AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS

District Board Room, 2890 Mosquito Road, Placerville, California
January 22, 2018 — 9:00 A.M.

Board of Directors

Michael Raffety—Division 3
President

Alan Day—Division 5
Vice President

George Osborne—Division 1
Director

Greg Prada—Division 2
Director

Dale Coco, MD—Division 4
Director

Executive Staff

Jim Abercrombie
General Manager

Brian D. Poulsen, Jr.
General Counsel

Jennifer Sullivan
Clerk to the Board

Jesse Saich
Communications

Brian Mueller
Engineering

Mark Price
Finance

Jose Perez
Human Resources

Tim Ranstrom
Information Technology

Margaret Washko
Operations

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.

AMERICANS WITH DISABILITIES ACT: In accordance with the Americans with Disabilities Act (ADA) and California law, it is the policy of 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 email 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.

CALL TO ORDER

Roll Call
Pledge of Allegiance
Moment of Silence

ADOPT AGENDA

COMMUNICATIONS

General Manager's Employee Recognition

PUBLIC COMMENT

COMMUNICATIONS

General Manager
Clerk to the Board
Board of Directors

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

APPROVE CONSENT CALENDAR

Action on items pulled from the Consent Calendar

CONSENT CALENDAR

1. **Finance (Pasquarello)**
   Ratification of EID General Warrant Register for the period ending January 9, 2018, and Board and Employee Expense Reimbursements for this period.

   Option 1: Ratify the EID General Warrant Register as submitted to comply with Section 24600 of the Water Code of the State of California. Receive and file Board and Employee Expense Reimbursements.
   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 January 8, 2018 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. **Operations / Engineering (Washko/Mueller)**
   Consideration to ratify Resolution No. 2017-014 to maintain the emergency declaration as a result of ongoing storm-related activities.

   Option 1: Ratify Resolution No. 2017-014 (*thus maintaining the emergency declaration*).
   Option 2: Decline to ratify Resolution No. 2017-014 (*thus terminating the emergency declaration*) or take other action as directed by the Board.
   Option 3: Take no action (*thus terminating the emergency declaration*).

   Recommended Action: Option 1 (*four-fifths vote required*).

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 $85,000.
   Option 2: Take other action as directed by the Board.
   Option 3: Take no action.

   Recommended Action: Option 1.

5. **Finance (Pasquarello)**
   Consideration to adopt resolutions certifying signatures on the District's checking accounts.

   Option 1: Adopt resolutions certifying signatures for the Bank of America and El Dorado Savings Bank checking accounts.
   Option 2: Take other action as directed by the Board.
   Option 3: Take no action.

   Recommended Action: Option 1.

6. **Engineering (Corcoran)**
   Consideration to award a contract to All Pro Backflow Inc. in the not-to-exceed amount of $171,727.50, for 2018 backflow prevention assembly testing services with the option to extend the contract annually through 2020.

   Option 1: Award a contract to All Pro Backflow Inc. in the not-to-exceed amount of $171,727.50, for 2018 backflow prevention assembly testing services with the option to extend the contract annually through 2020.
   Option 2: Take other action as directed by the Board.
   Option 3: Take no action.

   Recommended Action: Option 1.

END OF CONSENT CALENDAR

DIRECTOR ITEM

7. **Board of Directors (Coco)**
   Consideration to agendize an action item for the February 12, 2018 regular Board meeting to consider a funding change for the low-income assistance program for District residential wastewater customers only.

   Option 1: Agendize an action item for the February 12, 2018 regular Board meeting to consider a funding change for the low-income assistance program for District residential wastewater customers only.
   Option 2: Take other action.
   Option 3: Take no action.

   Director's Recommended Action: Option 1.

ACTION ITEMS

8. **Finance / Engineering (Price/Mueller)**
   Consideration of a 10% reduction in the District's wastewater rates.

   Option 1: Reduce District's wastewater rates by 10% in 2018.
   Option 2: Take other action as directed by the Board.
   Option 3: Take no action.

   Recommended Action: Option 3.

CLOSED SESSION

A. **Conference with General Counsel –Anticipated Litigation (Poulsen)**
   Significant Exposure to Litigation pursuant to Government Code Section 54956.9(d)(2), (e)(3), & (e)(5): Statement threatening litigation regarding Claim NO. 17-1796, made by Eric Benink on January 5, 2018

REVIEW OF ASSIGNMENTS

ADJOURNMENT

EL DORADO IRRIGATION DISTRICT
January 22, 2018

General Manager Communications

Awards and Recognitions

a) Welcome to the District, Jennifer Ehrhart. Jennifer has been hired to the position of Finance Assistant I in the Utility Billing Division.

Staff Reports and Updates

None

CONSENT ITEM NO. 1
January 22, 2018

EL DORADO IRRIGATION DISTRICT

Subject: Ratification of EID General Warrant Register for the period ending January 9, 2018, and Board and Employee Expense Reimbursements for this period.

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 agendized 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 register submitted for January 9, 2018 totaling $1,460,946.10, and Board and 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.

Register Date	Check Numbers	Amount
January 9, 2018	665017 – 665240	$ 1,460,946.10

Current Board/Employee Expense Payments and Reimbursement Information
The items paid on Attachment B and C 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. These expenses and reimbursements are for activities performed in the interest of the District in accordance with Board Policy 12065 and Resolution No. 2007-059.

Additional information regarding 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 Register as submitted to comply with Section 24600 of the Water Code of the State of California. Receive and file Board and Employee Expense Reimbursements.

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: Executive Summaries

Attachment B: Board Expenses/Reimbursements

Attachment C: Employee Expenses/Reimbursements totaling $100 or more

Tony Pasquarello
Finance Manager

Mark Price
Finance Director (CFO)

Jennifer Sullivan
Clerk to the Board

Jim Abercrombie
General Manager

Executive Summary for January 9, 2018 -- $1,460,946.10:

This summary highlights significant disbursements made by major business activity:

General District Operations (Fund 110)

- $28,370—ACWA 2018 agency dues
- $17,156—Golden State Flow Measurement, Inc. for warehouse inventory
- $15,212—Hunt & Sons, Inc. for card lock fuels and fuel deliveries at various locations
- $3,680—Infinisource Benefit Services for 2018 COBRA notice renewal
- $516,431—ISU Insurance Services - Atwood Agency for 2018 general district property and liability insurance
- $28,091—KW Emerson, Inc. for release of retention on multiple projects
- $4,061—Lehr Auto Electric for light bars and control switches
- $4,209—Life Insurance Company of North America for January 2018 life insurance premiums
- $9,500—Reeb Government Relations, LLC for January 2018 retainer
- $3,843—Sierra Security & Fire for 4th quarter 2017 alarm monitoring

Engineering Operations (Fund 210)

- $4,473—Blue Ribbon Personnel Services for temporary labor for engineering and environmental
- $40,438—C & M Backflow Testing and Repair, Inc. for backflow inspection services

Water Operations (Fund 310)

- $3,548—AWWA 2018 agency dues
- $3,227—Grainger for pipe, pipe fittings, and small tools
- $11,359—North Star Electric for lighting retrofit at Outingdale and Reservoir A
- $9,292—Price Geographic Consulting for mapping services

Wastewater Operations (Fund 410)

- $3,505—Cintas Corporation for uniform services at DCWWTP, EDHWWTP, and Bass Lake
- $3,214—CLS Labs for regulatory lab testing
- $12,976—Denali Water Solutions, LLC for sludge hauling and disposal at DCWWTP
- $3,564—Grainger for pipe fittings and operating supplies
- $6,413—Ken Grady Company, Inc. for two level controllers
- $5,871—Polydyne, Inc. for clarifloc at DCWWTP
- $5,318—Suez Treatment Solutions, Inc. for circuit boards and lamps
- $4,604—Univar USA, Inc. for caustic soda at EDHWWTP

Recycled Water Operations (Fund 510) none to report

Hydroelectric Operations (Fund 610)

- $5,293—GEI Consultants, Inc. for dam safety assessment at Silver Lake and Forebay spillway

Recreation Operations (Fund 710) none to report

Capital Improvement Projects (Construction Funds 140, 340, 440, 540, 640 and 740)

- $3,493—Aecom Technical Services, Inc. for monitoring services – FERC:C46.9 Recreation (Project #06098H.01)
- $3,420—Alan Divers, PLS for land survey services – Strolling Hills Pipeline (Project #17046.01)
- $8,075—Black & Veatch Corporation for preparation and design services – EDH Raw Water Pump Station (Project #15024.01)
- $8,982—Burleson Consulting, Inc. for biological monitoring services – Forebay Dam Modifications (Project #17013.01)
- $7,923—Corix Water Products (US), Inc. for pipe fittings and repair parts – Union Ridge Road Waterline (Project #17032.01)
- $5,940—Domenichelli and Associates, Inc. for engineering design services – Carson Creek 2 and Business Park 3 Lift Stations Abandonment (Project #16040.01)
- $6,730—Far Western Anthropological Research Group, Inc. for cultural studies:
  >Project #11004.01 – Lake Aloha Dam Regulatory Improvements ($4,860)
  >Project #17025.01 – Flume 45 Abutment Replacement ($1,870)
- $6,784—Garcia and Associates for monitoring services – FERC:C37.8 Water Temperature (Project #06021H.01)
- $19,058—GEI Consultants, Inc. for engineering services:
  >Project #16028.01 – Mill Creek Diversion Structure Removal ($223)
  >Project #15024.01 – EDH Raw Water Pump Station ($3,696)
  >Project #06082H.01 – FERC:C50.1 Silver Lake ($2,252)
  >Project #15016.01 – FERC:C50.2 Caples Lake Campground ($12,887)
- $4,514—Horizon Water and Environment, LLC for consulting services – FERC:C35 Oyster Creek (Project #06019H.01)
- $14,603—ICM Group, Inc. for on-call construction inspection services :
  >Project #16007.01 – Waterford 7 Lift Station Upgrade ($594)
  >Project #16025.01 – Town Center Force Main Phase 2 ($14,009)
- $30,236—Pace Supply Corporation for valves, pipe fittings, and gaskets – Green Valley Bridge Relocation (Project #17035.01)
- $229,948—Preston Pipelines, Inc. for engineering services ($242,050) – Carson Creek 2 Lift Station/BP3 Abandonment (Project #16040.01). Retention held $12,102
- $70,851—Resource Development Company for construction services ($74,580) – Reservoir 3 Tank Upgrade (Project #14003.01). Retention held $3,729
- $119,275—Shimmick Construction Company, Inc. for construction services ($125,553) – Forebay Dam Modifications (Project #17013.01). Retention held $6,278
- $11,472—Stantec Consulting Services, Inc. for engineering services – Main Ditch-Forebay to Reservoir 1 (Project #11032.01)
- $40,353—U.S. Forest Service for 2018 monitoring and patrol service at Caples Lake and Silver Lake – FERC C:51.5 & C:51.7 RM USFS (Project #07006H.01)

Attachment B

Board Expenses/Reimbursements
Warrant Register dated 01/09/2018

DESCRIPTION	George Osborne	Michael Raffety	Greg Prada	Dale Coco, MD	Alan Day	Total
Personal Vehicle Expense		$17.12		$16.05		$33.17
Hotel						$0.00
Meals or Incidentals Allowance						$0.00
Airfare, Car Rental, Misc Travel						$0.00
Fax, Cell or Internet Service		$40.00		$40.00		$80.00
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
	$0.00	$57.12	$0.00	$56.05	$0.00	$113.17

Attachment C

Employee Expenses/Reimbursements
Warrant Register dated 01/09/2018

EMPLOYEE	DESCRIPTION	AMOUNT
Brian Mueller	Engineer License Renewal	$116.00
Brian Poulsen	Mileage for Various Meetings	$125.52
Charles Vandenbos	CWEA Membership renewal	$275.00
Elizabeth Wells	Mileage for Various Meetings	$239.68
Mallory Sisneros	Tuition Reimbursement	$896.40
Mark Price	GAAP Updates Webinars	$550.00
Tracy Crane	Wastewater Treatment Plant Operator Certification Renewal	$150.00
		$2,352.60

El Dorado Irrigation District

MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS

District Board Room, 2890 Mosquito Road, Placerville, California
January 8, 2018 — 9:00 A.M.

Board of Directors

Michael Raffety—Division 3
President

Alan Day—Division 5
Vice President

George Osborne—Division 1
Director

Greg Prada—Division 2
Director

Dale Coco, MD—Division 4
Director

Executive Staff

Jim Abercrombie
General Manager

Brian D. Poulsen, Jr.
General Counsel

Jennifer Sullivan
Clerk to the Board

Jesse Saich
Communications

Brian Mueller
Engineering

Mark Price
Finance

Jose Perez
Human Resources

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Operations

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CALL TO ORDER

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

Roll Call
Board

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

Staff

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

Pledge of Allegiance and Moment of Silence

President Raffety led the Pledge of Allegiance followed by a moment of silence and read the following excerpt from President Abraham Lincoln's first inaugural speech: "We are not enemies, but friends. We must not be enemies. Though passion may have strained it must not break our bonds of affection. The mystic chords of memory, stretching from every battlefield and patriot grave to every living heart and hearthstone all over this broad land, will yet swell the chorus of the Union, when again touched, as surely they will be, by the better angels of our nature."

ADOPT AGENDA

ACTION: Agenda was adopted.

MOTION PASSED

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

COMMUNICATIONS

General Manager's Employee Recognition

Awards and Recognitions

a) Welcome to the District, Steven Laguna. Steven has been hired to the position of Construction and Maintenance Worker I in the Operations Department.
b) Welcome to the District, Ryan Deakyne. Ryan has been hired to the position of Senior Buyer in the Finance Department.
c) We received an email from Stacy Long in appreciation of the "top notch" service provided by Justine Teurman. Ms. Long also wrote "It's nice to receive great customer service." Great job, Justine!

PUBLIC COMMENT

Paul Raveling, El Dorado Hills addressed the Board and referred to an email that he previously sent to the Board titled *Comparison of EID rate-based water cost and inflation-adjusted national water cost.*

COMMUNICATIONS

General Manager

Staff Reports and Updates

General Manager reported on the passing of former EID Board member, Dick Akin.

Clerk to the Board

None

Board of Directors
Director Coco thanked Dawn Hodson, Mountain Democrat, for her recent story on the proposed California Water Fix Plan and proposed legislation regarding water conservation. He also commented on his concerns with our local and regional agencies lack of public outreach relating to these items.

Director Raffety commented on County Counsel's recently negotiated compensation.

APPROVE CONSENT CALENDAR

ACTION: Consent Calendar was approved.

MOTION PASSED
Ayes: Directors Prada, Coco, Osborne, Raffety and Day

CONSENT CALENDAR

1. **Finance (Pasquarello)**
   Ratification of EID General Warrant Registers for the periods ending December 5, December 12, December 19, and December 26, 2017, 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, and approve $17.12 in expenses more than 60 days old.

   MOTION PASSED
   Ayes: Directors Prada, Coco, Osborne, Raffety and Day

2. **Clerk to the Board (Sullivan)**
   Approval of the minutes of the December 11, 2017 regular meeting of the Board of Directors.

   ACTION: Option 1: Approved as submitted.

   MOTION PASSED
   Ayes: Directors Prada, Coco, Osborne, Raffety and Day

3. **Operations / Engineering (Washko/Mueller)**
   Consideration to ratify Resolution No. 2017-014 to maintain the emergency declaration as a result of ongoing storm activities.

   ACTION: Option 1: Ratified Resolution No. 2017-014 (*thus maintaining the emergency declaration*).

   MOTION PASSED
   Ayes: Directors Prada, Coco, Osborne, Raffety and Day

4. **Board of Directors (Raffety)**
   Discussion of 2018 association and community organization assignments.

   ACTION: Option 1: Concurred with Board President Raffety's recommendation of 2018 association and community organization assignments.

   MOTION PASSED
   Ayes: Directors Prada, Coco, Osborne, Raffety and Day

END OF CONSENT CALENDAR

PUBLIC HEARING — 9:00 a.m.

5. **Office of the General Counsel (Poulsen)**
   Draft Amendments to Board Policy 9020 Establishing New Service.

   Public Hearing opened at 9:16 A.M.

   Public Comment: Ken Welsh
   Dr. Ali Ghorbanzadeh, El Dorado Hills
   José Henríquez, Executive Director, El Dorado LAFCO

   ACTION: Option 2: Took other action as directed by the Board.
   Adopted the proposed amendments to Board Policy 9020 as presented by staff; added additional language requiring that staff present items related to establishing new service as an action item on the District's Board meeting agenda; and directed staff to prepare an out-of-district service agreement with Ken Welsh and submit an application for out-of-district service approval to the El Dorado Local Agency Formation Commission (LAFCO).

   MOTION PASSED
   Ayes: Directors Prada, Day, Osborne, Raffety and Coco

DIRECTOR ITEM

6. **Board of Directors (Prada)**
   Agendize Board consideration of Sewer rate cut.

   Public Comment: Jim Abram
   Harry Norris, Camino, Former EID Board member
   Dr. Ali Ghorbanzadeh, El Dorado Hills
   Paul Raveling, El Dorado Hills
   Joe Fuller
   Tom Cumpston, Placerville
   Richard Boylan
   Craig Petersen, El Dorado Hills

   MOTION: Motion by Director Raffety and seconded by Director Osborne to approve option 3 and take no action.

   ACTION: Option 1: Agendized Board consideration of 10% Sewer rate cut for January 22, 2018 board meeting.

   MOTION PASSED
   Ayes: Directors Day, Prada and Coco
   Noes: Directors Osborne and Raffety

ACTION ITEM

7. **Office of the General Counsel (Poulsen)**
   Consideration of filing a complaint with the El Dorado County Grand Jury requesting an investigation of whether Director Greg Prada has violated the California Public Records Act.

   Public Comment: Clerk to the Board notified the Board that an email was received relating to this item. The email was forwarded to the Board through email.
   Jim Abram
   Tom Cumpston, Placerville addressed the Board and provided a letter dated January 8, 2018, *Re: Agenda Item 7 – Consideration of filling Grand Jury Complaint Regarding Director Prada's Public Records Act Violations*
   Dr. Ali Ghorbanzadeh, El Dorado Hills
   Paul Raveling, El Dorado Hills
   Joe Fuller
   Harry Norris, Camino, Former EID Board member
   Richard Boylan
   Craig Petersen, El Dorado Hills
   Chuck Vanderpool
   Sherrie Petersen
   Ken Welsh
   George Wheeldon, Former EID Board member
   Gay Willyard

   After discussions but prior to the vote Director Prada recused himself and was not present for the vote on this item.

   ACTION: Option 1: Directed staff to file a complaint with the El Dorado County Grand Jury requesting an investigation of whether Director Greg Prada has violated the California Public Records Act.

   MOTION PASSED
   Ayes: Directors Raffety, Osborne and Coco
   Noes: Director Day

CLOSED SESSION

A. Conference with Real Property Negotiators – Real Property Negotiations (Poulsen)

Real Property Negotiations pursuant to Government Code Section 54956.8.
Property: Assessor's Parcel Number 115-400-22
District negotiators: General Manager, General Counsel
Under negotiation: price and terms of payment for sale
Negotiating parties: El Dorado Hills Community Services District

Director Coco was present during the discussion and vote on this item but left the meeting at 11:45 A.M. and was absent for the remainder of the meeting.

ACTION: The Board met and conferred with its real property negotiators. On a motion by Director Day, seconded by Director Osborne and approved on a unanimous 5-0 vote, the Board ratified an extension of the due diligence period to January 29, 2018, which is an amendment to the purchase and sale agreement with the El Dorado Hills Community Services District to purchase the Bass Lake parcel with Assessor's Parcel Number 115-400-22. Once fully executed, the amendment to the purchase and sale agreement will become a public document and available upon request.

REVIEW OF ASSIGNMENTS

Director Coco requested that staff bring an item to the Board for the consideration to use Board discretionary funds before using a portion of the property taxes to fund the District's low-income assistance program.

ADJOURNMENT

President Raffety adjourned the meeting at 11:48 A.M.

