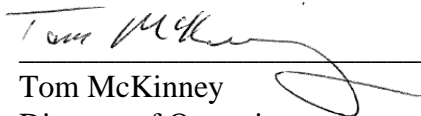
Elizabeth Wells, P.E.
Engineering Manager



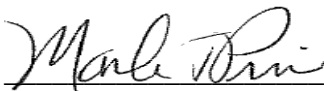
Dan Corcoran
Environmental Division Manager



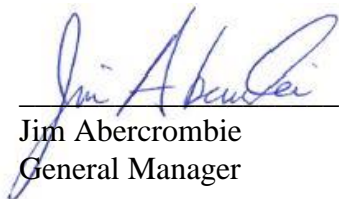
Brian Mueller, P.E.
Director of Engineering



Tom McKinney
Director of Operations



Mark Price
Director of Finance



Jim Abercrombie
General Manager

EL DORADO IRRIGATION DISTRICT

EDHWWTP Digester 1 Repairs

PROJECT NO. 14043.01; CONTRACT NO. E15-06

Bid Opening: May 20, 2015 @ 3:00 p.m. in the El Dorado Irrigation District's Board Room

Page 1 of 1

SUMMARY OF BIDS RECEIVED

TNT Industrial Contractors, Inc.
Sacramento, CA

ITEM NO.	WORK OR MATERIAL	QUANTITY	UNIT	UNIT PRICE (FIGURES)	AMOUNT (FIGURES)
1	Bonds and Insurance	1	LS	\$ 9,639.00	\$ 9,639.00
2	Mobilization / Demobilization	1	LS	14,459.00	14,459.00
3	Removal/Disposal of Interior Coating	4,600	SF	9.00	41,400.00
4	Interior Concrete Surface Preparation and New Coating Application	4,600	SF	24.00	110,400.00
5	ALLOWANCE for Additional Interior Concrete Surface Preparation and New Coating Applications	460	SF	27.00	12,420.00
6	Interior Concrete Patching (Half of Dome estimated for bug hole repairs)	2,300	SF	17.00	39,100.00
7	ALLOWANCE for Additional Interior Concrete Patching (Half of Dome estimated for bug hole repairs)	2,300	SF	14.00	32,200.00
8	Interior Piping and Flange Repairs	10	EA	1,930.00	19,300.00
9	Misc. Exterior Concrete Repairs (Crack Sealand, Mastic Repairs, Handrail)	1	LS	25,386.00	25,386.00
10	Replacement of Inspection Ports	2	EA	5,007.00	10,014.00
11	Manhole Seals and Hardware Replacement	2	EA	7,708.00	15,416.00
12	Exterior Valve Refurbishing	6	EA	2,501.00	15,006.00
TOTAL					\$ 344,740.00

THIS TABULATION REPRESENTS A TRUE AND COMPLETE SUMMARY OF BIDS RECEIVED BY EL DORADO IRRIGATION DISTRICT

PROJECT NO. 14043.01; CONTRACT NO. E15-06

PREPARED BY: Lori Bazinet
District Contract Management

SUBMITTED BY:



Tim Sullivan, Project Manager

Consideration to Award the El Dorado Hills Wastewater Treatment Plant Digester 1 Rehabilitation Project

June 8, 2015



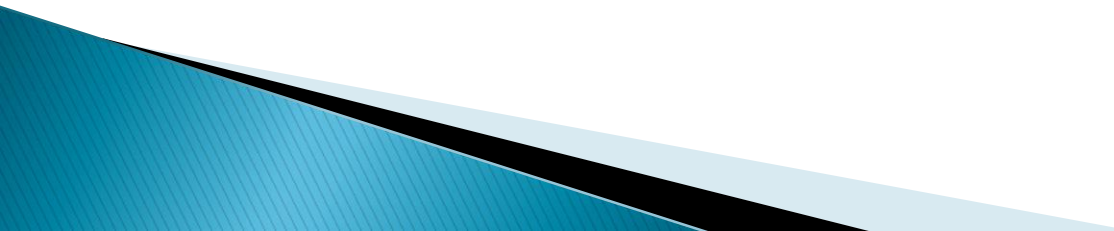
Previous Board Actions

- May 11, 2015 – The Board approved additional funding for the El Dorado Hills Wastewater Digester 1 Rehabilitation project.