_____
Michael Raffety
Board President
EL DORADO IRRIGATION DISTRICT

ATTEST:

_____
Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

Approved: _____

EL DORADO IRRIGATION DISTRICT

Subject: Consideration to ratify Resolution No. 2017-014 to maintain the emergency declaration as a result of ongoing storm-related activities.

Previous Board Actions

February 13, 2017 – Board adopted Resolution No. 2017-007 declaring an emergency under the Public Contract Code and Public Resources Code as a result of recent and ongoing storm activities; ratified a construction contract to Doug Veerkamp General Engineering for emergency replacement of a failed section of the Town Center force main; ratified a pumping and hauling contract to Doug Veerkamp for emergency pumping of raw sewage from the El Dorado lift station; ratified a pumping and hauling contract with Advance Septic for emergency pumping of raw sewage from the Camino Heights wastewater treatment plant; and authorized and directed the General Manager and his designees to take all further actions reasonably deemed necessary to respond to the emergency.

February 27, 2017 – Board ratified Resolution No. 2017-007 to maintain the emergency declaration and ratified contracts awarded to Doug Veerkamp for landslide stabilization and Syblon Reid General Engineering Contractors (SRC) for drainage diversion, access road development, landslide stabilization and canal repair near Flumes 5 and 10.

March 13, 2017 – Board ratified Resolution No. 2017-007 to maintain the emergency declaration; ratified a professional services contract with GHD Inc. in the amount of $150,000 for geotechnical and engineering services; awarded a construction contract to Syblon Reid Contractors in the not-to-exceed amount of $5,780,386 and approved total project funding in the amount of $8,855,343 for Flume 10 construction.

March 27, 2017 – Board ratified Resolution No. 2017-007 to maintain the emergency declaration.

April 10, 2017 –

- Ratified Resolution No. 2017-007 to maintain the emergency declaration;
- Ratified professional services Change Order No. 1 with GHD Inc. in the not-to-exceed amount of $600,224;
- Ratified construction contract Change Order No. 1 for Doug Veerkamp General Engineering in the not-to-exceed amount of $300,000;
- Approved Change Order No. 2 with GHD Inc. in the not-to-exceed amount of $1,310,016;
- Approved a construction contract Change Order No. 1 to SRC in the not-to-exceed amount of $4,024,404;
- Awarded a construction contract to Doug Veerkamp General Engineering in the not-to-exceed amount of $1,462,479 for slides at Flume 45A; and
- Approved project funding of $5,970,595 for the following projects:
    - $3,044,560, Project No. 17004.01 (Hazard Mitigation at Flume 5);
    - $987,030, Project No. 17008.01 (Hazard Mitigation at Flume 9);
    - $568,588, Project No. 17007.01 (Hazard Mitigation #1 downstream Flume 45A);
    - $1,220,417, Project No. 17007.03 (Hazard Mitigation #3 downstream Flume 45A);
    - $150,000, Project No. 17002.01 (Town Center Force Main Emergency Replacement Phase 2 Schedule B).

May 22, 2017 – Board adopted Resolution 2017-014 to update the emergency declaration resulting from the 2017 storm activity.

June 12, 2017 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration.

July 24, 2017 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration as a result of the 2017 storm activity and ratified the construction contract with Mining Construction Inc. in the not-to-exceed amount of $539,677.

August 14 and August 28, 2017 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration.

September 11, 2017 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration and ratified a contract amendment to GHD in the not-to-exceed amount of $55,000 for inspection services on the Montclair Townhome sewer repair project.

October 10, 2017 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration as a result of ongoing storm activities, and was updated on the status of the SAD bridge repair.

October 23, November 13 and December 11, 2017 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration.

January 8, 2018 – Board ratified Resolution No. 2017-014 to maintain the emergency declaration.

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

Public Contract Code section 22050(a)(1) provides that in the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts. Subsection (c)(1) of that statute requires the governing body to review the emergency action at its next regularly scheduled meeting and at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action.

Public Contract Code sections 1102, 20567, and 22050 authorize the District to forgo public bidding requirements in emergency circumstances.

Public Resources Code section 21080(b) and CEQA Guidelines section 15269 exempt emergency projects from the requirements of the California Environmental Quality Act ("CEQA").

Summary of Issue(s)

On February 13, 2017, the Board unanimously adopted Resolution 2017-007 declaring an emergency as a result of the severe storms during January and February and subsequently adopted Resolution 2017-014 to update the declaration. For the emergency declaration to remain in effect, the Board must find (by four-fifths vote for bidding and contracting purposes) at each regular board meeting that the need for the emergency action still exists. The Board can do so today by ratifying Resolution No. 2017-014.

Staff Analysis/Evaluation

There have been over 40 separate storm related work tasks that have been documented since January 7, 2017. The remaining work is primarily related to the repair of the failure near Flume 10. However, due to oversaturated soil conditions, ongoing construction work has been limited to inspection and maintenance of erosion control systems required by the State Water Resources Control Board. The remaining work includes completion of the final site grading, access road, Alarm 3, permanent fencing, security gate, and permanent erosion control. As long as active construction work authorized under the emergency declaration continues, staff recommends the Board continue to maintain the emergency declaration.

Board Decisions/Options

Option 1: Ratify Resolution No. 2017-014 *(thus maintaining the emergency declaration).*

Option 2: Decline to ratify Resolution No. 2017-014 *(thus terminating the emergency declaration)* or take other action as directed by the Board.

Option 3: Take no action *(thus terminating the emergency declaration).*

Staff/General Manager's Recommendation

Option 1 *(four-fifths vote required)*

Supporting Documents Attached

Attachment A: Resolution No. 2017-014

Brian Mueller, P.E.
Engineering Director

Mark Price
Finance Director

for
Margaret P. Washko, P.E.
Operations Director

Brian Poulsen
General Counsel

Jim Abercrombie
General Manager

Resolution No. 2017-014

RESOLUTION OF THE BOARD OF DIRECTORS OF EL DORADO IRRIGATION DISTRICT DECLARING AN EMERGENCY

WHEREAS, El Dorado County received intense rainfall during the early months of 2017, saturating soils and causing collapses, soil failures, and earth movement all around the County; and

WHEREAS, multiple significant collapses of soil occurred on the District's El Dorado Canal, resulting in the canal being taken out of service; and

Whereas, multiple slope failures occurred on District property off of 8-mile Road in Pollock Pines; and

WHEREAS, such storm activity has overwhelmed the District's wastewater collections facilities at the El Dorado Lift Station and the Camino Heights Wastewater Treatment Plant increasing the risk of sanitary sewer overflows; and

WHEREAS, the District has encountered a break of a sanitary sewer collection main pipeline, the Town Center force main; and

WHEREAS, slope failure over a District sewer line near Montclair Road in Cameron Park has put the sewer pipeline at unacceptable risk of failure; and

WHEREAS, District staff have undertaken over 40 separate storm related work tasks since January 7, 2017 as a result of the incidents described above; and

WHEREAS, on February 13, 2017, the District's Board of Directors adopted Resolution No. 2017-007, declaring an emergency within the meaning of several statutes included in the Government, Public Resources, and Public Contract Codes and directed the District General Manager and his designees to take all actions reasonably deemed necessary to respond to the emergency declared therein; and

WHEREAS, the District's Board of Directors ratified Resolution No. 2017-007 at its regularly held Board meetings on February 27, March 13, March 27, and April 10; and

WHEREAS, as a result of continuously developing conditions, there exists real and reasonable potential for the District to discover and/or experience additional damage to critical infrastructure necessitating immediate repair; and

WHEREAS, all of these occurrences require prompt action to prevent or mitigate impairment to life, health, safety, property, and/or essential public services; and

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WHEREAS, Government Code section 54956.5(a)(1) defines "emergency" as "a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body;" and

WHEREAS, Government Code section 54956.5(a)(2) defines "dire emergency" as "a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body;" and

WHEREAS, Public Contract Code section 1102 defines "emergency" as "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;" 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

WHEREAS, Government Code section 54956.5(b)(1) and (2) authorize legislative bodies to hold emergency meetings in the case of an emergency or dire emergency involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities; and

WHEREAS, District Board Policy 2050 authorizes the District's General Manager to act "in emergency situations where no Board Policies or Administrative Regulations exist;" and

WHEREAS, Public Contract Code sections 22050(a)(1) and 20567 authorize irrigation districts to let contracts without notice for bids in case of an emergency; and

WHEREAS, Public Contract Code section 22050(b)(1) authorizes the Board of Directors, by a four-fifths (4/5ths) vote, to delegate to the General Manager the authority to order any action pursuant to paragraph (1) of subdivision (a); and

WHEREAS, District Board Policy 3060, delegates to the General Manager authority to approve any and all contracts necessary to abate an emergency after first informing the President of the Board of Directors and scheduling an emergency meeting of the Board of Directors at the earliest possible opportunity; and

WHEREAS, Public Resources Code section 21080(b)(2) exempts from the California Environmental Quality Act (CEQA) emergency repairs to public service facilities necessary to maintain services; and

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

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

1. The Board finds and declares that an emergency situation exists within the meaning of the enactments listed below:

   Public Contract Code section 11102
   CEQA Guidelines section 15359
   Public Contract Code section 20567
   District Board Policy 3060
   Public Contract Code section 22050(a)(1)
   Public Resources Code section 21080(b)(2)
   Public Resources Code section 21080(b)(4) and CEQA Guidelines section 15269(c)

2. The foregoing findings and declarations are based upon written, oral, and visual evidence, including both facts and professional opinions, presented to the Board at the hearing of this Resolution and upon the Minutes of the meeting at which this Resolution was adopted.

3. The Board hereby ratifies all actions taken by the District General Manager and his designees, prior to the adoption of this Resolution, which the General Manager and his designees reasonably deemed necessary to respond to the emergency declared herein.

4. The Board hereby delegates, authorizes, and directs the District General Manager and his designees to take all further actions reasonably deemed necessary to respond to the emergency declared herein. The General Manager or his designees shall report to and seek ratification of the Board of Directors for each action taken in excess of their normal authority, at the first regular Board of Directors meeting held after each such action.

5. This Resolution shall take effect immediately upon adoption, and shall supersede Resolution No. 2017-007. Subject to the ratification required by Public Contract Code sections 22050(b)(3), (c)(1), and (c)(2), and by Board Policy 3060, this Resolution shall remain in full force an effect until rescinded by a subsequent Resolution of the Board of Directors.

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The foregoing Resolution was introduced at a regular meeting of the Board of Directors of the EL DORADO IRRIGATION DISTRICT, held on the 22nd day of May 2017, by Director Day who moved its adoption. The motion was seconded by Director Prada and a poll vote taken which stood as follows:

AYES: Directors Day, Prada, Osborne, Raffety and Coco

NOES:

ABSENT:

ABSTAIN:

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

George W. Osborne, President
Board of Directors
EL DORADO IRRIGATION DISTRICT

ATTEST:

Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

(SEAL)

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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 regular meeting of the Board of Directors held on the 22nd day of May 2017.

Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

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EL DORADO IRRIGATION DISTRICT

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

Recent Board Action

November 13, 2017 – The Board adopted the 2018-2022 CIP, subject to available funding.

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

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 projects identified in Table 1-1 on page 2 requires immediate funding. Some funding requests are in access of the original CIP plan estimates. The increase is related to the refinement of capitalized EID labor cost as the project design was completed.

Funding Source

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

The CIP projects description for these projects are also attached for review. (Attachment A)

Table 1-1
CIP Funding Request

	Project Name and Number	2018-2022 CIP Plan[1]	Funded to Date	Actual Costs to date[2]	Amount Requested	Funding Source
1.	**FERC C50.8 Pacific Crest 06081H**	**$268,006**	**$50,000**	**$53,190**	**$70,000**	**53% Water FCC's 47% Water rates**
2.	**Sly Park Intertie Improvements 15009**	**$15,082,323**	**$569,552**	**$573,117**	**$15,000**	**100% Water rates**
	TOTAL FUNDING REQUEST				**$85,000**	

[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 projects in the table. For complete description of the CIP projects see Attachment A.

CIP Funding Request

Project No.	06081H	**Board Date**	01/22/2018
Project Name	FERC C50.8 Pacific Crest		
Project Manager	Kessler		

Budget Status	**$**	**%**
Funded to date	$ 50,000	--
Spent to date	$ 53,190	100%
Current Remaining	$ (3,190)	0%

Funding Request Breakdown	**$**
Consulting services	$ 45,000
Capitalized labor	$ 25,000
Total	$ 70,000

Funding Source
53% Water FCC's 47% Water rates

Description
This project is a requirement of the FERC License, Settlement Agreement, and USFS 4(e) Condition 50.8 which states the licensee shall construct a crossing to meet current USFS standards for the Pacific Crest National Scenic Trail, across the Echo Conduit, at a location agreed to by the FS. The District has coordinated with the FS regarding the location and general design concepts of the crossing. The District has obtained USFS and FERC approval of a time extension to October 18, 2018 to construct the crossing. A field meeting was held on November 3, 2017 with the USFS and EID's project team to coordinate and support work in-progress including cultural and biological resource assessments, survey and 30% design. Funding is requested for professional services to prepare 90% design for agency review, followed by 100% design to support construction by the District's Hydro staff. Funding is also requested for staff capitalized labor to review design drawings, continue consultation with the FS, complete environmental review, and obtain any necessary permits. A separate funding request will be prepared to cover construction costs.

CIP Funding Request

Project No.	15009	**Board Date**	01/22/2018
Project Name	Sly Park Intertie Improvements		
Project Manager	Wilson		

Budget Status	**$**	**%**
Funded to date	$ 569,552	--
Spent to date	$ 573,117	100%
Current Remaining	$ (3,565)	0%

Funding Request Breakdown	**$**
Capitalized labor	$ 15,000
Total	$ 15,000

Funding Source
100% Water rates

Description
The Sly Park Intertie is a key component of supply reliability in times of drought and during emergencies between Reservoir 1 and Reservoir A water treatment plants. The Intertie includes approximately 3.4 miles of 22"/30" steel waterline built under emergency conditions just after the 1976-77 drought. The unlined pipeline has corroded significantly; resulting in periodic leaks and is currently out of service. The Sly Park Intertie Improvements were identified as a supply reliability project in the 2013 Integrated Water Resources Master Plan. An updated BODR is currently being prepared that includes a new condition assessment; analysis of changed operations that could reduce pumping head up to 180 feet by pumping water from Reservoir A to Reservoir 1 during annual Forebay outages; a rehabilitation methodology versus complete replacement alternatives analysis; and a financial analysis. The ability to move water between Reservoir 1 and Reservoir A will also allow for a long overdue inspection of the 60 year old Camino Conduit between Sly Park Reservoir and Reservoir A and provide a longer window for scheduled Reservoir A WTP maintenance. The purpose of this funding request is to allocate funding for staff time to complete a thorough review of all design alternatives presented in the BODR and compare them to the risk analysis including the consequence of failure. Additionally, funding will be utilized to bring the updated project options to the Board once complete.

Board Decisions/Options

Option 1: Authorize funding for the CIP projects as requested in the amount of $85,000.

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
Finance Manager

Elizabeth Wells
Engineering Manager

Brian Mueller
Engineering Director

Mark Price
Finance Director (CFO)

Jim Abercrombie
General Manager

2018 CAPITAL IMPROVEMENT PLAN Program: FERC

Project Number: 06081H

Project Name: FERC: C50.8 Pacific Crest Trail Crossing

Project Category: Regulatory Requirements

Priority: 1 **PM:** Kessler **Board Approval:** 11/13/17

Project Description:

This project is a requirement of the FERC License, Settlement Agreement, and the USFS 4(e) Condition 50.8 which states the licensee shall construct a crossing to meet FS design standards for the Pacific Crest National Scenic Trail across the Echo Conduit at a location agreed to by the FS.

The District has coordinated with the FS regarding the location and general design concepts of the crossing. The District has obtained USFS approval, and is awaiting FERC's approval of a time extension to October 18, 2018 to allow additional time to complete consultation with the FS regarding the design of the crossing, complete environmental review, obtain any necessary permits, and construct the crossing.

Funding is required to conduct cultural resource and biological resource assessments, perform design, and to construct the bridge in accordance with USFS standards.

Basis for Priority:

Project is required by Project 184 license.

Project Financial Summary:			
Funded to Date:	$ 12,000	Expenditures through end of year:	$ 8,006
Spent to Date:	$ 8,006	2018 - 2022 Planned Expenditures:	$ 260,000
Cash flow through end of year:		Total Project Estimate:	$ 268,006
Project Balance	$ 3,994	Additional Funding Required	$ 256,006

Description of Work	Estimated Annual Expenditures					
	2018	2019	2020	2021	2022	Total
Study/Planning	$ 20,000					$ 20,000
Design	$ 40,000					$ 40,000
Construction		$ 200,000				$ 200,000
TOTAL	$ 60,000	$ 200,000	$ -	$ -	$ -	$ 260,000

Funding Sources	Percentage	2018 Amount
Water FCCs	53%	$29,683
Water Rates	47%	$26,323
		$0
Total	**100%**	**$56,006**

Funding Comments: Final construction costs TBD after consultation with USFS

2018	CAPITAL IMPROVEMENT PLAN	Program:	Water

Project Number: 15009

Project Name: Sly Park Intertie Improvements

Project Category: Reliability & Service Level Improvements

Priority: 2 **PM:** Eden-Bishop **Board Approval:** 11/13/17

Project Description:

The Sly Park Intertie is a key component of supply reliability in times of drought and during emergencies. It provides water delivery flexibility between Sly Park and Forebay supplies. The Intertie includes approximately 3.4 miles of 22"/30" steel waterline built under emergency conditions just after the 1976-77 drought. The unlined pipeline has corroded significantly, resulting in periodic leaks and is currently out of service. The Sly Park Intertie Improvements were identified as a supply reliability project in the 2013 Integrated Water Resources Master Plan. Previous engineering reports from the mid 1990's and in 2006 explored the possibility of rehabilitating the pipeline with a non-structural liner. The 2006 Basis of Design Report (BODR) concluded that even with 13-30% wall thickness loss, the pipeline had adequate strength for a non-structural lining option. An updated BODR is currently being prepared that includes a new condition assessment; analysis of changed operations that could reduce pumping head up to 180 feet by pumping water from Reservoir A to Reservoir 1 during annual Forebay outages; a rehabilitation methodology versus complete replacement alternatives analysis; and a financial analysis. The ability to move water between Reservoir 1 and Reservoir A will also allow for a long overdue inspection of the 60 year old Camino Conduit between Sly Park Reservoir and Reservoir A and provide a longer window for scheduled Reservoir A WTP maintenance. Estimated project cost of $15 M is based on a hybrid lining/replacement combination presented in the December 2016 Draft Evaluation of Rehabilitation Alternatives Technical Memorandum. The technical memorandum also identifies $4.4 M for a new pump station at Reservoir A that would pump water to Reservoir 1 during the Forebay outage. The feasibility of this project element has not been fully investigated to date and therefore is not included in the planning horizon of this CIP. Cost estimates are based on a 10% design level of confidence and include a 30% construction contingency. Typical contingencies for 10% design level cost estimates range between 30% and 100%. The contingency used for this cost estimate is at the low end of the range and higher actual costs are likely.

Basis for Priority:

Lining the pipeline will slow corrosion and extend its life, ensuring water supply flexibility/reliability between the two major gravity supply sources that provide two thirds of the District's water supply.

Project Financial Summary:			
Funded to Date:	$ 556,052	Expenditures through end of year:	$ 382,323
Spent to Date:	$ 312,323	2018 - 2022 Planned Expenditures:	$ 14,700,000
Cash flow through end of year:	$ 70,000	Total Project Estimate:	$ 15,082,323
Project Balance	$ 173,729	Additional Funding Required	$ 14,526,271

Description of Work	Estimated Annual Expenditures					
	2018	2019	2020	2021	2022	Total
Engineering	$50,000	$ 300,000	$ 300,000	$ 50,000	$ 50,000	$ 750,000
Environmental		$ 200,000	$ 200,000	$ 75,000	$ 25,000	$ 500,000
Condition Assessment	$350,000					$ 350,000
Right of Way		$ 50,000	$ 50,000			$ 100,000
Construction Management/Inspection				$ 500,000	$ 500,000	$ 1,000,000
Construction				$ 6,000,000	$ 6,000,000	$ 12,000,000
TOTAL	$ 400,000	$ 550,000	$ 550,000	$ 6,625,000	$ 6,575,000	$ 14,700,000

Funding Sources	Percentage	2018	Amount
Water Rates	100%		$226,271
			$0
Total	100%		$226,271

Funding Comments: The project extends the life of the facility and restores the intended design capacity, therefore is funded by water rates.