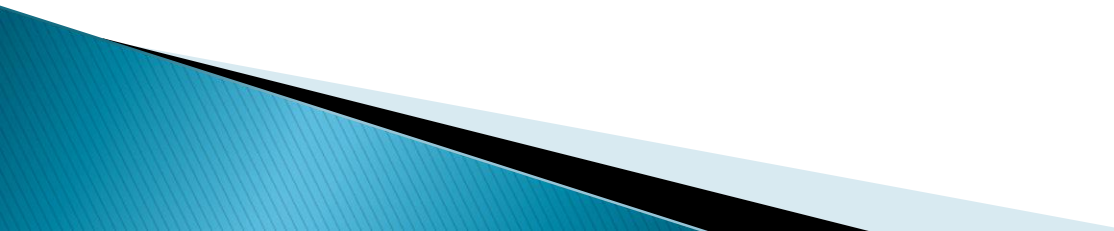
Board Policies and Administrative Regulations

- In accordance with Board Policy 3060 and Administrative Regulation 3061, contracts above \$50,000 require Board approval

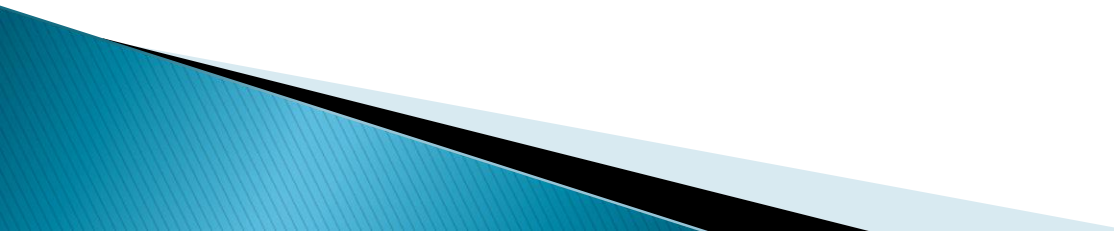
EDHWWTP

- EDHWWTP is located 1.5 miles south of Highway 50 on Latrobe Road
 - Treats wastewater for approximately 13,600 wastewater service connections in the El Dorado Hills community
 - The EDHWWTP treats wastewater to a tertiary level specified in the discharge permit issued by the State of California
- 

Summary of Issues

- ▶ EDHWWTP Digester 1 is in need of a new interior protective coating along the ceiling and upper wall areas
 - ▶ Several areas need concrete rehabilitation to insure structural and containment continuity
 - ▶ Additional rehabilitation include minor exterior piping rehabilitation and the replacement of rusted bolts and access hatches
- 

What is a Digester?

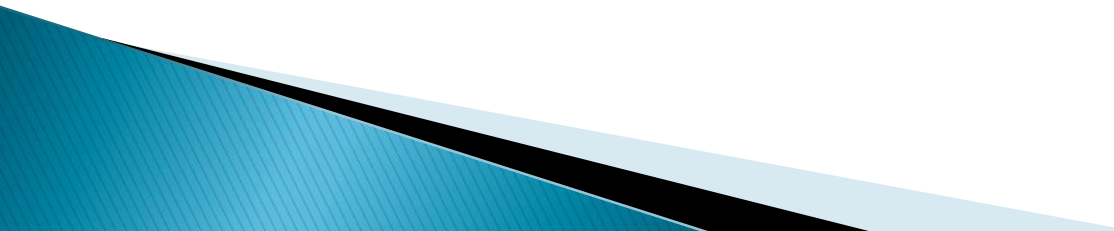
- When biosolids are moved from the main treatment process they are processed in anaerobic digesters which are 60' in diameter and 45' high
 - The digesters breakdown the solids by utilizing anaerobic bacteria
 - The anaerobic bacteria breakdown pathogens and produce methane gas which is recycled to heat the digesters
- 

What is a Digester?

- The anaerobic process takes 30 days
- During normal operations the interior of the digester is exposed to:
 - Constant 100°F
 - Abrasion of constant mixing
 - Methane gas in head space
 - 100% humidity
- Digester 1 was constructed in 1997
- Digester 2 was constructed in 2010



Staff Analysis / Evaluation

- Typically digesters are expected to last many decades however they require inspection and rehabilitation every 15–20 years of use
 - District staff identified a few minor gas leaks in Digester 1 and was shutdown to perform a full investigation
- 

Staff Analysis / Evaluation

- During October of 2014, SAGE engineers performed an on-site investigation of Digester 1
- The objective of this investigation was to:
 - Evaluate the structure and miscellaneous metal work attached to the concrete structure
 - Evaluate the coating system within the tank
 - Evaluate the entire wall and floor sections
 - Collect concrete core samples in the roof, floor and walls
 - Collect data necessary to perform a structural analysis

Staff Analysis / Evaluation

- SAGE's investigation found the digester structure is generally in good condition considering the 18 years in service

Rehabilitation Needed

- Several areas of minor rehabilitation and maintenance were recommended to ensure the continued proper operation of Digester 1 for another 15–20 years. These items include:
 - Rehabilitation concrete spalling along the floor, sump and wall
 - Rehabilitation rock pockets near base of wall
 - Rehabilitation cracks in post-tension structures

Rehabilitation Needed

Other items to be rehabilitated include:

- Removal of existing interior coating, fill pitting and construction wall joint
- Recoat interior dome and upper wall section
- Remove and replace mastic joint between main structure and overflow structure
- Remove leaking inspection ports and cover with steel plates
- Remove and re-grout guard railing at specific locations
- Remove corrosion on pipe flanges and recoat with appropriate coating
- Replace seals on both manhole covers in digester dome







Inspection port



Existing Interior Coating

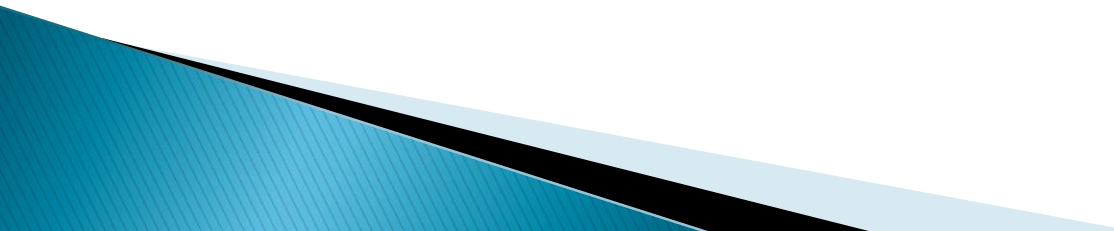




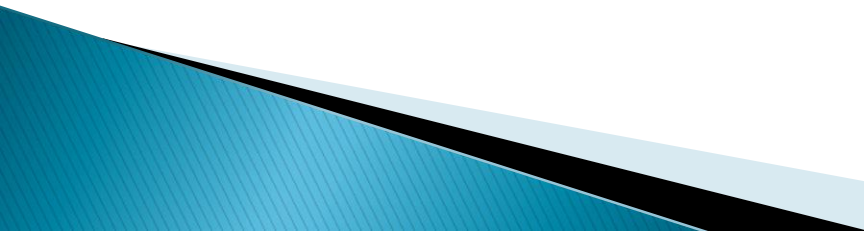
Manhole Cover



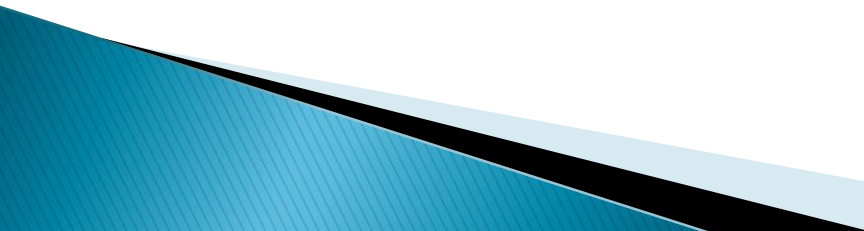
Rehabilitation Design

- December 2014, the District contracted SAGE Engineering to design the rehabilitation
 - The design included technical specifications and plans detailing the items identified in their report
 - SAGE coordinated with District staff to develop the design and prepare plans and specifications
- 