CONSENT ITEM NO. 5
January 22, 2018

EL DORADO IRRIGATION DISTRICT

Subject: Consideration to adopt resolutions certifying signatures on the District's checking accounts.

Previous Board Action

The Board annually adopts resolutions certifying signatures on the District's checking accounts to reflect any changes in Board officers and District executive staff.

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

AR 3091.09 requires the District Treasurer to establish procedures to govern all financial transactions.

Summary of Issue

The Board adopts resolutions as necessary to maintain accurate authorized signers for the District's bank accounts. The District maintains four checking accounts at Bank of America for which money is drawn from in the name of El Dorado Irrigation District: Public Funds Checking Account, Controlled Disbursement Account, Non-analyzed Investment Account (Leasing account), and Flexible Spending Health Claims Checking Account. The District also maintains one checking account at El Dorado Savings Bank for the Sly Park recreation facility.

Staff Analysis/Evaluation

Effective December 11, 2017, Michael Raffety became the District's new Board President, replacing George Osborne. Therefore, Michael Raffety's signature needs to be added to the bank signature cards, and George Osborne's signature needs to be removed from the bank signature cards.

Two signatures are required on all checks for payment in the name of El Dorado Irrigation District on the District's Bank of America and El Dorado Savings Bank checking accounts. The new Board President, General Manager Jim Abercrombie, and Director of Finance Mark Price are approved signers on the accounts. Separate draft resolutions are offered for each of the two banks.

Board Decisions/Options

Option 1: Adopt resolutions certifying signatures for the Bank of America and El Dorado Savings Bank checking accounts.

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

Option 3: Take no action.

Staff/General Manager's Recommendation

Option 1

Supporting Documents Attached

Attachment A: Proposed Resolution for Certification of Signatures – Bank of America Checking Accounts

Attachment B: Proposed Resolution for Certification of Signatures – El Dorado Savings Bank Checking Account

Tony Pasquarello
Finance Manager

Mark Price
Finance Director

Jim Abercrombie
General Manager

Resolution No. 2018-xxx

**RESOLUTION OF THE BOARD OF DIRECTORS OF
EL DORADO IRRIGATION DISTRICT
CERTIFICATION OF SIGNATURES – BANK OF AMERICA
CHECKING ACCOUNTS**

BE IT RESOLVED that the EL DORADO IRRIGATION DISTRICT has established in its name accounts with the BANK OF AMERICA, N.A. ("Bank"), upon such terms and conditions as may be agreed upon between the parties, and that the General Manager of the District or his/her designee be and hereby is authorized to establish and maintain such accounts; and

BE IT FURTHER RESOLVED that the persons of the EL DORADO IRRIGATION DISTRICT named below be and hereby are authorized to sign checks on behalf of the EL DORADO IRRIGATION DISTRICT; provided, however that the authorized signatories of checks for the Health Claims Checking Accounts and Flexible Spending Account are the insurance carrier's administrator for those programs.

BE IT FURTHER RESOLVED that the Bank is hereby requested, authorized and directed to honor all checks for payment of money drawn in the name of the El Dorado Irrigation District on its Controlled Disbursement Account and Non-analyzed Investment Account (Leasing Account), including those drawn to individual orders of any person or persons whose names appear thereon as signer(s) thereof, when such checks bear the signatures of any two of the persons of EL DORADO IRRIGATION DISTRICT named below, and further that the facsimile signatures for Board President Michael Raffety, General Manager Jim Abercrombie, and Director of Finance Mark Price shall be deemed good and sufficient signatures for such purpose.

BE IT FURTHER RESOLVED that the Bank is hereby requested, authorized and directed to honor all checks for payment of money drawn in the name of the El Dorado Irrigation District on its Health Claims Checking Accounts and Flexible Spending Account when such checks bear the signatures of the insurance carrier's administrator for those programs, and further that the facsimile signatures of such insurance carrier's administrator shall be deemed good and sufficient signatures for such purpose.

BE IT FURTHER RESOLVED that the specimen signatures appearing opposite the names and titles below are the genuine signatures of such persons:

Signatures

Michael Raffety	President, Board of Directors	_____
Jim Abercrombie	General Manager	_____
Mark Price	Director of Finance	_____

BE IT FURTHER RESOLVED that Clerk to the Board Jennifer Sullivan duly certifies the genuineness of said signatures of the foregoing persons of EL DORADO IRRIGATION DISTRICT.

BE IT FURTHER RESOLVED that this Resolution shall take effect and be effective immediately upon its adoption.

The foregoing Resolution was introduced at a special meeting of the Board of Directors of EL DORADO IRRIGATION DISTRICT, held on the 22nd day of January 2018, by Director _____, who moved its adoption. The motion was seconded by Director _____, and a poll vote taken which stood as follows:

AYES:
NOES:
ABSENT:
ABSTAIN:

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

Michael Raffety
President, Board of Directors
EL DORADO IRRIGATION DISTRICT

ATTEST:

_____
Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

(SEAL)

I, the undersigned, Clerk to the Board of 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 EL DORADO IRRIGATION DISTRICT entered into and adopted at a special meeting of the Board of Directors held on the 22nd day of January 2018.

_____
Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

Resolution No. 2018-xxx

RESOLUTION OF THE BOARD OF DIRECTORS
OF EL DORADO IRRIGATION DISTRICT
CERTIFICATION OF SIGNATURES–EL DORADO SAVINGS BANK
CHECKING ACCOUNT

BE IT RESOLVED that the EL DORADO IRRIGATION DISTRICT has established in its name an account with EL DORADO SAVINGS BANK, upon such terms and conditions as may be agreed upon between the parties, and that the General Manager of the District be and hereby is authorized to establish and maintain such account; and

BE IT FURTHER RESOLVED that the persons of the EL DORADO IRRIGATION DISTRICT named below be and hereby are authorized to sign checks on behalf of the EL DORADO IRRIGATION DISTRICT.

BE IT FURTHER RESOLVED that the bank is hereby requested, authorized and directed to honor all checks for payment of money drawn in the name of the El Dorado Irrigation District on its SLY PARK RECREATION AREA checking account, including those drawn to individual orders of any person or persons whose names appear thereon as signer(s) thereof, when such checks bear the signatures of any two persons of EL DORADO IRRIGATION DISTRICT named below, and further that the facsimile signatures for Board President Michael Raffety, General Manager Jim Abercrombie, and Director of Finance Mark Price shall be deemed good and sufficient signatures for such purpose.

BE IT FURTHER RESOLVED that the specimen signatures appearing opposite the names and titles below are the genuine signatures of such persons:

		Signatures
Michael Raffety	President, Board of Directors	_____
Jim Abercrombie	General Manager	_____
Mark Price	Director of Finance	_____

BE IT FURTHER RESOLVED that Clerk to the Board Jennifer Sullivan duly certifies the genuineness of said signatures of the foregoing persons of EL DORADO IRRIGATION DISTRICT.

BE IT FURTHER RESOLVED that this Resolution shall take effect and be effective immediately upon its adoption.

The foregoing Resolution was introduced at a special meeting of the Board of Directors of EL DORADO IRRIGATION DISTRICT, held on the 22nd day of January 2018, by Director _____, who moved its adoption. The motion was seconded by Director _____, and a poll vote taken which stood as follows:

AYES:
NOES:
ABSENT:
ABSTAIN:

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

Michel Raffety
President, Board of Directors
EL DORADO IRRIGATION DISTRICT

ATTEST:

_____
Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

(SEAL)

I, the undersigned, Clerk to the Board of 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 EL DORADO IRRIGATION DISTRICT entered into and adopted at a special meeting of the Board of Directors held on the 22nd day of January 2018.

_____

Jennifer Sullivan
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

EL DORADO IRRIGATION DISTRICT

Subject: Consideration to award a contract to All Pro Backflow Inc. in the not-to-exceed amount of $171,727.50, for 2018 backflow prevention assembly testing services with the option to extend the contract annually through 2020.

Previous Board Actions

August 28, 2006 – Board adopted Board Policy 5020 Cross-Connection Control and Backflow Prevention.

January 24, 2011 – Board approved a professional services contract with AAA Backflow Prevention Services in the not-to-exceed amount of $61,375 for annual backflow testing.

December 12, 2011 – Board approved a professional services contract with AAA Backflow Prevention Services in the not-to-exceed amount of $61,787.75 for annual backflow testing.

November 13, 2012 – Board approved a professional services contract to Simplex Grinnell in the not-to-exceed amount of $55,025.69 for 2013 backflow prevention assembly testing services with the option to extend contract annually through 2015.

November 12, 2013 – Board approved a professional services contract with AAA Backflow Prevention Services in the not-to-exceed amount of $51,909 for annual backflow testing services with the option to extend contract annually through 2016.

January 13, 2017 – Board approved a professional services contract with AAA Backflow Prevention Services in the not-to-exceed amount of $62,238.50 for annual backflow testing services with the option to extend contract annually through 2019.

December 11, 2017 – Board adopted 2018-2019 operating budget.

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

Board Policy 3060 and Administrative Regulation 3061 states that contracts for professional services greater than $50,000 must be approved by the Board.

Board Policy 5020 states that the District is required to establish and maintain a cross-connection control program according to the California Code of Regulations, Title 17, Sections 7583-7605, or their successors.

Administrative Regulation 5021 states that the District shall protect the public water system at the service connection against any actual or potential cross-connections between the public water system and any source or system containing any substance that is not, or cannot be, approved as safe, wholesome and potable for human consumption.

Summary of Issue

For the water and recycled water system, the District provides required annual backflow prevention assembly (BPA) testing and maintenance services for BPAs installed to protect the public water system as required by the Safe Drinking Water Act, and Title 17 of the California Code of Regulations. A portion of BPA testing is conducted by District staff using available resources. The remaining tests have been conducted through contracted testing services. Given the success of this approach over the past several years, staff proposes a one-year contract with the option to renew annually for two additional years so long as the contractor performs satisfactorily.

Staff Analysis/Evaluation

The District has utilized contract testing services for the past nine years to assist existing staff with a portion of the BPA testing workload. In-house staff continues to conduct BPA testing where feasible. Supplementation by contracted testing services allows staff to fulfill more complex compliance requirements requiring additional certifications.

For the recycled water system these responsibilities include: annual front and backyard lot inspections for 4,961 dual-plumbed residential lots; pre-occupancy, 4-year, and change of ownership cross-connection shutdown tests; front and backyard onsite irrigation system plan checks; new construction open trench and final inspections; and potable service mainline inspection and initial water service sampling and initial BPA testing.

Staff is also responsible for regular compliance inspections and sampling related to the District's Industrial Pollution Prevention (IPP) program in addition to field installation, inspection and enforcement duties associated with the District's Temporary Water Use program that was initiated in 2010.

For the potable water system, staff conducts required cross-connection control surveys of properties with known actual or potential hazards to the public water system, initial BPA installation inspection/testing, and distribution system water quality sampling and monitoring duties. There are 2,054 BPAs located throughout the District's water system that require annual testing. The District does not possess the staffing resources necessary to complete all required BPA annual testing without impacting other cross-connection control, recycled water and IPP compliance program requirements. Therefore, a portion of the BPA testing has been completed by a testing consultant annually since 2009.

The contractor will only be responsible for BPA testing; staff is responsible for all BPA repairs and any required field follow up necessary resulting from the consultant's BPA testing results to ensure compliance.

Table 1 below summarizes staff's proposed approach for 2018-2020 to meet annual BPA testing requirements with the assistance of contracted services. The consultant will test 4,289 BPAs, including 3,200 BPAs within the residential recycled water dual-plumbed system and 1,089 BPAs outside the dual-plumbed areas due to their locations in higher density areas for increased efficiency associated with decreased travel time and ease of location by the consultant. The remaining 2,726 BPAs, including 1,761 dual-plumbed residential BPAs and 965 BPAs spread throughout the District service area, will be tested by District staff. This division of work is similar to the approach in 2017 where staff planned to test 2,655 BPAs with 4,153 BPAs proposed for testing by a contractor.

Table 1. Proposed Breakdown of 2018 BPA Testing

	Contracted Services	District Staff	Total
BPAs for Dual-Plumbed Residential Recycled Water Lots	3,200	1,761	4,961
BPAs Outside Residential Recycled Water Areas	1,089	965	2,054
	4,289	2,726	7,015

RFP Process

To retain a certified BPA testing consultant, staff completed a comprehensive Request for Proposal (RFP) process to solicit competitive proposals for 2018 with the option of annually extending the contract through 2020. Annual extensions of the contract shall be at the sole discretion of the District and will require successful performance from the consultant during the preceding contract year. The Contractor awarded the contract in 2017 was unable to perform satisfactorily so staff did not exercise the option to extend the contract for 2018. Respondents to the RFP were asked to provide proposed cost schedules for conducting the required BPA annual testing within the dual-plumbed system and BPAs throughout the rest of the District's service area for 2018, 2019 and 2020.

The RFP was posted to the District's website and published in the Mountain Democrat. Additionally, notice of the posting was mailed directly to individuals on the Sacramento County Registered Backflow Assembly Testers list, which is the nearest list of certified testers used throughout the region. The scope of work requires the selected consultant to perform annual BPA testing of each contracted BPA. Repairs of BPAs are excluded from the contract and will be performed by District staff.

A total of four proposals were received, three of which were found to be responsive with the following results:

Proposal Cost Comparison Summary

Consultant	Residential Dual-Plumbed Per Device	Dual-Plumbed Total (3200 devices)	Other Areas Per Device	Other Areas Total (1089 devices)	Grand Total
All Pro Backflow Inc.	$37.50	$120,000	$47.50	$51,727.50	$171,727.50
River City Fire Equipment Co., Inc.	$50	$160,000	$50	$54,450	$214,450
Clearwater Backflow Services	$80	$256,000	$80-$100	$93,470	$349,470

Award Recommendation
After reviewing and comparing each proposal, staff is recommending award of the contract to All Pro. All Pro is currently successfully performing similar work for Sacramento Suburban Water District. All Pro's pricing is the lowest cost proposal received.

Funding
Annual testing and maintenance for residential recycled water dual-plumbed BPAs is currently funded through recycled water rates. Residential and non-residential BPAs outside the dual-plumbed areas are funded through a fee charged to the customer on the bi-monthly bill. All costs for the proposed contract will be paid from the 2018 Engineering Department annual operations budget, which anticipated and included sufficient funding for the contract.

Board Decision/Options

Option 1: Award a contract to All Pro Backflow Inc. in the not-to-exceed amount of $171,727.50, for 2018 backflow prevention assembly testing services with the option to extend the contract annually through 2020.

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

Option 3: Take no action.

Staff/General Manager's Recommendation
Option 1

Supporting Documents Attached
Attachment A: All Pro Backflow Inc. proposal

for

Marty Johnson
Environmental Compliance Analyst

Daniel Corcoran
Environmental and Water Resources Manager

Brian Mueller
Engineering Director

Mark Price
Finance Director

Brian Poulsen
General Counsel

Jim Abercrombie
General Manager

Attachment A

All Pro Backflow, Inc.

5701 Lonetree Blvd, Suite 208-D, Rocklin, CA 95765
REMIT TO: PO Box 2193 Folsom, CA 95763
Phone: 916.276.7162
Fax: 916.588.4969
E-Mail: service@allprobackflowinc.com
Web: www.allprobackflowinc.com

El Dorado Irrigation District
2890 Mosquito Rd
Placerville, CA 95667
Attn: Mr. Martin Johnson

January 2018

Dear Mr. Martin Johnson,

All Pro Backflow Inc. is hereby officially submitting a proposal for RFP 17-08.

This proposal has three (3) sections:

Section A: Includes a summary of the scope of work, relevant experience and expertise, a breakdown of our project team, our approach to quality assurance and control, client references, contract and insurance requirements, and any addenda pertaining to RFP 17-08 that has been released prior to the date of this submission.

Section B: Annual Testing Cost Schedule

Section C: Supporting documentation

Thank you for your consideration.

Sincerely,

Jon Lotito
President,
All Pro Backflow, Inc

All Pro Backflow, Inc.

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Web: www.allprobackflowinc.com

Section A:

1) Scope of Work:

All Pro Backflow, Inc. (Consultant), utilizing the test procedures currently recommended by the University of Southern California Foundation for Cross-Connection Control in accordance with District Administrative Regulation 5021, will conduct annual tests of 1,089 non-dual plumbed commercial/residential backflow devices and 3,200 DC backflow devices located within the high-density residential dual-plumbed areas of the El Dorado Irrigation District (EID), El Dorado Hills, CA. Consultant will complete no less than 500 tests monthly, and will complete all 4,289 tests between the dates of February 1, 2018 and October 31, 2018. All testing shall be conducted within the normal business hours as dictated by EID: Monday to Friday, 6:30 AM to 4:00 PM, and no earlier than 8:00 AM for residential devices. The Consultant will be considered as an authorized representative of EID for the purposes of completing the scope of work outlined here. EID will provide the Consultant with a written letter denoting authorization as well as a District identification badge which will be carried and displayed at all times. As an authorized representative of EID, the Consultant is authorized to unlock and open curb stops for the purposes of completing test; and will also be responsible for closing and relocking the curb stops after testing has been completed.

The Consultant will assume responsibility for all deliverable pick up and drop off as it pertains to the scope of work described in the RFP, and will furnish all labor, materials, tools, equipment, supplies, facilities, vehicles, and supervision necessary to complete all annual testing responsibilities. EID supplied tags will be hole punched for the current year and attached to passing devices. The Consultant will be provided with a list of devices and blank test reports no later than five (5) business days prior to the beginning of each month during the contract period.

Prior to the beginning of each testing day Consultant will provide EID with a planned schedule for testing which includes, but is not limited to, testing area(s) and projected start/end times. The Consultant will locate the assemblies, and schedule testing arrangements with the customer/occupant. Customers/occupants will be notified verbally prior to test, and failing that the Consultant will utilize the flow indicator to ensure no flow is detected. In the event that the Consultant is unable to verbally notify the customer/occupant and flow is detected at the drinking water meter, then the Consultant will attempt testing at a later time. If any initial test fails, the Consultant will conclude the test without performing any internal maintenance, repairs, or cleaning of assemblies. The consultant will then provide EID, by the following day, with written notification via email of any assemblies that do not pass the initial test. Notifications of "Failed" tests will include the nature of the observed conditions that led to the inability to pass the initial test. Notifications will be submitted via email to the Project Manager or their designee. If the Consultant is unable to complete the initial testing then they will digitally photo document the assembly and note all conditions on test report, and will provide said report to EID no later than the last business day of the following week. The Consultant will notify EID of illegal cross-connections, incorrect installations, or any potential hazards to the water system immediately upon becoming aware of them. The Consultant will provide EID with completed original hardcopies for each week of testing by the last business day of the following week. The Consultant will provide EID with annual test kit calibration documentation for all test kits used. The Consultant will perform any other duties or requirements needed to ensure the satisfactory completion of the aforementioned testing goals.

2) Relevant Experience and Expertise:

All Pro Backflow, Inc has been completing a minimum of nine Sacramento Suburban Water District (SSWD) testing cycles per year for over five years. The testing requirements for SSWD, while not identical, are a close match to the scope of work detailed within the RFP. This allows us to utilize many of the standard procedures that we already have in place, and will allow us to provide you with a smooth testing process.

5701 Lonetree Blvd, Suite 208-D, Rocklin, CA 95765
REMIT TO: PO Box 2193 Folsom, CA 95763
Phone: 916.276.7162
Fax: 916.588.4969
E-Mail: service@allprobackflowinc.com
Web: www.allprobackflowinc.com

3) Project Team:

All Pro Backflow, Inc will utilize the following project team to ensure that all testing is completed in a professional, and efficient manner:

Jon Lotito (President and Lead Tester) :

Provides company with quarterly and annual goals and direction. Plans and executes marketing campaigns. Prepares estimates for repairs and installations. Tests, repairs, and installs backflow devices. Ensures that all data is current and accurately reported. Utilizes testing schedules to provide prompt and efficient service to customers throughout central California and parts of Nevada. Provides a friendly and informative point of contact for customers on site.

Brian Rohl (Tester) :

Tests, repairs, and installs backflow devices. Ensures that all data is current and accurately reported. Utilizes testing schedules to provide prompt and efficient service to customers throughout central California and parts of Nevada. Provides a friendly and informative point of contact for customers on site.

Wendy MacDonald (Office Manager) :

Accurately files backflow testing reports with water districts. Schedules testing, repair, and installation appointments with customers. Processes all invoices, estimates, and payments. Presents a friendly and informative face for the company.

Justin Thayer (Office Technician) :

Accurately files backflow testing reports with water districts. Schedules testing, repair, and installation appointments with customers. Processes all invoices, estimates, and payments. Presents a friendly and informative face for the company.

The resumes for each team member can be found attached with the additional documents in Section C.

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4) Quality Assurance and Control; Conflicts:

The Consultant approaches quality assurance and control through a standard four (4) phase process: Quality Control, Quality Assurance, Total Quality Management, and User Value. We are exceedingly familiar with large volume contracts, and have implemented several quality control measures to ensure that all testing is completed in a safe, professional manner. We utilize day specific customer route lists to reduce travel time, provide our testers with the original information to check off the corresponding devices, and to provide a secondary check for our office when processing paperwork. Our goal for quality assurance is the complete satisfaction of our customers throughout every aspect of our work. We respond to customer concerns as quickly as we are capable.

SSWD testing cycles occur in the second half of the month. The Consultant will easily manage this by focusing on completing the majority of the monthly testing schedules, as provided by EID, during the first half of the month.

5) Client References:

In-N-Out Burger	8+ Years
Contact: Dave Norris	Phone Number: 626.813.7358
Raleys	10+ Years
Contact: Deborah King-Hale	Phone Number: 916.484.3117
Cemo Commercial	10+ Years
Contact: Kaci Woods-Dube	Phone Number: 916.933.2300

6) Contract and Insurance Requirements:

Please see the attached insurance documentation in Section C of this proposal. All insurance requirements listed in RFP 17-08 have been met, and the Consultant is willing and capable of continuing to meet all specified requirements throughout the contract period.

7) Addenda:

As of this date, January 2018, one (1) document of addenda has been released and can be viewed in Section C of this proposal.

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Web: www.allprobackflowinc.com

Section B:

Cost of Services:

As detailed in Exhibit B, Table 1: Residential/Commercial Annual Backflow Prevention Assembly Testing Cost Schedule.

Approximate Number Tested	Price Per Device
1,089 Devices	$47.50

As detailed in Exhibit B, Table 2: Residential Dual-Plumbed Annual Backflow Prevention Assembly Testing Cost Schedule.

Approximate Number Tested	Price Per Device
3,200 Devices	$37.50

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Web: www.allprobackflowinc.com

Section C:

Supporting Documentation:

- Project Team Resumes
- Tester Certifications
- Test Kit Calibration Certificates
- CCL
- Certificate of Liability Insurance
- Addenda

Jon Lotito
Company Address
5701 Lonetree Blvd Suite 208-D
Rocklin, CA 95765
916.276.7162 (O)

WORK EXPERIENCE

All Pro Backflow, Inc JAN 2009 – PRESENT
916.276.7162

- President

Provides company with quarterly and annual goals and direction. Plans and executes marketing campaigns. Prepares estimates for repairs and installations. Tests, repairs, and installs backflow devices. Ensures that all data is current and accurately reported. Utilizes testing schedules to provide prompt and efficient service to customers throughout central California and parts of Nevada. Provides a friendly and informative point of contact for customers on site.

C & D Contractors, Inc MAY 2004 – DEC 2008
530.272.6938

- Project Superintendent

Provided on-site coordination for all phases of construction projects, including coordinating subcontractors, material and equipment, ensuring that specifications were being strictly followed, and work was proceeding on schedule and within budget. Responsible for scheduling, inspections, quality control, and job site safety.

EDUCATION

Colfax High School 1993 - 1997
Colfax, CA
Graduated

San Diego State University 1997 - 2004
San Diego, CA
BS Business Management

REFERENCES

David Petty Phone: 530.362.0812
C & D Contractors, Inc

Dave Norris Phone: 626.813.7358
In-N-Out Burger

Kaci Woods Phone: 916.933.2300
Cemo Commercial

Brian Rohl
Company Address
5701 Lonetree Blvd Suite 208-D
Rocklin, CA 95765
916.276.7162 (O)

WORK EXPERIENCE

All Pro Backflow, Inc OCT 2012 – PRESENT
916.276.7162

- Lead Technician

Tests, repairs, and installs backflow devices. Ensures that all data is current and accurately reported. Utilizes testing schedules to provide prompt and efficient service to customers throughout central California and parts of Nevada. Provides a friendly and informative point of contact for customers on site.

Du-mor Fire Systems Inc JUL 2001 – MAR 2010
530.878.9055

- Foreman

Coordinated tasks according to priorities and plans. Produced schedules and monitored the attendance of crew members. Allocated general and daily responsibilities. Ensured manpower and other resources were adequate for the completion of the job. Guaranteed all safety precautions and guidelines were followed and enforced.

Sacramento Demolition JAN 1998 – APR 2001
530.878.0939

- Foreman

Coordinated tasks according to priorities and plans. Produced schedules and monitored the attendance of crew members. Allocated general and daily responsibilities. Ensured manpower and other resources were adequate for the completion of the job. Guaranteed all safety precautions and guidelines were followed and enforced.

EDUCATION

Colfax High School 1990 - 1994
Colfax, CA
Graduated

Sierra College 1995 - 1997
Rocklin, CA

REFERENCES

Fritz Morril Phone: 530.878.9055
Du-mor Fire Systems Inc

Don Miller Phone: 530.308.5397
Placer County Water Agency

Ed White Phone: 530.878.0939
Sacramento Demolition

Wendy MacDonald
Company Address
5701 Lonetree Blvd Suite 208-D
Rocklin, CA 95765
916.276.7162 (O)

W O R K E X P E R I E N C E

All Pro Backflow, Inc APR 2015 – PRESENT

- Office Manager

All facets of a small business office: bookkeeping, payroll, advertising, technology management, office procedures, maintain licensing for all aspects of company, maintain compliance (OSHA, DIR, insurance, etc.) and reporting requirements. Accurately file backflow testing reports with water districts. Schedule customer appointments. Process invoices, estimates, and payments.

Family Caregiver MAY 2011 – SEPT 2016

Caregiver, medical advocate for family member.

Isleton Brannan-Andrus Historical Society (IBAHS) NOV 2011 – JUN 2012

- Museum Curator
- Project Manager (Bing Kong Tong Restoration)
- Interim President

Maintained Museum, developed marking program, oversaw volunteer program.
Point of Contact and final decision for all facets of Bing Kong Tong Restoration project.
General Management of IBAHS.

Berg Imports, LLC SEPT 2010 – DEC 2011

- Office Manager
- Remote On-call support

All facets of a small business office: general bookkeeping, payroll, technology management, office procedures, warehouse inventory, logistics, and domestic shipping, international shipping.
Provided remote training / guidance to new office manager. Provided remote technology support and training, as needed.

E D U C A T I O N

Bellevue Community College 1998 - 2000
Bellevue, WA
AA Media Communication and Technology

The Evergreen State College (TESC) 2000 - 2004
Olympia, WA
BA – Liberal Arts

University of East Anglia (final year of TESC degree)
Norwich, England, UK
Final year of BA degree (focus World Art Studies & Museology) 2003 -2004

R E F E R E N C E S

Karen Franscioni — Phone: 916.777.6906
Isleton Brannan-Andrus Historical Society (IBAHS)

Jean Eberhardt — Phone: 360.867.5621
The Evergreen State College (TESC)

Cai Berg — Phone: 734.253.2231
Berg Imports, LLC (please note, Cai is often overseas – email is best: cai@bergimports.com)

Justin Thayer
Residence
5854 Sequoia Court
Rocklin, CA 95677
916.276.7162 (O)

WORK EXPERIENCE

All Pro Backflow, Inc. AUG 2017 – PRESENT
916.276.7162

- Office Technician

Accurately files backflow testing reports with water districts. Schedules testing, repair, and installation appointments with customers. Processes all invoices, estimates, and payments. Presents a friendly and informative face for the company.

Buffalo Wild Wings Inc. APR 2016 – MAR 2017
785.323.9464

- Heart of House Team Member

Cooks working for Buffalo Wild Wings primarily perform culinary job duties. Cooks fry, grill, sauté, steam, and bake food to order for guests. Additional job duties include keeping inventory, restocking food bins, and cleaning work stations.

Flower Foods APR 2015 – AUG 2015
785.393.3772

- Route Specialist

Quickly and safely delivered bread product from a warehouse to the stores on a prescribed route. Managed the ordering of the product at the end of every day, and sold display space to stores. Maintained the delivery truck, and safely drove over 150 miles every day. Ensured every store was well stocked and presentable.

United States Army OCT 2010 – APR 2015
785.239.5817

- Field Artillery Automated Data Systems Specialist Fire Control Chief

A Fire Control Chief in the 4th Infantry Brigade Combat Team of the 1st Infantry Division with a worldwide deployment contingency mission; supervising fire direction operations, communications setup and maintenance; orchestrating fire mission processing, fire support planning and execution, movement control and entry of commander's guidance; performing troubleshooting of Advanced Field Artillery Tactical Data Systems (AFATDS) hardware, software, database, and communications to ensure continuity between computer systems; oversee the performance, training, and accountability of five soldiers and organizational maintenance on section equipment valued at $1,500,000.

EDUCATION

River Valley High School 2005 - 2009
Marion, OH
Graduated

University of Cincinnati 2007 - 2010
Cincinnati, OH
50 Semester Hours

Kansas State University 2015 - Present
Manhattan, KS
Ongoing

R E F E R E N C E S

Greg Chapman
Staff Sergeant, United States Army
Phone: 307.760.1076

Kristen Van Groningen
Civil Engineer, Mead & Hunt
Phone: 916.216.3678

Littrell Fuller
Sergeant First Class, United States Army
Phone: 915.443.5075

CALIFORNIA-NEVADA SECTION
American Water Works Association

File with your certificate

Backflow Prevention Assembly Tester

Cert No: 12508

Exp. Date 12/31/2020

Certification Director

American Water Works Association
California-Nevada Section

Jon Lotito

Be it known that having submitted
acceptable evidence of qualification by education, training, and experience
is hereby granted this Certificate of competency as a

Backflow Prevention Assembly

General Tester

Witness our Hand and Seal,
this September 16, 2017

Certificate Number: 12508

Certification Administrator
California-Nevada Section, AWWA

CALIFORNIA-NEVADA SECTION
American Water Works Association

File with your certificate

Backflow Prevention Assembly Tester
14926

Cert. No.:

Certification Director

American Water Works Association
California-Nevada Section

Brian G. Rohl

Be it known that having submitted
acceptable evidence of qualification by education, training, and experience
is hereby granted this Certificate of competency as a

Backflow Prevention Assembly

General Tester

Witness our Hand and Seal,
this July 23, 2016

Certificate Number: 14926

Certification Administrator
California-Nevada Section, AWWA

BACKFLOW DISTRIBUTORS, INC.

6400 Elvas Ave, Suite A.
Sacramento, CA 95819
Phone (916) 452-6500 · Fax (916) 706-3337
sales@allthingsbackflow.com

Customer: ALL PRO BACKFLOW INC
Address: 5701 LONETREE BLVD SUITE 208-D
ROCKLIN, CA 95765
Phone: 916-276-7162 ATT : JON

Backflow Test Kit Accuracy Certification

Model: 835-5 **Serial Number:** 03150619

Range: 0-15 PSID

This gauge is calibrated to an accuracy of ± 0.2 PSID descending.

Ref. Pressure	Gauge Reading
14	14.1
7	7.1
5	5.1
2	2.1
1	.9

The test instrument used in the certification of this backflow test kit conforms to ASME B40.100 and is traceable to N.I.S.T. via # 36248.

Accuracy Check by: DAVID CRAYTON

Date of Accuracy Check: 1-27-2017

Mid-West® Instrument

BACKFLOW DISTRIBUTORS, INC.
MIDWEST INSTRUMENT
FACTORY AUTHORIZED
CALIBRATION & SERVICE CENTER

BACKFLOW DISTRIBUTORS, INC.

6400 Elvas Ave, Suite A.
Sacramento, CA 95819
Phone (916) 452-6500 · Fax (916) 706-3337
sales@allthingsbackflow.com

Customer: ALL PRO BACKFLOW
Address:
5701 LONETREE BLVD
SUITE 208-D
ROCKLIN, CA 95765

Phone: 916-276-7162

Backflow Test Kit Accuracy Certification

Model: 835 **Serial Number:** 11132584

Range: 0-15 PSID

This gauge is calibrated to an accuracy of ± 0.2 PSID descending.

Ref. Pressure	Gauge Reading
14	14.2
7	7.1
5	5.2
2	2.2
1	1.1

The test instrument used in the certification of this backflow test kit conforms to ASME B40.100 and is traceable to N.I.S.T. via # 36248.

Accuracy Check by: BRANDON MOODY

Date of Accuracy Check: 11-6-17

Mid-West® Instrument

BACKFLOW DISTRIBUTORS, INC.
MIDWEST INSTRUMENT
FACTORY AUTHORIZED
CALIBRATION & SERVICE CENTER

STATE OF CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Pursuant to Chapter 9 of Division 3 of the Business and Professions Code
and the Rules and Regulations of the Contractors State License Board,
the Registrar of Contractors does hereby issue this license to:

ALL PRO BACKFLOW INC

Reassigned License Number 934557

to engage in the business or act in the capacity of a contractor in the following classifications:

C36 - PLUMBING

Witness my hand and seal this day,
March 29, 2016

Issued June 23, 2009
Reissued March 28, 2016

Eddie Lang, Jr., Board Chair

Cindi A. Christenson, Registrar of Contractors

This license is the property of the Registrar of Contractors, is not transferable, and shall be returned to the Registrar upon demand when suspended, revoked, or invalidated for any reason. It becomes void if not renewed.

13L-24 (REV. 03/15)

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 1/9/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Brown & Brown Insurance Brokers of Sacramento, Inc P. O. Box 619043 Lic #0H38004 Roseville CA 95661-9043	CONTACT NAME: PHONE (A/C, No, Ext): 916-630-8643 FAX (A/C, No): 800-783-0083 E-MAIL ADDRESS:
INSURED ALLPR-6 All Pro Backflow, Inc. P.O. Box 2193 Folsom CA 95763	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A : Colony Insurance Company — 39993 INSURER B : Infinity Select Insurance Co. — 22268 INSURER C : Markel Insurance Company — 38970 INSURER D : INSURER E : INSURER F :

COVERAGES **CERTIFICATE NUMBER:** 248251547 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:	Y	Y	101GL001966603	6/15/2017	6/15/2018	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
B	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS [X] SCHEDULED AUTOS HIRED AUTOS [ ] NON-OWNED AUTOS			504610014755001	7/1/2017	7/1/2018	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
	UMBRELLA LIAB [ ] OCCUR EXCESS LIAB [ ] CLAIMS-MADE DED [ ] RETENTION $						EACH OCCURRENCE AGGREGATE	$ $
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	Y	MWC006033804	1/22/2017	1/22/2018	[X] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Certificate holder is included as Additional Insured under Commercial General Liability policy per endorsement U156A-0313 attached.
Additional Insured(s): El Dorado Irrigation District, its affiliates, directors, officers, officials, partners, representatives, employees, and agents.

CERTIFICATE HOLDER

El Dorado Irrigation District
2890 Mosquito Road
Placerville, CA 95667

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

RFP17-08

ADDENDUM NO. 1

EL DORADO IRRIGATION DISTRICT

ANNUAL TESTING OF BACKFLOW PREVENTION ASSEMBLY

JANUARY 2, 2018

To: All Potential Proposers

THIS IS AN ADDENDUM TO WHICH SPECIAL ATTENTION SHOULD BE GIVEN IN ORDER TO PRESERVE THE VALIDITY OF ANY PROPOSAL SUBMITTED PURSUANT TO THE ABOVE REQUEST FOR PROPOSALS. THE RFP IS REVISED, MODIFIED, AND CLARIFIED AS FOLLOWS:

The proposal due date and time is unchanged and remains as follows:

Due Date:	January 10, 2018
Due Time:	3:00 PM Local Time

Item 1 – Questions received and answered by District:

Question 1: List of Items, Schedule of Requirements, Scope of Work, Terms of Reference, Bill of Materials required.

Answer 1: See Request for Proposals RFP17-08 (RFP).

Question 2: Soft Copy of the Tender Document through email.

Answer 2: The RFP is posted on our website and you may download it. Here's the link: http://www.eid.org/doing-business-with-eid/procurement-and-contracts

Question 3: Name of countries that will be eligible to participate in this tender.

Answer 3: To be considered eligible to perform the Scope of Work, the consultant must meet the qualifications described in the RFP. The country in which the consultant is headquartered is not an eligibility criterion.

Question 4: Information about the Tendering Procedure and Guidelines.

Answer 4: Please refer to the RFP for a description of the procedure and guidelines for this request for proposals.

Question 5: Estimate Budget for the Purchase.

Answer 5: The District has no budget estimate for these services as the cost may vary widely among the respondents.

Question 6: Any Extension of Bidding Deadline?

Answer 6: No, the proposal due date remains the same.

Question 7: Any Addendum or Pre Bid meeting Minutes?

Answer 7: This is the only addendum anticipated for this RFP at this time. No pre-bid meeting was held.

THIS ADDENDUM AND ALL OTHERS ISSUED SHALL BE PART OF THE PROPOSAL AND CONTRACT DOCUMENTS.

Martin Johnson, Senior Environmental Compliance Officer — January 2, 2018 Date

END OF ADDENDUM NO. 1

EL DORADO IRRIGATION DISTRICT

Subject: Consideration to agendize an action item for the February 12, 2018 regular Board meeting to consider a funding change for the low-income assistance program for District residential wastewater customers only.

Previous Board Action

June 27, 2016 – Information item to review feasibility of implementing a low-income assistance program for District customers.

January 23, 2017 – Board considered a low-income assistance program for District single family residential wastewater customers.

January 23, 2017 – Board established a Board-directed discretionary revenue fund to, among other things, fund a low-income ratepayer assistance program.

November 13, 2017 – Board gave direction to staff, during a workshop, to bring back an option for a low-income assistance program for residential wastewater customers only.

December 11, 2017 – Board approved a low-income assistance program for residential wastewater customers and directed staff to use property tax revenues to fund the program.

January 8, 2018 – Staff was directed to bring back an item to discuss changing the funding for the low-income assistance program for residential wastewater customers.

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

BP 3010 states the Board is committed to promoting the most efficient and effective use of the District's financial resources that will accomplish the goals of the District, support facilities and programs, and provide quality services to District customers. It is the responsibility of the General Manager to inform the Board about financial operations of the District so the Board can make informed decisions and fully discharge its legal responsibilities in a fiscally sound manner.

BP 9010 states the District strives to meet or exceed customers' reasonable expectations for service through innovative thinking, effective issue resolution, and execution of strategic plans.

BP 9050 states the District's Board of Directors establishes charges and rates for water, recycled water, and wastewater services.

BP 12050 states in exercising their oversight, and in order to maintain accountability for the performance of their duties and responsibilities, the Board shall provide for ongoing review and evaluation of current programs, services, and activities of the District. The Board recognizes that this includes regular reports to the public on qualitative and quantitative assessments.

The General Manager shall establish and conduct regular assessments of the services and activities of the District. This may include oral or written reports presented at meetings of the Board.

BP 12080 states in part that no matter upon which "action is taken" may be reagendized or reconsidered for a period of six (6) months except by the following process: The Board of Directors may, upon any member's agendizing the matter, vote to reconsider any action previously taken, and if a majority of the Board votes to reconsider, the matter shall be placed on the agenda for reconsideration at a subsequent meeting.