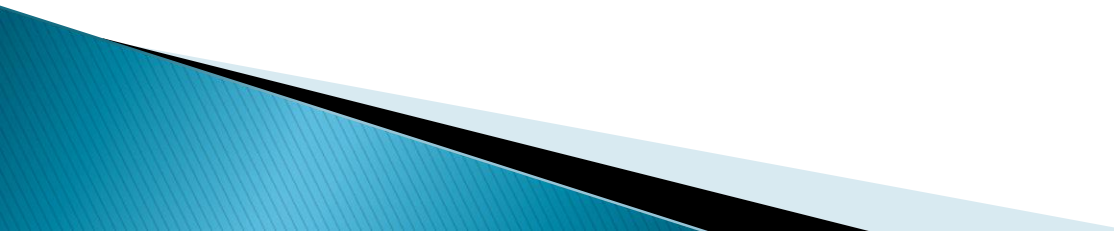
Bidding

- April 10, 2015 – Advertisement for Bids
 - May 4, 2015 – Mandatory site visit was held, which was attended by six contractors
 - May 20, 2015 one bid was received from TNT Industrial Contractors Inc. in the amount of \$344,740. The engineer's estimate for this project was \$350,000
 - TNT Industrial Contractors Inc. is qualified to perform the work
- 

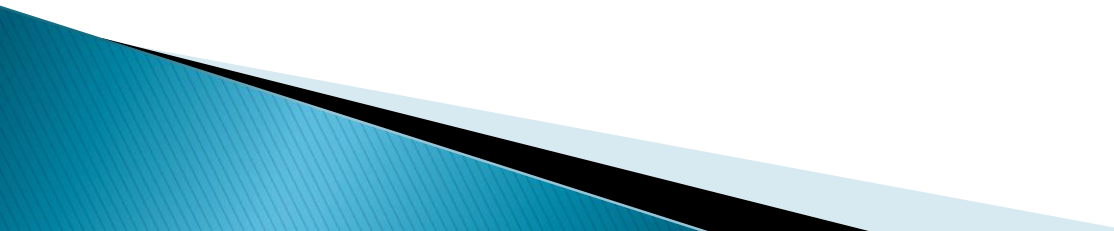
Bidding

- With only one bid staff considered rejecting and re-bidding
 - However the bid is within the engineer's estimate and with no signs of the construction climate slowing down, there are no guarantees that rebidding the project will result in more favorable results.
 - The work is more specialized and does not garner the interest of general contractors that typically bid on our projects.
- 

Construction

- EID staff shall perform construction management and general inspection
 - Bay Area Coatings shall provide coating inspection under an on-call contract
 - SAGE Engineering shall provide technical review, design support and structural inspection
- 

Environmental

- District staff has determined the project is categorically exempt from CEQA pursuant to Section 15301 of the CEQA Guidelines maintenance to an existing facility
 - Staff will file a Notice of Exemption from CEQA with the County Recorder's Office after Board approval of the project
 - No permits are required from regulatory agencies for this work
- 

Funding

Anticipated Project Costs

TNT Industrial Contractors Inc.	\$ 344,740
Capitalized Labor	\$ 44,861
Coating Inspection	\$ 10,285
Construction Engineering services	\$ 21,640
Project Contingency	\$ 42,153
<u>Total Project Cost</u>	<u>\$463,678</u>
Current Project Balance	(\$ 10,000)
Total Funding Requested	\$453,678

Board Options

Option 1:

Award a construction contract to TNT Industrial Contractors Inc. in the not-to-exceed amount of \$344,740; and authorize total funding of \$453,678 for the El Dorado Hills Wastewater Treatment Plant Digester 1 Rehabilitation, Project No. 14043.01, Contract No. 15-06.

Board Options

Option 2:

Take other action as directed by the Board

Option 3:

Take no action

Staff/General Manager's Recommendation

Option 1

Questions