Summary of Issue

On December 11, 2017, the Board approved a low-income assistance program for residential wastewater customers and directed staff to use property tax revenues to fund the program. During the January 8, 2018 Board meeting, Director Coco requested that staff agendize an item to discuss changing the funding for the low-income assistance program. To comply with BP 12080 (above), Director Coco has requested that this item be placed on the agenda for consideration.

Board Discussion/Options

Option 1: Agendize an action item for the February 12, 2018 regular Board meeting to consider a funding change for the low-income assistance program for District residential wastewater customers only.

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

Option 3: Take no action.

Director Recommendation

Option 1

Support Documents Attached

None

Jennifer Sullivan
Clerk to the Board

for
Dale Coco, MD
Board Director

EL DORADO IRRIGATION DISTRICT

Subject: Consideration of a 10% reduction in the District's wastewater rates.

Previous Board Actions

December 11, 2017 – Board adopted the 2017-2018 Mid-Cycle Operating Budget and 2018–2022 Financial Plan, without any rate increases for water, wastewater and recycled water in 2018.

January 8, 2018 – Board voted to agendize the consideration of a 10% reduction in the District's wastewater rates.

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

BP 9050 states that the District's Board of Directors establishes charges and rates for water, recycled water, and wastewater services.

BP 11010 states in part: the Board will adopt changes in rates pursuant to Article XIII D Section 6 of the California Constitution (Proposition 218). In relation to FCCs, the District is committed to provide capacity for a reasonable rate of growth within its service area. Existing customers will not share in these costs.

BP 12050 states in part: in exercising their oversight, and in order to maintain accountability for the performance of their duties and responsibilities, the Board shall provide for ongoing review and evaluation of current programs, services, and activities of the District.

AR 3014 states in part: the District will maintain operating reserves as approved by the Board for each of its utilities, water and wastewater, as a credit enhancement and to provide for: economic uncertainties, local disasters, and other financial hardships or downturns in the local, regional, state, or national economies; contingencies for unseen operating and capital needs; funding for planned remedial, replacement, or renovation of existing facilities; and cash-flow requirements; and a revenue source for invested interest earnings to reduce District needs for ratepayer funds.

BP 3010 states that the Board is committed to promoting the most efficient and effective use of the District's financial resources that will accomplish the goals of the District, support facilities and programs, and provide quality services to District customers. It is the responsibility of the General Manager to inform the Board about financial operations of the District so the Board can make informed decisions and fully discharge its legal responsibilities in a fiscally sound manner.

The Board shall adopt a two-year operating budget and update it prior to the beginning of the second budget year. The projected annual revenues of every adopted District operating budget, excluding Facility Capacity Charges and water transfer revenues, must equal or exceed the projected annual operating expenses plus debt payments. Further, to ensure that every adopted District operating budget provides adequate funding for pay-as-you-go capital projects, the Board's financial goals and objectives for annual debt service coverage are as follows: maintain a 1.25 ratio of net revenue, excluding Facility Capacity Charges and water transfer revenues, to debt service expense.

The Board shall also adopt every year a five-year Financial Plan and a five-year Capital Improvement Plan, and approve funding for the Capital Improvement Plan on an as-required basis.

AR 3012 states that the General Manager desires to maximize efficiency in the management of revenue and expenditures and thereby assigns responsibility for monitoring program budgets to department heads and program managers who shall use financial reports, program reports, and other pertinent data to ensure maximum effectiveness of program operation. The five-year Financial Plan establishes the cost of funding the operations and maintenance, capital expenditures, and debt expenses required to meet the District's mission of providing high quality, wastewater treatment, recycled water, hydroelectric power generation, and recreational services in an environmentally and fiscally responsible manner, meeting the District's debt covenant requirements to its bond holders and matching future revenues to those costs.

Long-term financial planning avoids volatile rate adjustments; better manages debt; better manages prepayment of debt; funds the Capital Improvement Plan; provides a plan for meeting debt covenant requirements; and sets clear, public goals and expectations. The goals and objectives are to establish necessary operating and maintenance costs, debt expenses, and pay-as-you-go project costs; generate adequate revenues to fund those costs, meet debt covenants, and maintain adequate cash reserves; avoid "rate shock" – small annual rate adjustments are better and more cost-efficient than years of zero rate increases followed by double-digit increases to make up shortfalls; maintain strong credit ratings with rating agencies (S&P – A+, Moody's – A1); maintain cash reserves between $60 million and $80 million; maintain CIP funding levels to replace high priority capital assets prior to end of life, avoiding critical asset failures; maintain 1.7 to 2.0 debt coverage ratio with Facility Capacity Charges (FCC); and maintain 1.25 debt coverage ratio without FCCs – in all years, meet Finance Control test that annual operating revenue, excluding FCCs, must equal or exceed total annual operating expenses plus debt payments.

AR 3015 states that the projected annual revenues of every adopted District operating budget, excluding Facility Capacity Charges, must equal or exceed the projected annual operating expenses plus debt payments.

Summary of Issue(s)

During the January 8, 2018 Board meeting, the Board voted to agendize an item to consider a 10% reduction in wastewater rates at the next regular Board meeting on January 22, 2018. During its discussion, the Board requested that staff address several issues, raised by Director Prada, including an update of the five-year financial plan reflecting the impact of a proposed 10% wastewater rate reduction, in an action item for presentation to the Board at the next meeting.

Staff Analysis/Evaluation

Through the 1990s and 2000s, the District relied too heavily on Facility Capacity Charge (FCC) revenue to fund debt service. The District issued bonds in 1996, 2003 and 2004, for both capacity expansion and regulatory compliance capital projects and used FCC revenue to pay for that debt.

Director Prada indicated that the District had to borrow an additional $40 million to fund improvements and expansion to the wastewater system between 2000 and 2009. This is accurate, however the expenditures, which totaled about $150 million, included a combination of both expansion of the El Dorado Hills wastewater treatment plant and various regulatory driven and reliability upgrades at the treatment plants and collection systems at both El Dorado Hills and Deer Creek systems. Since the District had been using FCC revenue to pay for the debt since the 1990s, it is difficult to determine if the past use of FCCs to pay debt and other expenses for many years depleted the FCC fund which ultimately required new debt to be issued.

Director Prada made similar allegations in December of 2015 (see Information Item No. 14, Staff Response to November 9, 2015 handout regarding the District's Facility Capacity Charge setting policy, December 14, 2015 Regular Board Meeting, El Dorado Irrigation District) regarding the water enterprise fund and bonds. Staff demonstrated that the FCC calculations included a component in the "buy-in" portion of the FCC that repays rate payers for bonded indebtedness. That portion is "the present value of past debt issuance costs." This addition to the FCC fee ensures the rate payer is made whole and is discussed below.

In 2008 and 2009, FCC revenue dropped from $11 million to less than $1 million, causing an extreme financial crisis for the District. The District cut operating costs, refinanced debt, renegotiated its existing hydroelectric revenue contract and implemented multi-year double-digit rate increases to its customers.

Because of the financial crisis and the negative impact to its customers, the District implemented a new practical (widely-used) financial model: operating revenue must equal or exceed the operating expenses and debt payments by 1.25 to ensure adequate funds and to fund smaller pay-as-you-go projects. The business model is Operating Revenue $\geq$ Operating Expense + Debt Service with a debt service goal between 1.0 and 1.25. The amount above 1.0 would be used to fund smaller pay-as-you-go projects. This financial model is reflected in BP 3010.

This financial model also focuses on collecting FCC revenue in restricted accounts so that it can be used for future capacity expansion and/or replacement to help minimize future bond issuance. In the 2018 – 2022 five-year financial plan, staff forecasted an increase in FCC revenue which would help fund the projects listed in the five-year CIP and longer term projects listed in the Wastewater Master Plan.

Financial

The original 2018 – 2022 Financial Plan does show a growth in FCC Reserves but it is not for the reasons that Director Prada represented in his January 8, 2018, presentation. During that presentation, and in his agenda item summary, Director Prada stated that "Wastewater cash will grow $21 million more than reserves required by AR 3014." The growth reserves were primarily to restore the Board's designated funds to the required levels, from $6.3 million to $17.6 million. The Board-designated reserve fund has been depleted by the Board's decisions to forego implementing the wastewater rate increases adopted after the last Prop. 218 Hearing. The debt service ratios are higher in the original 2018 – 2022 Financial Plan in order to restore the reserve funds.

Impacts of rates on cash position

2018 originally proposed 3% rate increase

The 2018 proposed 3% rate increase which was eliminated by the Board at the December 11, 2017, budget meeting was designed—along with the forecasted 3% rate increases in 2019 – 2022—to restore the Board adopted reserves to their defined funding levels while creating a positive unrestricted cash balance. Attachment 1 to this AIS shows the breakdown of the District's cash at the District level and by separate utility with the original 3% proposed rate increase. The wastewater utility reflects a combined unrestricted cash and Board reserved cash balance in 2018 of $6.3 million. This figure is $6.5 million lower than the Board designated reserve balance should be. However, with the 3% rate increases that are included in the forecast for years 2019 – 2022, that balance is almost reached within the plan by 2021 and is shown to be funded by 2022.

2018 adopted 0% rate increase

After the Board declined to implement its adopted rate increases for 2018, staff updated the 2018 – 2022 financial forecast. Attachment 2 to this AIS shows the breakdown of the District's cash at the District level and by separate utility with 0% rate increase. The wastewater utility reflects a combined unrestricted cash and Board-reserved cash balance in 2018 of $5.6 million. This figure is $7.2 million lower than the Board-designated reserve balance should be. However, with the 3% rate increases that are included in the forecast for years 2019 – 2022, the reserve balance is restored by 2022, though the unrestricted cash is near zero.

2018 proposed -10% rate decrease

At the direction of the Board, staff has updated the 2018 – 2022 financial forecast to reflect the effects on cash of a 10 percent reduction in the wastewater rate for 2018 and the compounding affect it would have. Attachment 3 to this AIS shows the breakdown of the District's cash at the District level and by separate utility with the -10% proposed rate decrease. The wastewater utility reflects a combined unrestricted cash and Board-reserved cash balance in 2018 of $3.6 million. This figure is $9.2 million lower than the Board-designated reserve balance should be. By 2020, even with projected 3% rate increases for 2019 and 2020 the combined number goes negative by $1.1 million and then by 2022 is only at $2.8 million. Although not reflected in the attachment, the combined cash returns to negative again for the years 2023 – 2026 in the extended forecast model.

Capital Projects

The 2018 – 2022 Capital Improvement Plan includes over $16 million of wastewater expenditures. As directed by the Board, the level of expenditures and projects has been pared down for several years to meet financial plan objectives. For example, with over 60 sewer lift stations operating in our system, the District should be replacing two lift stations per year on an ongoing basis to maintain reliability as these stations reach the end of their useful life. However, the 2018 – 2022 plan includes only five lift station replacements over the next five years. Funding for pipeline replacement is also similarly limited.

The District's Wastewater Facilities Master Plan identified several new projects needed in the future for both replacement of aging assets and increased capacity to serve continued connections to the system. Staff has estimated the timeline and costs for these projects within the next ten years in the table below. Some are included in the current 5-year CIP with most deferred but needing replacement in the next 10 years.

Facility Description	Est Feet	Current CIP Plan 2018-2022	Add to Current CIP 2018-2022	Needed 2023-2027	Total
El Dorado Hills Collection System					
Fairchild Drive, Replace existing 8-inch with 10-inch	600		$ 165,000		$ 165,000
Upstream of EDHWWTP, Replace existing 18-inch with 24-inch	1,000		1,000,000		1,000,000
Subtotal		-	1,165,000	-	1,165,000
Deer Creek Collection System					
Blanchard Road, parallel ex 6-inch with 8-inch	1,300			300,000	300,000
Strolling Hills, Upsize to 24-inch	10,700			4,250,000	4,250,000
Mother Lode FM Phase 6, Replace existing 12-inch with 20-inch	5,600			2,220,000	2,220,000
Town Center FM, Replace existing 8-inch with 10-inch	8,000	$ 2,000,000	1,200,000		3,200,000
Subtotal		2,000,000	1,200,000	6,770,000	9,970,000
Lift Stations					
New York Creek LS, Replace existing pumps				150,000	150,000
Timberline LS, Replace existing pumps				100,000	100,000
El Dorado LS				200,000	200,000
Pipeline replacement program ($500,000/year)		2,500,000		2,500,000	5,000,000
Lift Station replacement program		5,000,000		7,500,000	12,500,000
Subtotal		7,500,000	-	10,450,000	17,950,000
Total construction cost			2,365,000	17,220,000	29,085,000
soft costs 25%			591,250	4,305,000	4,896,250
contingency 20%			473,000	3,444,000	3,917,000
Total		$ 9,500,000	$ 3,429,250	$ 24,969,000	$ 37,898,250

As one can determine, the FCC reserves anticipated within the current financial forecast will be needed to contribute towards the projects included in the Wastewater Facilities Master Plan expenditures for which are outlined above and potentially avert or reduce the need for a wastewater debt issuance within the next five to 10 years, as well as mitigating rate increases needed to raise funds for these and other pay-go projects.

Wastewater Treatment Plant Capacity

The expansion of the wastewater treatment plants was not solely for new development, but also to meet peak wastewater inflow, which directly benefits existing customers. As described in more detail below, the District's wastewater treatment plant permits require the District to treat all influent wastewater received at the plant and to maintain permit compliance with all constituent limitations during peak wet weather events. At both the Dear Creek and El Dorado Hills wastewater treatment plants, the District is at or near capacity to meet peak wet weather inflow.

The Central Valley Regional Water Quality Control Board (RWQCB) administers the National Pollutant Discharge Elimination System (NPDES) permits for the El Dorado Hills and Deer Creek Wastewater Treatment Plants. The permits establish average dry weather flow (ADWF) capacity for the facility. The current permits rate the ADWF capacity for the EDHWWTP and DCWWTP at 4.0 and 3.6 million gallons per day (MGD) respectively. The RWQCB utilizes the permitted ADWF to calculate constituent mass loading limits which serve as permit compliance limitations. The NPDES permits do not specify peak wet weather flow or maximum hydraulic capacity of the facility as the RWQCBs do not regulate wet weather inflow and infiltration (I&I) that flows into the plants during storm events or by a seasonally high groundwater table. However, the NPDES permits still require dischargers to treat all influent wastewater coming into the plant and to maintain permit compliance with all constituent limitations during peak wet weather events. When analyzing the capacity of a wastewater treatment facility, it is not just the ADWF capacity that needs to be evaluated, but also the treatment capabilities of the facility and the ultimate hydraulic capacity. The NPDES permits are renewed every five years and the capability of the wastewater treatment plant to comply with existing and new regulations is reviewed and new effluent limitations may be issued. Additionally, the maximum hydraulic capacity for the wastewater plant to treat all peak wet weather flows should also

be analyzed. The DCWWTP is estimated at having a peak hour capacity of 17.2 MGD. In 2006 during the design of the EDHWWTP Phase III project, the peak hour hydraulic capacity was estimated to be 21.2 MGD. However, this peak hour design flow was estimated based on the 5.4 MGD capacity expansion project. As the board is aware, staff changed the design and reduced the capacity expansion from 5.4 to 4.0 MGD. This change in ADWF capacity likely resulted in a reduction of peak hour hydraulic capacity at the EDHWWTP. Below is a table of peak flows greater than 10 MG from January 2014 to January 2018 at both wastewater treatment plants.

Deer Creek WWTP		**El Dorado Hills WWTP**	
Date	Peak Flow (MGD)	Date	Peak Flow (MGD)
2/8/2014	10.9	2/8/2014	10.9
2/9/2014	15.2	2/9/2014	16.3
12/11/2014	10.1	2/28/2014	11.7
2/8/2015	12.5	8/2/2014	19.8
3/6/2016	12.1	12/11/2014	10.1
10/16/2016	10.6	12/12/2014	11.3
12/10/2016	12.6	10/16/2016	14.0
12/15/2016	15.8	12/10/2016	12.4
12/16/2016	10.4	12/15/2016	16.0
1/8/2017	13.0	12/16/2016	10.3
1/10/2017	16.7	1/8/2017	13.1
1/11/2017	10.8	1/10/2017	18.1
1/20/2017	10.1	1/11/2017	11.9
2/6/2017	10.3	2/6/2017	14.1
2/7/2017	12.6	2/7/2017	12.6
2/8/2017	11.7	2/8/2017	10.9
2/9/2017	10.9	2/9/2017	11.3
2/10/2017	12.3	2/10/2017	11.9
2/20/2017	17.4	2/20/2017	17.1
2/21/2017	10.8	7/20/2017	15.2
1/9/2018	10.5	1/9/2018	12.2

As the table indicates, there have been several times in recent years when peak flows have stressed the peak hydraulic capacities at both wastewater treatment plants. These peak flow events can be correlated with peak wet weather events and high amounts of I&I into the sewer collection system. The District can reduce I&I and thus reduce peak flows in the WWTPs by repairing and replacing compromised collection system pipe.

As shown above, the expansion of the wastewater treatment plants to meet peak demands directly benefits existing customers. The expansion was not solely for new development.

Restrictions of the Use of FCC Revenue

The statutory authority governing FCCs prohibits an agency from using FCC revenues to fund operating costs, or from otherwise using such revenues for any purpose other than the purpose for which the FCC was charged. The District has adopted a methodology for calculating its

FCCs, based upon the amount necessary to fund future growth and to recover a portion of the past investments in District facilities which benefit new users. The adopted methodology identifies how FCC revenue will be used by the District. Any changes to how the District allocates FCC revenues must conform to the statutory authorities governing such fees.

For example, Government Code section 66013 prohibits an agency from imposing facility capacity charges that exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed (unless approved by at least two-thirds of voters). That statute also defines "capacity charge" as follows:

"[A] charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. . . ." (Gov. Code § 66013(b)(3).)

Subsection (c) of that statute requires agencies to deposit FCC revenues in a separate capital facilities fund, and account for the revenues in a manner to avoid any commingling with any other revenues, except for investments. (Gov. Code § 66013(c).) That subsection also requires that agencies, "shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund." (*Ibid*.)

These statutory provisions prohibit the District from using FCC revenues to fund operating costs. They also prohibit the District from using wastewater FCCs to fund water infrastructure projects and using water FCCs to fund wastewater projects. Nothing in Government Code section 66013 prohibits the District from using FCC revenue to pay the debt service incurred to construct capital projects for which the FCC was charged. However, using FCC revenue to pay for debt service that is currently covered by wastewater rate revenue in order to reduce wastewater rates suggests that such FCC revenue would be used to subsidize wastewater rates, not to pay for the facilities for "for which the charges were collected."

Moreover, the District's adopted methodology for calculating FCCs already allocates some portion of the FCC buy-in component for wastewater to "the present value of past debt issuance costs." (See Public Hearing Item No. 6, re: Consideration of a resolution for the adoption of the Update to the District's Facility Capacity Charges, El Dorado Irrigation District Regular Meeting, August 26, 2013, Appendix A, Facility Capacity Charges Methodology and Schedule: An Update to the 2008 Facility Capacity Charge, p. 11.) Any modification to this methodology would need to be carefully analyzed to ensure that (1) the allocation does not result in charges that exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, and (2) the revenues are not allocated to anything other than "the purposes for which the charges were collected." (Gov. Code § 66013(a) & (c).) At a minimum, the District should revisit its FCC calculation methodology before materially changing the allocation of FCC revenues since the current allocation of FCC revenue was relied upon when calculating current FCC rates.

Staff Recommendation

Director Prada is suggesting we return to relying on FCC reserves to pay debt, which would create the possibility of repeating past practices that lead to a potential financial crisis for the District and its ratepayers. He has stated that if the District has FCC reserves, "…Wastewater cash surpluses are available for a 10 percent sewer rate cut." As described, it is illegal to use FCCs to fund operating expenses. However, as illustrated in the past, a reliance on FCC reserves to pay for a significant part of the debt has not proven to be a successful financial model.

District staff will use FCC reserves "solely for the purposes for which the charges were collected" – to fund the identified projects in the CIP and Wastewater Master Plan.

Staff is recommending that FCC reserves, to the legal extent possible, are used to fund projects so the District can avoid borrowing additional funds on identified projects, similar to how the El Dorado Hills Wastewater Treatment Plant expansion was handled.

Staff is not recommending that the District once again "kick the can down the road" by implementing a temporary wastewater rate reduction that will eventually deplete the Board-designated funds. The short-term rate reductions would only increase the need to borrow additional funds in the future.

Board Decisions/Options

Option 1: Reduce District's wastewater rates by 10% in 2018.

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

Option 3: Take no action.

Staff/General Manager's Recommendation

Option 3.

Supporting Documents Attached

Attachments 1-5

Mark Price
Finance Director

for
Brian Mueller, P.E.
Engineering Director

Brian Poulsen
General Counsel

Jim Abercrombie
General Manager

W	3.0%	3.0%	3.0%	3.0%	3.0%
WW	3.0%	3.0%	3.0%	3.0%	3.0%
RW	3.0%	3.0%	3.0%	3.0%	3.0%

Total District	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ 13.2**	**$ 10.7**	**$ 12.2**	**$ 19.1**	**$ 23.6**
Reserved					
Operating	**12.0**	**12.2**	**12.5**	**12.7**	**13.0**
Capital Replacement Reserves	**16.8**	**16.8**	**16.8**	**16.8**	**16.8**
Routine Capital Replacement Reserves	**3.4**	**3.4**	**3.4**	**3.4**	**3.4**
Self Insurance Reserves	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
	33.2	**33.4**	**33.7**	**33.9**	**34.2**
Total unrestricted and reserved cash	**46.4**	**44.1**	**45.9**	**53.0**	**57.8**
Restricted-Debt Reserves	**4.4**	**4.4**	**4.4**	**4.4**	**4.4**
Restricted-Growth CIP (FCCs)	**40.6**	**43.1**	**45.6**	**48.1**	**50.6**
Restricted-CIP from Bonds	**13.1**	**-11.0**	**-27.9**	**8.1**	**0.0**
	58.1	**36.6**	**22.1**	**60.6**	**55.0**
Total	**$ 104.4**	**$ 80.7**	**$ 68.0**	**$ 113.6**	**$ 112.8**
ck	-	-	-	-	-
days cash	352.60	329.33	335.39	380.03	406.17

Water Utility	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ 19.7**	**$ 17.0**	**$ 17.7**	**$ 19.6**	**$ 19.2**
Reserved					
Operating	**7.7**	**7.8**	**8.0**	**8.1**	**8.3**
Capital Replacement Reserves	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**
Routine Capital Replacement Reserves	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Self Insurance Reserves	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**
	20.4	**20.5**	**20.7**	**20.9**	**21.0**
Total unrestricted and reserved cash	**40.1**	**37.6**	**38.4**	**40.5**	**40.2**
Restricted-Debt Reserves	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
Restricted-Growth CIP (FCCs)	**14.0**	**15.5**	**16.9**	**18.4**	**19.9**
Restricted-CIP from Bonds	**13.1**	**-11.0**	**-27.9**	**8.1**	**0.0**
	30.6	**8.0**	**-7.5**	**30.1**	**23.4**
Total	**$ 70.6**	**$ 45.6**	**$ 30.9**	**$ 70.6**	**$ 63.6**
ck	-	-	-	-	-
days cash	476.95	438.34	439.22	454.28	442.09

Wastewater Utility	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ (6.5)**	**$ (6.3)**	**$ (5.5)**	**$ (0.6)**	**$ 4.4**
Reserved					
Operating	**4.3**	**4.4**	**4.5**	**4.6**	**4.7**
Capital Replacement Reserves	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**
Routine Capital Replacement Reserves	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**
Self Insurance Reserves	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
	12.8	**12.9**	**13.0**	**13.1**	**13.2**
Total unrestricted and reserved cash	**6.3**	**6.6**	**7.5**	**12.5**	**17.6**
Restricted-Debt Reserves	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**
Restricted-Growth CIP (FCCs)	**26.6**	**27.6**	**28.7**	**29.7**	**30.7**
Restricted-CIP from Bonds	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	27.5	**28.5**	**29.6**	**30.6**	**31.6**
Total	**$ 33.8**	**$ 35.1**	**$ 37.0**	**$ 43.1**	**$ 49.2**
	$ -	$ -	$ -	$ -	$ -
days cash	133.06	135.79	151.44	248.62	342.35

W	0.0%	3.0%	3.0%	3.0%	3.0%
WW	0.0%	3.0%	3.0%	3.0%	3.0%
RW	0.0%	3.0%	3.0%	3.0%	3.0%

Total District	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ 11.6**	**$ 7.5**	**$ 7.3**	**$ 12.5**	**$ 15.3**
Reserved					
Operating	**12.0**	**12.2**	**12.5**	**12.7**	**13.0**
Capital Replacement Reserves	**16.8**	**16.8**	**16.8**	**16.8**	**16.8**
Routine Capital Replacement Reserves	**3.4**	**3.4**	**3.4**	**3.4**	**3.4**
Self Insurance Reserves	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
	33.2	**33.4**	**33.7**	**33.9**	**34.2**
Total unrestricted and reserved cash	**44.8**	**41.0**	**41.0**	**46.4**	**49.4**
Restricted-Debt Reserves	**4.4**	**4.4**	**4.4**	**4.4**	**4.4**
Restricted-Growth CIP (FCCs)	**40.6**	**43.1**	**45.6**	**48.1**	**50.6**
Restricted-CIP from Bonds	**13.1**	**-11.0**	**-27.9**	**8.1**	**0.0**
	58.1	**36.6**	**22.1**	**60.6**	**55.0**
Total	**$ 102.9**	**$ 77.5**	**$ 63.1**	**$ 107.1**	**$ 104.4**
ck	-	-	-	-	-
days cash	340.76	305.69	300.06	333.07	347.61

Water Utility	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ 18.8**	**$ 15.2**	**$ 15.0**	**$ 16.0**	**$ 14.5**
Reserved					
Operating	**7.7**	**7.8**	**8.0**	**8.1**	**8.3**
Capital Replacement Reserves	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**
Routine Capital Replacement Reserves	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Self Insurance Reserves	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**
	20.4	**20.5**	**20.7**	**20.9**	**21.0**
Total unrestricted and reserved cash	**39.2**	**35.8**	**35.7**	**36.8**	**35.5**
Restricted-Debt Reserves	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
Restricted-Growth CIP (FCCs)	**14.0**	**15.5**	**16.9**	**18.4**	**19.9**
Restricted-CIP from Bonds	**13.1**	**-11.0**	**-27.9**	**8.1**	**0.0**
	30.6	**8.0**	**-7.5**	**30.1**	**23.4**
Total	**$ 69.8**	**$ 43.8**	**$ 28.2**	**$ 66.9**	**$ 58.9**
ck	-	-	-	-	-
days cash	466.53	417.59	408.24	413.17	390.95

Wastewater Utility	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ (7.2)**	**$ (7.7)**	**$ (7.6)**	**$ (3.5)**	**$ 0.7**
Reserved					
Operating	**4.3**	**4.4**	**4.5**	**4.6**	**4.7**
Capital Replacement Reserves	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**
Routine Capital Replacement Reserves	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**
Self Insurance Reserves	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
	12.8	**12.9**	**13.0**	**13.1**	**13.2**
Total unrestricted and reserved cash	**5.6**	**5.2**	**5.3**	**9.6**	**13.9**
Restricted-Debt Reserves	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**
Restricted-Growth CIP (FCCs)	**26.6**	**27.6**	**28.7**	**29.7**	**30.7**
Restricted-CIP from Bonds	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	27.5	**28.5**	**29.6**	**30.6**	**31.6**
Total	**$ 33.1**	**$ 33.7**	**$ 34.9**	**$ 40.2**	**$ 45.5**
	$ -	$ -	$ -	$ -	$ -
days cash	118.68	107.06	108.38	191.25	270.67

W	0.0%	3.0%	3.0%	3.0%	3.0%
WW	-10.0%	3.0%	3.0%	3.0%	3.0%
RW	0.0%	3.0%	3.0%	3.0%	3.0%

Total District	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ 9.6**	**$ 3.3**	**$ 0.9**	**$ 3.8**	**$ 4.1**
Reserved					
Operating	**12.0**	**12.2**	**12.5**	**12.7**	**13.0**
Capital Replacement Reserves	**16.8**	**16.8**	**16.8**	**16.8**	**16.8**
Routine Capital Replacement Reserves	**3.4**	**3.4**	**3.4**	**3.4**	**3.4**
Self Insurance Reserves	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
	33.2	**33.4**	**33.7**	**33.9**	**34.2**
Total unrestricted and reserved cash	**42.8**	**36.8**	**34.6**	**37.7**	**38.3**
Restricted-Debt Reserves	**4.4**	**4.4**	**4.4**	**4.4**	**4.4**
Restricted-Growth CIP (FCCs)	**40.6**	**43.1**	**45.6**	**48.1**	**50.6**
Restricted-CIP from Bonds	**13.1**	**-11.0**	**-27.9**	**8.1**	**0.0**
	58.1	**36.6**	**22.1**	**60.6**	**55.0**
Total	**$ 100.8**	**$ 73.3**	**$ 56.7**	**$ 98.4**	**$ 93.3**
ck	-	-	-	-	-
days cash	325.10	274.36	253.11	270.51	269.43

Water Utility	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ 18.8**	**$ 15.2**	**$ 15.0**	**$ 16.0**	**$ 14.5**
Reserved					
Operating	**7.7**	**7.8**	**8.0**	**8.1**	**8.3**
Capital Replacement Reserves	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**
Routine Capital Replacement Reserves	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Self Insurance Reserves	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**
	20.4	**20.5**	**20.7**	**20.9**	**21.0**
Total unrestricted and reserved cash	**39.2**	**35.8**	**35.7**	**36.8**	**35.5**
Restricted-Debt Reserves	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
Restricted-Growth CIP (FCCs)	**14.0**	**15.5**	**16.9**	**18.4**	**19.9**
Restricted-CIP from Bonds	**13.1**	**-11.0**	**-27.9**	**8.1**	**0.0**
	30.6	**8.0**	**-7.5**	**30.1**	**23.4**
Total	**$ 69.8**	**$ 43.8**	**$ 28.2**	**$ 66.9**	**$ 58.9**
ck	-	-	-	-	-
days cash	466.53	417.59	408.24	413.17	390.95

Wastewater Utility	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	**$ (9.2)**	**$ (11.9)**	**$ (14.1)**	**$ (12.2)**	**$ (10.4)**
Reserved					
Operating	**4.3**	**4.4**	**4.5**	**4.6**	**4.7**
Capital Replacement Reserves	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**
Routine Capital Replacement Reserves	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**
Self Insurance Reserves	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
	12.8	**12.9**	**13.0**	**13.1**	**13.2**
Total unrestricted and reserved cash	**3.6**	**1.0**	**(1.1)**	**0.9**	**2.8**
Restricted-Debt Reserves	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**
Restricted-Growth CIP (FCCs)	**26.6**	**27.6**	**28.7**	**29.7**	**30.7**
Restricted-CIP from Bonds	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	27.5	**28.5**	**29.6**	**30.6**	**31.6**
Total	**$ 31.1**	**$ 29.5**	**$ 28.5**	**$ 31.5**	**$ 34.4**
	$ -	$ -	$ -	$ -	$ -
days cash	75.20	20.17	(21.86)	17.70	53.85

INFORMATION ITEM NO. 14
December 14, 2015

EL DORADO IRRIGATION DISTRICT

SUBJECT: Staff response to November 9, 2015 handout regarding the District's Facility Capacity Charge setting policy.

Previous Board Action:

- August 26, 2013 – The Board adopted the update to the District's Facility Capacity Charges
- November 9, 2015 – The Board adopted the 2016 Mid-Cycle Operating Budget and the 2016-2020 Financial Plan, including the implementation of water and recycled water rate increases of 5, 5, 4, 3, 3% and 0, 5, 4, 3, 3% for wastewater rates, and revision of the Small Farm and Agriculture with Residence water rates to include Tier II potable water pricing; and directed staff to issue a Proposition 218 notice for the proposed rate increases and changes

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

Board Policy 11010: The District shall strive to recoup all costs of providing services through rates, fees, charges, fines, and deposits. The Board will adopt changes in rates pursuant to Article XIII D Section 6 of the California Constitution (Proposition 218) and changes to FCCs.

In relation to FCCs, the District is committed to providing capacity for a reasonable rate of growth within its service area as approved by the appropriate land use agencies. FCCs will be charged to applicants for new service to cover the costs of services that include but are not limited to water filtration, sewage treatment, recycled water, system storage, and transmission and distributions systems. Existing customers will not share in these costs.

Administrative Regulation 11010: The District will establish all user charges and fees at the full cost of providing the service, including direct, indirect, overhead, and capital recovery costs.

The Board of Directors will review and adopt rates and Facility Capacity Charges (FCCs). The General Manager or her/his designee will periodically review and report to the Board on rates and FCCs and will review and approve all other District fees, charges, penalties, and deposits.

Administrative Regulation 9028.1: The District will not pass on to the existing customer the incremental cost for expansion of utility facilities and service to provide for growth. Expansion of District facilities to provide capacity for new development will be financed by facility capacity charges assessed to the developers. The extension of utility lines to the development will be engineered and financed by the developer.

Summary of Issue:

During the November 9, 2015 Board meeting, a handout was distributed regarding the proposed rate increases and FCC charges. Staff did not have an opportunity to review and comment on the handout. Staff has reviewed the document and prepared a response to the claim that "proposed 2016-2020 rate hikes are in conflict with EID Administrative Regulation 11010 and FCC fee setting policies."

Staff Analysis/Evaluation:

Director Prada claimed that the Financial Plan proposed by staff and adopted by the Board at the November 9th meeting will have rate payers pay for the entire $49 million forecasted water bond issue for specifically identified projects. The handout suggested 1) the FCC needs to be increased, 2) verify that the past debt costs for new development have been incorporated in the FCC charge and 3) remove the new development debt service portion from the proposed rate increases.

FCC Summary

On August 26, 2013 the Board adopted the Update to the District's Facility Capacity Charges (FCCs). The District's FCC calculation methodology uses three standard components common throughout the utility industry. Each is briefly described below.

The buy-in method allocates costs so that new customers reimburse existing customers for the present value of their past investments in infrastructure that benefit the new customers. The fees are used to help offset the costs of replacement and improvement projects in the system.

The incremental cost method allocates to new customers the costs of system expansions that are needed to serve them.

The total cost attribution method blends the buy-in and the incremental cost approaches. The total cost attribution method considers both the replacement of existing facilities and planned expansions. This method is generally used when significant infrastructure is already in place.

Following the approach of the 2008 study, the 2013 update incorporated each of the methods where appropriate.

Water FCC

The water FCC is comprised of three components:

1) Buy-in to existing water treatment, transmission, storage and general facilities,
2) A water supply component based on the cost of Project 184 water supply, and
3) The expansion-related water system capital improvement projects.

BUY-IN

The buy-in method reflects the present value of the investment made in the water system based on the cost of the existing facilities. This standard approach does not distinguish between existing and remaining capacity because without these existing facilities, new development could not connect to the water system.

The buy-in charge is calculated as follows:

1) Determine the current value of fixed assets (using replacement cost method less depreciation, escalated to current dollars using the ENR Construction Cost Index.)
2) Add work in progress
3) Add cash reserves
4) Add the present value of past debt issuance costs and interest payments
5) Subtract outstanding principal on debt
6) Subtract credit for property taxes
7) Divide by the number of existing plus future EDUs

$$\textit{Buy-in Water FCC} = \frac{\textit{Fixed Assets + Adjustments to Water System Valuation}}{\textit{Existing + Future EDUs}}$$

The debt costs associated with previous new development capital projects are recovered in item 4 above and included in Table 1 below.

Table 1: Buy-in charge (2013)

Asset Class	One District
Land and Land Rights	$ 3,501,947
Source of Supply	37,389,394
Pumping	2,616,392
Water Treatment	45,889,383
Water Facilities	507,275
Transmission and Distribution	194,312,830
Fixed Assets Totals	**$ 284,217,221**
Adjustments to Water System Valuation	
Add Water System Work in Progress	$ 9,997,683
Add Water System Reserves	31,762,481
Add PV of Past Issue & Int. Costs on LT Debt	208,614,567
Subtract Outstanding Principal on LT Debt	(225,503,404)
Subtract Credit for Property Taxes	(55,235,200)
Total Adjustments	$ (30,363,874)
Total Water System Buy-In Value	$ 253,853,347
Total Water System EDU's	79,143
Water System Buy-In FCC ($/EDU)	3,208

WATER SUPPLY

The water supply component represents the contribution made for new water supplies, including Project 184 water supply and the El Dorado Water and Power Authority (EDWPA) new water supply that benefits new development. The FCC is determined using the total cost attribution method. Water supply capital projects and Project 184/hydroelectric fixed assets are divided by the water supply yield to derive a water supply cost per acre-foot. The water supply FCC is then calculated by multiplying the water supply cost per acre-foot by the average unit water demand.

$$\textit{Water Supply Cost per AF} = \frac{\textit{Hydroelectric and Water Supply CIP + Hydroelectric Fixed Assets}}{\textit{Water Supply Yield}}$$

$$\textit{Water Supply FCC} = \textit{Water Supply Cost * AF/EDU Demand}$$

Capital projects included in the water supply component of the FCC are shown in Table 2 below.

Table 2: Water supply component (2013)

PROJECT	PROJECT DESCRIPTION	FCCs	Rates	Power Sales	Total 2013-17 Funding
HYDROELECTRIC CIP: 2013 - 2017					
03011H	Forebay Dam Upgrades	$ 7,632,000	$ 6,768,000		$ 14,400,000
04005H	Powerhouse Upgrade		80,000		80,000
06030H	Bridge Replacement at Camp 2	535,300	474,700		1,010,000
06024H	FERC C40 Gaging Facilities	34,450	30,550		65,000
06025H	FERC C41 Canal Release Points	21,200	18,800		40,000
07008H	FERC C51.8 SL Campground West Improvements	397,500	352,500		750,000
11002	El Dorado Diversion Dam Upgrades	145,750	129,250		275,000
11004	Lake Aloha Dam Regulatory Improvements	132,500	117,500		250,000
11005	Silver Lake Dam Regulatory Improvements	169,600	150,400		320,000
11008	Flume 39-40 Replacement	185,500	164,500		350,000
11009	Flume 45 Replacement	238,500	211,500		450,000
11023	Echo Conduit Replacement	2,000,750	1,774,250		3,775,000
12020	Diversion Dam Fish Screen	69,960	62,040		132,000
08003H	Flume 41 Replacement	2,809,000	2,491,000		5,300,000
08004H	Flume 45A and 47 Replacement	658,525	583,975		1,242,500
					-
		$ 15,030,535	**$ 13,408,965**	**$ -**	**$ 28,439,500**
	New Hydroelectric Projects				
Carry Over	Flume 52A Replacement	$ 1,007,000	$ 893,000		$ 1,900,000
Carry Over	Hydro SCADA Network Reliability Program		194,000		194,000
Carry Over	Penstock Assessment		100,000		100,000
Carry Over	Alder and Plum Siphon Assessments	26,500	23,500		50,000
Carry Over	Canals and Flumes Upgrade	53,000	47,000		100,000
Carry Over	El Dorado Canal Relining Program	159,000	141,000		300,000
Carry Over	Flume 42-43 Replacement	1,749,000	1,551,000		3,300,000
Carry Over	Flume 48 Replacement	1,749,000	1,551,000		3,300,000
Carry Over	Flume 44 Replacement	1,696,000	1,504,000		3,200,000
Carry Over	Flume 4 Replacement	53,000	47,000		100,000
New	Flume 42-46 Feasibility Study	106,000	94,000		200,000
		$ 6,598,500	**$ 6,145,500**	**$ -**	**$ 12,744,000**
	Subtotal CIP Hydroelectric Projects	**$ 21,629,035**	**$ 19,554,465**	**$ -**	**$ 41,183,500**
	General District Water Supply				
89069E	Water Rights for 17,000 Acre Feet	$ 50,000			$ 50,000
06004G	SMUD/ El Dorado Agreement Water Rights	470,000			470,000
	Subtotal General District Water Supply	**$520,000**	**$ -**	**$ -**	**$ 520,000**
HYDROELECTRIC FIXED ASSETS					
	Subtotal Fixed Assets	**$ 60,223,781**	**$ 53,405,994**	**$ 3,106,873**	**$ 116,736,648**
	TOTAL	**$ 82,372,816**	**$ 72,960,459**	**$ 3,106,873**	**$ 158,440,148**
	Water Supply Yield in ac/ft	17,000			
	Water Supply Cost per AF	**$ 4,845**			

As shown in the Table 2 and in the following Table 3, all of the projects identified in the proposed 2016 water bond sale are included in the 2013 FCC calculation, except for the Esmeralda Tunnel repair which occurred after FCC adoption. The capital costs for Forebay Dam remediation, flume replacements and the Esmeralda Tunnel repair are shared between FCCs and rates. The Sly Park Intertie and Main Ditch Piping costs will be recovered through rates. The cost estimates have changed since, however the FCC has been increased annually per the ENR construction cost index and updated engineering costs will be included in a larger 2016 FCC update.

The current FCC includes 53% of the cost of Forebay Dam remediation and flume replacement projects to be paid by new hookups, recognizing that these facilities also will convey the new 17,000 AF water supply from Project 184. The 2013 FCC includes $7.6 million for Forebay Dam remediation, and $10.3 million for flume replacements, approximately $18 million total. The proposed $49.3 million debt issuance includes $10 million to be collected through FCCs for Forebay Dam remediation, $6.1 million for flume replacement and $3.25 million for Esmeralda Tunnel repair, approximately $19.4 million total.

Although project costs have risen and the Esmeralda Tunnel repairs is a new project not included in the 2013 FCC, the District has already included Forebay Dam remediation and flume replacement of approximately $18 million into the 2013 FCC charge which is similar in total to the estimated $19.4 million in capital costs for Forebay Dam remediation, flume replacement and Esmeralda Tunnel repairs that are included in the proposed bond sale. New development does pay, through FCCs, their portion of these projects that convey new water supplies. Since these costs are already included in the FCC, no increase in the FCC is needed as a result of the proposed bond issuance.

The FCC has also been adjusted annually based on the ENR Construction Cost Index since 2013 and a larger update is planned in 2016 to reflect cost adjustments and new projects per the recently adopted 2016-2020 CIP. The increase in the water supply component of the FCC as a result of those cost adjustments is expected to be only $150-$200 per EDU.

Additionally, Table 2 shows near the bottom of the table, the SMUD/El Dorado Agreement Water Rights costs are included in the FCC charge to new customers.

FUTURE CAPITAL PROJECTS

This component represents the investment needed in the water system to provide additional capacity for new users. It includes expansion related water projects and capital expenditures identified in the 2013 Integrated Water Resources Master Plan. Costs for the expansion of assets to serve new development are included in FCCs, and costs to replace assets that benefit existing customers are recovered through rates.

Table 3: Future capital projects component (2013)

Project No.	Project Description	All District FCCs (2)	Rates	Total Funding
WATER CIP				
10015	Water System Upgrades		$ 150,000	$ 150,000
10022	Silva Valley Interchange (DOT)		375,000	375,000
11017	Reservoir A WTP Chlorine conversion		1,500,000	1,500,000
11026	Reservoir A Process Improvements		390,000	390,000
11032	Main Ditch - Forebay to Res 1		80,000	80,000
11033	Summerfield Ditch / Finnon Reservoir Fill System		100,000	100,000
11035	Water Tank Recoating Program		3,000,000	3,000,000
11040	Ditch Water Rights/SCADA		32,000	32,000
12008	Patterson Intersection Improvements (DOT)		204,000	204,000
12023	DOT Construction Projects - Water		125,000	125,000
07033E	Sly Park Dam Evaluation		160,000	160,000
09006E	Blakeley Reservoir Improvements		770,000	770,000
SDWL04	Reservoir Floating Cover Replacement Prog		150,000	150,000
IWRMP	Sly Park Intertie Lining		4,320,000	4,320,000
Carry Over	Outingdale WTP		25,000	25,000
Carry Over	Development Services Water Model		150,000	150,000
Carry Over	Main Ditch - Reservoir 1 to Blakeley Reservoir		10,000	10,000
Carry Over	Monte Vista Tank	58,750	1,116,250	1,175,000
Carry Over	PRS Replacement Program		475,000	475,000
Carry Over	2013 Waterline Replacement Program		125,000	125,000
Carry Over	Pump Station Upgrade Program		310,000	310,000
Carry Over	Moosehall Pump Station Upgrades		50,000	50,000
Carry Over	Strawberry WTP Evaluation		50,000	50,000
NEW	IWRMP Implementation	93,750	31,250	125,000
NEW	Water SCADA Network Reliability Program		449,000	449,000
NEW	Greenstone Tank Telemetry Installation		60,000	60,000
NEW	R1WTP Spent Backwash Treatment		25,000	25,000
NEW	RAWTP Filter Media Evaluation		25,000	25,000
NEW	Water Facility Replacement Program		500,000	500,000
NEW	Emergency Generator Replacement - Water		450,000	450,000
NEW	Spencer Road Waterline Replacement		105,000	105,000
IWRMP	Compliance w/ Stage 2 D/DBP Rule		200,000	200,000
IWRMP	Main Ditch Piping		5,300,000	5,300,000
IWRMP	Reservoir 1 WTP Upgrades		1,630,000	1,630,000
IWRMP	Reservoir A WTP Direct Filtration Study		200,000	200,000
IWRMP	EDHWTP Raw Water PS Upgrade		3,250,000	3,250,000
IWRMP	New WTP	47,740,000		47,740,000
IWRMP	Parallel DSM Res 11 - Res 12	6,480,000		6,480,000
IWRMP	Pipeline from New WTP to Valley View	74,330,000		74,330,000
IWRMP	White Rock Diversion	44,870,000		44,870,000
IWRMP	Treated Water Storage		13,121,875	13,121,875
	Total Water CIP	**$ 173,572,500**	**$ 25,892,500**	**$ 199,465,000**
GENERAL DISTRICT CIP (Allocated to Water FCCs)				
06004G	SMUD / El Dorado Agreement Water Rights	$ -		$ -
89069E	Water Rights for 17,000 Acre Feet	-		-
	Total General District CIP	**$ -**	**$ -**	**$ -**
	Total Water CIP	**$ 173,572,500**	**$ 25,892,500**	**$ 199,465,000**

Table 4 shows the combination of the three calculated components which made up the 2013 water FCC.

Table 4: Total water FCC (2013)

FCC Components	One District
BUY-IN COMPONENT	
Existing Treatment, Transmission and Storage	
Fixed Assets & Valuation	$ 253,853,347
Total EDUs (existing plus future)	79,143
Buy in / EDU	**$ 3,208**
WATER SUPPLY COMPONENT	
Water Supply Projects & Hydroelectric Fixed Assets	$ 82,372,816
Water Supply AF	17,000
Water Supply Cost per AF	$ 4,845
Demand AF/EDU	0.6577
Water Supply Component / EDU	**$ 3,187**
FUTURE CAPITAL PROJECTS COMPONENT	
Water CIP funded by FCCs	$ 173,572,500
Future EDUs	15,522
Future Capital Projects Component / EDU	**$ 11,183**
TOTAL WATER FCC	**$ 17,577**

Since the 2013 FCC update was adopted in 2013, the annual adjustment to the FCC for the prior twelve months using the 20-city national average Construction Cost Index was effective on January 1, 2015, following again on January 1, 2016. During 2016, after the completion of the annual audit, the FCC will be updated completely using fixed asset schedules through 2015.

The 2013 Wastewater FCC was calculated using the same methodology as the water FCC for wastewater's two components of Buy-In and Future Wastewater CIP.

The 2013 Recycled Water FCC used a combined Buy-In/CIP component to calculate its charge and does not include a debt component since no debt has been used in the construction of Recycled Water fixed assets by the District.

FCC INCREASES – PAST 13 YEARS

The District began to experience significant growth in the late 1990's and early 2000s. Since the last formal evaluation of FCCs had not occurred since 1992, the District began to increase the FCC charge in 2003. The appropriate FCC and rate comparisons therefore start in 2003. The Water FCC increased from 2003-2015 by 286% and the Wastewater FCC, 114%. Comparably for the same period of time the water rate charges increased by 130% and the wastewater, 84%.

Table 5 below shows the comparison of the increases, since 2003, for the FCCs and rates.

Table 5: FCC and Rate comparisons 2003-2015

Year	Ed Dorado Hills FCC Water	Ed Dorado Hills FCC Wastewater	Water Rate Increase	Wastewater Rate Increase
2003	$ 4,646	$ 6,143	0%	0%
2004	8,862	9,223	7%	0%
2005	11,954	9,855	7%	4%
2006	11,954	9,855	7%	4%
2007	11,954	9,855	7%	4%
2008	15,751	13,441	0%	4%
2009	15,751	13,441	0%	0%
2010	15,751	13,441	18%	18%
2011	15,751	13,441	15%	15%
2012	15,751	13,441	11%	5%
2013	17,578	12,862	11%	5%
2014	17,578	12,862	5%	5%
2015	17,930	13,119	0%	0%
Change	**286%**	**114%**	**130%**	**84%**
Avg Annual	**11.91%**	**6.53%**	**7.19%**	**5.20%**

To summarize and respond to the main points of the handout:

- Past and future debt costs are recovered both through rates and FCC charges based upon the adopted FCC study and the 2016-2020 Financial Plan.
- The current FCC already has included Forebay Dam remediation and flume replacement projects into the charge, therefore no increase in the FCC is needed and the FCC revenue stream is already included in the Financial Plan to help fund these projects.
- New development does pay their fair share, through payment of FCC fees, for capacity related projects and debt costs when they hook up to the system.

The proposed 2016-2020 rate increases are compliant with BP 11010 and AR 11010 and the FCC rate setting policies.

Board Decisions/Options:
Information only

Staff/General Manager's Recommendation:
N/A

Support Documents Attached:
A. Adopted 2013 FCC update Public Hearing Document (August 26, 2013)
B. Appendix A – Facility Capacity Charges Methodology and Schedule: An Update to the 2008 Facility Capacity Charges and
C. Director Prada November 9, 2015 handout

Brian Mueller
Director of Engineering

Mark Price
Director of Finance

Jim Abercrombie
General Manager

APPENDIX A

Facility Capacity Charges Methodology and Schedule: An Update to the 2008 Facility Capacity Charges

Introduction

The District periodically reviews its FCCs to ensure that they accurately reflect the costs of providing service to new customers.

In California, the basic statutory standards governing water, wastewater and recycled water FCCs (connection fees) are embodied in Government Code Sections 66013, 66016, and 66022. Section 66013 indicates that any connection fee must be based on an estimate of the reasonable cost of providing service to new customers and sets the procedures for adopting that fee. Information in this appendix is provided as the basis for meeting these statutory standards

Information Used as the Basis for the 2013 FCC Update

The following reports and key information were used as a basis for the FCC calculations.

- 2008 Facility Capacity Charge Study
- Fixed Assets list as of December 31, 2011: The fixed assets were reviewed by staff and allocated among water, wastewater and recycled water systems and individual FCC service regions. Assets that do not provide general benefit to District customers were excluded.
- 2013-2017 Capital Improvement Plan (CIP): Each CIP project was reviewed by staff and costs were allocated to new growth (FCCs) and existing customers (rates).
- 2013 Integrated Water Resources Master Plan (IWRMP) and Wastewater Facility Master Plan (WWFMP): These plans were used for developing existing connections and growth projections, and identify additional infrastructure and capital costs necessary for expansion.
- 2012 Water Resources and Service Reliability Report: Basis for determining number of existing water customers in equivalent dwelling units (EDUs), available water supply, and unit demand projections for potable and dual-plumbed single family residential units.
- Various analyses by District staff and HDR:
    - Future water EDUs
    - Future wastewater EDUs
    - Future recycled water EDUs
    - Dual-plumbed home potable water/recycled water FCC

Summary of the FCC Methodologies Used for the 2013 FCC Update

The objective of this study is to ensure that the District is recovering sufficient revenue from new connections. The 2013 study updates the information and methodologies used in the 2008 study while incorporating the District's current needs. See Table 1 below for a detailed comparison of the methodologies used in the 2008 study and the proposed 2013 FCC study.

The District's capacity charges are calculated using three standard methods – buy-in, incremental cost, and total cost attribution. These are standard methodologies that are used throughout the utility industry and are discussed in a number of publications regarding the development of capacity charges. A basic publication for the water and wastewater industry regarding capacity fees is the American Water Works Association's Manual M1, Principles of Water Rates, Fees, and Charges. Other publications that cover capacity charges include George A. Raftelis, Comprehensive Guide to Water and Wastewater Finance and Pricing, and Arthur C. Nelson, System Development Charges for Water, Wastewater, and Stormwater Facilities. The relevant portions of the foregoing publications are incorporated herein by reference.

- **Buy-in Method**

The buy-in methodology was used in the previous FCC studies in 2003, 2005 and 2008. The system buy-in concept is based on the premise that new customers benefit from the prior investment in system facilities made by existing customers. Existing customers' investment in the system was through their payment of FCCs, rates and charges, and property taxes over the years which were used to purchase and maintain the system assets. New customers share in the cost of past investments in District facilities which benefit new users. The buy-in portion pays for future capital replacement costs, including improvement and replacement projects to preserve the existing system (not day-to-day operating costs). In turn, the District does not charge ratepayers for these projects.

- **Incremental Cost Method**

This method is based on the premise that new connections to the water and wastewater systems should be responsible for those costs related to the next increment of system capacity required to serve them. The goal of this method is to minimize or eliminate the need to raise rates in order to provide for system expansion. Consequently, new customers pay fully for the additional facilities without imposing a burden on existing customers.

- **Total Cost Attribution Method**

An alternative methodology that blends the system buy-in and the incremental facilities approaches is also commonly used. The total cost attribution method considers both the replacement of existing facilities and planned expansion in the cost basis. As discussed in the literature, this blended approach tends to take the form of a buy-in, i.e., existing assets that will serve new customers, combined with the allocation of growth assets approach, in which specific facilities used to accommodate growth are included in the connection fee on an incremental basis. This method is used when significant infrastructure is already in place, but considerably more infrastructure is required.

Table 1: Methodology Comparison

FCC	2008 Methodology	2008 Service Zones	2013 Methodology	2013 Service Region
WATER	**1). Buy-in for Treatment, Transmission & Storage** *Fixed Assets* *Existing + Future EDUs* **2). Total Cost Attribution for Water Supply** *Water Supply CIP Cost + Fixed Assets* *Water Supply Total Capacity* **3). Incremental Cost of Water CIP** *Other Water CIP Funded by FCCs* *Future EDUs*	2 zones - EDH/Cameron Park and General District 2 zones - EDH/Cameron Park and General District 2 zones - EDH/Cameron Park and General District	**1). Buy-in for Treatment, Transmission & Storage** *Fixed Assets (net)* *Existing + Future EDUs* **2). Total Cost Attribution for Water Supply** *Water Supply CIP Cost + Fixed Assets* *Water Supply Total Capacity* **3). Incremental Cost of Water CIP** *Other Water CIP Funded by FCCs* *Future EDUs*	Uniform throughout District
WASTEWATER	**1). Buy-in for Collection, Pumping & Treatment** *Fixed Assets* *Existing + Future EDUs* **2). Avoided Wastewater Cost** *Avoided Cost* *Existing + Future EDUs* **3). Incremental Cost of Wastewater CIP** *Wastewater CIP Funded by FCCs* *Future EDUs*	4 zones - EDH, CP, Motherlode, Satellites Uniform throughout District 4 zones - EDH, CP, Motherlode, Satellites	**1). Buy-in for Collection, Pumping & Treatment** *Fixed Asset (net)s* *Existing + Future EDUs* **2). Incremental Cost of Wastewater CIP** *Wastewater CIP Funded by FCCs* *Future EDUs*	Uniform throughout District
RECYCLED WATER	**1). Total Cost Attribution** *Recycling Water Fixed Assets + CIP* *Existing + Future EDUs* **2). Avoided Wastewater Cost Credit** *Avoided Costs Shifted to Wastewater* *Existing + Future EDUs*	Uniform throughout District Uniform throughout District	**1). Total Cost Attribution** *Recycling Water Fixed Assets (net) + CIP* *Existing + Future EDUs*	Uniform throughout District

Development of the Proposed 2013 FCC Recommendations

District staff reviewed the assumptions underlying the current FCCs and developed a draft of the updated FCCs for Board consideration. The FCC methodology follows the model that was established in 2008, with some exceptions noted below.

Proposed recommendations for water FCCs:

- The District currently has two water FCC regions: El Dorado Hills/Cameron Park and General District. The current El Dorado Hills/Cameron Park region was developed in the 2008 study because of planned infrastructure projects at that time, which would have increased the ability to pump water from Folsom Reservoir into the Cameron Park area. The newly adopted IWRMP now recommends diverting new water supplies at the White Rock penstock, creating a new water treatment plant east of Cameron Park, and eliminating the pumping costs needed to move additional water supplies from Folsom Reservoir. The District's water system is one connected, integrated system. Therefore, in this 2013 Water FCC update, and consistent with the Cost of Service Study, the District is proposing to develop one District-wide FCC.
- The 2005 water buy-in component was calculated using the replacement cost less depreciation method to determine the value of existing infrastructure and was divided by existing EDUs. The 2008 study used the replacement cost method, and fixed assets and other valuations were divided by both existing and future EDUs. The 2013 update calculates the buy-in component using *replacement cost less depreciation method,* divided by both existing and future EDUs.
- The 2008 water FCC removed all waterlines less than 6-inches in diameter that do not provide a general benefit, but 6-inch waterlines remained in the buy-in component. For the 2013 FCC, all lines 6-inches in diameter and smaller were removed, which represents about 33% of the water system.
- The water supply component of the FCC spreads the cost of Permit 21112 water across the District based on average unit demand factors.
- The 2013-2017 CIP and the recently adopted IWRMP were used to incorporate future capital projects related to expansion for the incremental cost component. Projects included in the water FCC include the proposed White Rock diversion, raw water pipeline, new 10 MGD water treatment plant at Bray Reservoir, and new water transmission pipelines.

Proposed recommendations for dual-plumbed water FCCs:

- The seasonal storage facility was evaluated in the master plans and determined not to be cost effective to pursue. Therefore, potable supplementation of the recycled water system will need to continue in the near future and potentially increase in magnitude for an extended duration as additional recycled water connections occur. Potable supplementation is necessary to assist the recycled water system in meeting both annual supply needs and peak demands. Therefore existing and future water infrastructure must provide capacity to deliver potable water to supplement the recycled water system during peak demand.
- Based upon this direction, the proposed potable water portion of the dual-plumbed FCC is comprised of the following allocations and differs from the assumptions from the 2008 study:

- 81% of the potable water *buy-in component* + 40% of the potable water *supply cost component* + 68% of the potable water *future capital projects component.*

The methodology for these allocations is discussed in detail starting on Page 13.

Proposed recommendations for wastewater FCCs

- The 2005 wastewater buy-in component was calculated using the replacement cost less depreciation method to determine the value of existing infrastructure and was divided by existing EDUs. The 2008 study used the replacement cost method, and fixed assets and other valuations were divided by both existing and future EDUs. The 2013 update calculates the buy-in component using *replacement cost less depreciation method*, divided by both existing and future EDUs.
- The 2013-2017 CIP and the recently adopted WWFMP were used to incorporate future capital projects related to expansion for the incremental cost component. Projects included in the wastewater FCC include the future expansions of the El Dorado Hills and Deer Creek wastewater treatment plants, and upgrades and expansion of the wastewater collection systems.
- The avoided wastewater cost added a share of the recycled water program's capital cost to the wastewater FCC since without the recycling program, this cost would have been incurred by the wastewater system to dispose of treated effluent. There was also a corresponding credit to the recycled water FCC for the avoided wastewater costs that were shifted to the wastewater FCC. Staff is proposing to eliminate the wastewater avoided cost component for recycling for the 2013 study.

  For background, the 2002 Recycled Water Master Plan (RWMP) assumed that wastewater permit requirements would continue to become more stringent and necessitate the construction of costly facilities (effluent cooling, ultra filtration and reverse osmosis) at the Deer Creek and El Dorado Hills WWTPs. An objective of the 2002 RWMP was to evaluate and compare the economics of continued effluent disposal with more stringent effluent discharge requirements in the future versus eliminating all discharge and capturing all effluent with a seasonal storage reservoir. The 2002 RWMP economic evaluation demonstrated that beneficial reuse (recycling) was less expensive than continued surface water discharge due to the high cost of ultra filtration and reverse osmosis to ensure compliance with metals and salinity limits that could be imposed in future permits.

  However, since the completion of the RWMP, the District was successful with a Basin Plan Amendment for the Deer Creek permit and water-effect ratios for metal effluent limits at both wastewater plants. As a result of the District's regulatory efforts and changes in potential discharge requirements, the District reexamined the economic evaluation of the seasonal storage project in 2009 and determined that future wastewater treatment improvements for surface water discharge and beneficial reuse were anticipated to be essentially equal along with their implementation costs. Therefore, anticipated future wastewater treatment plant improvement costs alone do not justify the selection of beneficial reuse. Instead, the decision to continue to expand the recycled water program should be based on water supply with an economic comparison that considers the implications to the raw and potable water systems. Consequently, the concept of avoiding a large wastewater discharge cost by capturing all effluent in a seasonal storage reservoir

is no longer valid. Consequently, the avoided wastewater cost component for the wastewater FCC has been eliminated, as well as the corresponding avoided wastewater cost credit for the recycled water FCC.

Proposed recommendations for recycled water FCCs

- The previous recycled water FCC included the estimated cost for constructing seasonal storage. Based upon the results of the master plans, this cost has been eliminated from the recycled water FCC. Instead, the potable water FCC for dual-plumbed homes reflects the need to continue potable supplementation on an annual supply and peak demand basis.
- The 2008 avoided wastewater cost credit is eliminated for the 2013 FCC update as discussed above.
- The recycled water FCC is based on the 5-year average recycled water use by a dual-plumbed home of 0.42 acre-feet per EDU.

Proposed Water, Wastewater, Recycled Water and Dual-Plumbed FCCs by Component

Proposed Water FCC

The proposed 2013 water FCC is comprised of three components:

1) Buy-in to existing water treatment, transmission, storage and general facilities,
2) A water supply component based on the cost of Project 184 water supply, and
3) The expansion-related water system capital improvement projects.

Current and Future Water Customers: The current and projected future number of EDUs in the District are summarized below. The current water EDUs are based on the District's annual Water Resources and Service Reliability Report. The projected future water EDUs are based on projections from the District's IWRMP and include a combination of remaining available EDUs and new EDUs made available with the projected 10 MGD new water treatment plant described in the plan.

Table 2: Water – Existing and Future EDUs

Region	Existing EDUs (1)	% of All Zones	Future Growth EDUs (2)	% of All Zones	Total Existing & Future EDUs
Water EDUs					
El Dorado Hills	11,627	18%	8,336	54%	19,963
Western/Eastern	51,994	82%	7,185	46%	59,179
Total	63,621	100%	15,521	100%	79,142

(1) Source: 2012 Water Resources and Service Reliability Report .
(2) Estimates based on existing excess capacity plus new 10 MGD WTP from Integrated Water Resources Master Plan.

Buy-in Component for Treatment, Transmission and Storage

The buy-in method reflects the book value of the investment made in the water system escalated to current dollars using the ENR Construction Cost Index. This standard approach does not distinguish between existing and remaining capacity because, without these existing facilities, new development could not connect to the water system.

The buy-in charge is calculated as follows:

1) Determine the current value of fixed assets (using replacement cost method less depreciation)
2) Add work-in-progress
3) Add cash reserves (less outstanding principal on debt)
4) Add the present value of past debt issuance costs
5) Subtract credit for property taxes
6) Divide by the number of existing plus future EDUs

$$\textit{Buy-in Water FCC} = \frac{\textit{Fixed Assets (net)} + \textit{Adjustments to Water System Valuation}}{\textit{Existing} + \textit{Future EDUs}}$$

There are a number of approaches to determining the value of existing facilities:

A) Historical cost – This method is simply the amount actually paid to construct the existing infrastructure.
B) Historical Cost Less Depreciation – Depreciation takes into account that the usefulness of an asset declines over time. This approach subtracts depreciation from the historical cost based on each asset's age and service life.
C) Replacement Cost – Due to the time value of money, historical costs do not reflect today's value of past construction costs. Therefore, to reflect the current value of assets, this method escalates historical costs to today's dollars using the ENR Construction Cost Index. This approach typically yields the highest value for utility system fixed assets.
D) Replacement Cost Less Depreciation – This approach is a combination of the other methods and subtracts depreciation from the historical cost to derive a book value. The book value is then escalated to current dollars using the ENR Construction Cost Index.

The District is proposing to use the *replacement cost less depreciation* method and divide by total EDUs (existing and future) to determine the value of the buy-in component.

Water Supply Component (Project 184)
The water supply component represents the contribution made for new water supplies, including Project 184 and other water projects that benefit new development. The entire District benefits from this new supply. Project 184 provides new water supply for some service zones while offsetting other water sources that are used in other areas. Therefore, the entire District shares the cost of obtaining new water supplies.

The 2013 FCC (like the 2008 FCC) is determined using the total cost attribution method. First, water supply capital projects and hydroelectric fixed assets are divided by the water supply yield to derive a water supply cost per acre-foot. The water supply FCC is then calculated by multiplying the water supply cost per acre-foot by the District average unit water demand (AF/EDU).

$$\textit{Water Supply Cost per AF} = \frac{\textit{Hydroelectric and Water Supply CIP + Hydroelectric Fixed Assets}}{\textit{Water Supply Yield}}$$

$$\textit{Water Supply FCC} = \textit{Water Supply Cost} * \textit{AF/EDU Demand}$$

Hydroelectric and Water Supply CIP and Fixed Assets: The District's 2013-2017 CIP identifies replacement and rehabilitation projects for the series of canals, flumes and reservoirs that make up the Project 184 water supply system. Since the 2008 study, the District has completed several projects, and added new projects to the hydroelectric CIP. Project costs have been modified to reflect the current market. Additionally, the total cost attribution approach includes a fixed asset portion. To avoid double counting, hydroelectric and Project 184 fixed assets are only included in the water supply component and are not included in the buy-in component. Project costs are then divided by the new water supply component of Project 184 (17,000 acre-feet) to derive a water supply cost.

Per EDU Water Demand: Water demand used in this update is based on the 2012 Water Resources and Service Reliability Report. For the El Dorado Hills region, single-family residential potable demand is 0.77 acre-feet per EDU. For the Western/Eastern region, single-family residential potable demand is 0.54 acre-feet per EDU. The combined District average

unit water demand is 0.58 acre-feet per EDU. The District uses a fixed 13 percent loss rate applied to infrastructure and supply yields. With the 13 percent loss rate, total unit demand is 0.66 acre-feet per EDU.

Table 3: Water Demand per EDU

Service Region	Metered Demand AF/EDU (1)	Total Demand + 13% for Losses & Unmetered Use
El Dorado Hills Region Full Potable EDU	0.77	0.87
Western/Eastern Region Full Potable EDU	0.54	0.61
District-Wide Average (All Zones)	0.58	0.66
(1) Source: 2012 Water Resources and Service Reliability Report		

Future Water System Capital Projects Component

The future capital projects component represents the investment needed in the water system to provide additional capacity for new users. The 2013 FCC includes the water system projects in the District's 2013-2017 CIP and capital expenditures anticipated through approximately 2025 identified in the 2013 IWRMP. Staff allocated all project costs between FCCs and rates. The incremental portion of the water FCC is calculated as follows:

$$\textit{Future Capital Projects Component} = \frac{\textit{Water System Capital Improvement Projects}}{\textit{Future EDUs}}$$

Water System Capital Improvement Projects:

Future water capital projects for the District total $173,572,500.

Table 4
Summary of Proposed Water FCC

FCC Components		District-wide
BUY-IN COMPONENT		
Existing Treatment, Transmission and Storage		
Fixed Assets & Valuation	$	253,853,347
Total EDUs (existing plus future)		79,143
Buy in / EDU	**$**	**3,208**
WATER SUPPLY COMPONENT		
Water Supply Projects & Hydroelectric Fixed Assets	$	82,372,816
Water Supply AF		17,000
Water Supply Cost per AF	$	4,845
Demand AF/EDU		0.66
Water Supply Component / EDU	**$**	**3,187**
FUTURE CAPITAL PROJECTS COMPONENT		
Water CIP funded by FCCs	$	173,572,500
Future EDUs		15,522
Future Capital Projects Component / EDU	**$**	**11,183**
TOTAL WATER FCC	**$**	**17,578**

Proposed Wastewater FCC

The proposed 2013 wastewater FCC update is comprised of two components:

1) Buy-in to existing wastewater disposal, pumping, treatment and general facilities; and
2) Expansion-related wastewater system capital improvement projects.

The 2008 FCC study included a third component of the FCC which was the "Avoided wastewater cost component for recycled water facilities" which was eliminated from the 2013 methodology as explained earlier on Page 5.

Current and Future Wastewater Customers: The current and projected future number of wastewater EDUs in each service area is summarized below. The current EDUs were calculated based on current Average Dry Weather Flow at each plant and the District standard of 240 gpd per EDU. The projected future EDUs for the service areas are based on existing excess capacity

and the estimated future capacity expansions of the El Dorado Hills and Deer Creek wastewater treatment plants identified in the WWFMP.

Table 5: Wastewater – Existing and Future EDUs

Area	Existing EDUs (1)	% of All Zones	Future EDUs (2)	% of All Zones	Total Existing & Future EDUs
Wastewater EDUs					
El Dorado Hills	10,643	48%	12,167	55%	22,810
Deer Creek	11,451	52%	9,933	45%	21,384
Total	22,094	100%	22,100	100%	44,194

(1) Source: 2013 Wastewater Facility Master Plan.
(2) Future wastewater EDUs based on existing excess capacity plus future expansion.

Buy-in Component for Collection, Pumping and Treatment:
The 2013 FCC is calculated using the present value of the investment made in the wastewater system based on the cost of the existing facilities. This approach does not distinguish between existing and remaining capacity because without these existing facilities, new development could not connect to the wastewater system.

The wastewater facilities buy-in charge is calculated as follows:

1) Determine the current value of fixed assets (using the replacement cost method less depreciation)
2) Add work-in-progress
3) Add cash reserves (less outstanding principal on debt)
4) Add the present value of past debt issuance costs
5) Subtract credit for property taxes
6) Divide by the number of existing plus future EDUs

$$\textit{Buy-in Wastewater FCC} = \frac{\textit{Fixed Assets (net) + Adjustments to Wastewater System Valuation}}{\textit{Existing + Future EDUs}}$$

Incremental Cost Method for Wastewater System Capital Improvement Projects
The incremental cost method reflects the investment in the wastewater system to provide additional capacity for new users. The 2013 update incorporates wastewater projects in the District's 2013-2017 capital improvement program related to new growth and capital expenditures identified in the 2013 WWFMP. The charge is derived by dividing total project costs by the number of estimated future EDUs.

$$\textit{Future CIP Wastewater FCC} = \frac{\textit{Wastewater System Capital Improvement Projects}}{\textit{Future EDUs}}$$

Wastewater System Capital Improvement Projects: In the 2013 FCC update, capital projects related to growth total $151,211,800. The largest projects are the El Dorado Hills Wastewater Treatment Plant expansion to 5.45 MGD, and the Deer Creek Wastewater Treatment Plant expansion to 5.0 MGD.

Table 6: Summary of Proposed Wastewater FCC

FCC Components	District-wide
BUY-IN COMPONENT	
Existing Subsurface Lines, Treatment & Plant	
Fixed assets and Valuation	$ 266,060,381
Total EDUs (existing plus future)	44,194
Buy in / EDU	**$ 6,020**
FUTURE CAPITAL PROJECTS COMPONENT	
Other Wastewater CIP funded by FCCs	151,211,800
Future EDUs	22,100
Incremental cost / EDU	**$ 6,842**
TOTAL WASTEWATER FCC	**$ 12,862**

Recycled Water FCC

The 2013 recycled water FCC is only comprised of a single component:

1) Recycled water fixed assets and capital improvement projects.

As previously discussed on Page 5, the avoided wastewater cost credit calculated for the 2008 FCC study has been eliminated.

For 2013, like the 2008 study, the recycled water FCC will be charged to dual-plumbed homes and other recycled water connections in El Dorado Hills and Cameron Park.

Recycled Water EDUs: The number of existing recycled water EDUs is based on the latest consumption data for recycled water services, including dual-plumbed homes, totaling 6,029 EDUs. Projected demand is based on normal year usage projections. Demand is multiplied by an EDU factor of 0.42 acre-feet per EDU to derive estimated equivalent residential connections. With the elimination of seasonal storage reservoir from the District's capital planning, future expansion of the recycled water system is unknown at this time. Staff included known developments on the horizon that are likely to have dual-plumbed recycled water services, including Valley View, Serrano, Carson Creek and Central El Dorado Hills Specific Plan. With this assumption, the number of future EDUs for these developments totals 3,709. Total existing and future EDUs are approximately 9,738. Additional future development beyond these assumptions will be evaluated on a case-by-case basis with respect to infrastructure requirements like seasonal storage, or continuing with potable water supplementation, and the FCC revised accordingly.

Table 7: Recycled Water – Existing and Future EDUs

Area	Existing EDUs (1)	Future Growth EDUs	Total Existing & Future EDUs
Recycled Water EDUs			
Recycled Water System	6,029	3,709	9,738

(1) - Existing and future recycled water EDUs based on 5-year average historical usage of 0.42 AF/EDU.

Recycled Fixed Assets and Capital Projects

The 2013 recycled water FCC uses the same total cost attribution method as the 2008 and 2005 studies. The total cost attribution approach represents the contribution invested for existing facilities (using the replacement cost method less depreciation) and the additional costs needed to expand the system. Recycled water capital projects and fixed assets are combined and divided by the existing and future EDUs.

$$Recycled\ FCC = \frac{Recycled\ Water\ CIP + Fixed\ Assets\ (net)}{Existing\ \&\ Future\ EDUS}$$

Recycled Water CIP + Recycled Water Fixed Assets: The 2013 study updates fixed assets and capital improvement projects for recycled water. The recycled water capital projects are based on the 2003-2017 CIP and the WWFMP, and totals $3,898,000.

Table 8: Summary of Proposed Recycled Water FCC

FCC Components	El Dorado Hills / Deer Creek
TOTAL COST ATTRIBUTION COMPONENT	
Fixed Assets and Capital Costs	
Fixed assets	$ 25,764,262
Capital Improvement Projects	3,898,000
Total Fixed Assets + CIP	$ 29,662,262
Existing and Future EDUs	9,738
Total Cost Attribution / EDU	**$ 3,046**
TOTAL RECYCLED WATER FCC	**$ 3,046**

Water EDU Allocation for Dual-Plumbed Homes

For "Dual-Plumbed" homes in the El Dorado Hills and Cameron Park area, connected to both potable and recycled water supply, the District has historically allocated EDUs on a 2-to-1 ratio based on the original assumption that dual-plumbed homes would use approximately one-half the potable water requirement as a full potable home. The District re-evaluated this allocation as a part of this update. Based on the last five years of demand data, the per EDU demand for dual-plumbed homes in Zones 1 and 2 is 0.18 acre-feet per EDU. Adding the average annual potable

supplementation of 0.10 acre-feet per EDU, the total annual potable water requirement for dual-plumbed homes is 0.28 acre-feet per EDU. The corresponding full potable residential demand in Zones 1 and 2 is 0.72 acre-feet per EDU per year. Therefore, the demand ratio of dual-plumbed homes to full potable homes is 0.28/0.72, or 40%. This calculation results in an EDU allocation of 2.5-to-1 (i.e. 2.5 dual-plumbed homes = 1 EDU).

Table 9:

Calculation of Dual Plumbed EDU Ratio (2)										
	Zone 1 & 2 SFR "Full Potable"			Zone 1 & 2 SFR "Dual Plumbed"			Potable Supplementation (3)			Ratio with
	AF	Services	Unit Demand	AF	Services	Unit Demand	AF	Services	Unit Demand	Supplementation
2008	6569.4	7700	0.85	604.9	3347	0.18	327.7	3347	0.10	33%
2009	6286.7	7796	0.81	729.9	3396	0.21	392.8	3396	0.12	41%
2010	5222.4	8281	0.63	621.6	3693	0.17	264.8	3693	0.07	38%
2011	5073.0	8308	0.61	627.0	3736	0.17	216.0	3736	0.06	37%
2012	5715.0	8256	0.69	646.0	3870	0.17	596.0	3870	0.15	46%
			0.72			0.18			0.10	40%
(2) Source: 2008-2012 Annual Consumption Reports										
(3) Excludes Bass Lake supplementation. Bass Lake was previously supplemented as a backup supply, however the amount supplemented was not released for demand.										

Because the District must continue to supplement the recycled water system both on an annual basis and during peak demands, this peak supplementation requirement is reflected in the water FCC for dual-plumbed homes both in the buy-in component and the incremental component to account for existing and future infrastructure capacity needs to provide potable supplementation during peak demand. However, the developer would also benefit by the ability to build 2.5 homes for each EDU, essentially increasing the number of connections within the available supply than would otherwise be available for full potable homes.

Water FCCs for Dual-Plumbed Connections

Dual-Plumbed FCC = (81% of Water Buy-in + 40% of Water Supply + 68% of Future Water CIP) + 100% of Recycled Water FCC

Water Buy-in Component: To determine what portion of the potable water buy-in component should be allocated to dual-plumbed connections, each of the fixed asset categories are designated either volume (annual supply) or peak demand/fire flow. The fixed assets that are volume-based are allocated 40 percent of the total assets. Fixed assets that are peak demand/fire flow-based are allocated 100 percent of total assets as follows:

- Land and land rights: 40%
- Source of supply: 40%
- Pumping: 40%
- Water treatment: 40%
- Water transmission and distribution: 100%

Based on these allocations, approximately 81 percent of the total potable water buy-in component is attributed to dual-plumbed connections.

Table 10: Dual-Plumbed Connection Buy-in Allocation

Asset Class	Potable FCC District-wide	Dual-Plumbed FCC Demand Requirement	%	Total Allocated to Dual-Plumbed
Land and Land Rights	$ 3,501,947	volume	40%	$ 1,400,779
Source of Supply	37,389,394	volume	40%	14,955,758
Pumping	2,616,392	volume	40%	1,046,557
Water Treatment	45,889,383	volume	40%	18,355,753
Water Facilities	507,275	volume	40%	202,910
Transmission and Distribution	194,312,830	Peak/fire flow	100%	194,312,830
Fixed Asset Totals (1)	284,217,221			$ 230,274,587
				81%

(1) Fixed Assets dual-plumbed allocations based on volume, peak and fire flow demand requirements
Volume demand = 40%
Peak demand = 100 %
Fire flow demand = 100%

Water Supply Component: For the water supply component, dual-plumbed connections are charged 40 percent of the water FCC in this category based on the annual potable water demand reduction (including supplementation) for a dual-plumbed home compared to the potable water demand of a full potable home.

Future Water CIP Component: For the 2013 FCC update, 68% of the future water CIP component is determined to be allocable to the dual-plumbed connections due to the potable water supplementation requirement during peak demand for similar facilities consistent with the buy-in calculation. Future pumping and treatment facilities are allocated 40%, while future transmission facilities are allocated 100%. The total future cost is estimated to be $117,572,500.

Table 11: Summary of Proposed Dual-Plumbed Connection Water FCC

FCC Components		District-wide
BUY-IN COMPONENT		
Existing Treatment, Transmission and Storage		
Fixed Assets & Valuation	$	253,853,347
Buildout EDUs		79,143
Potable Connection -- Buy in / EDU	$	3,208
Dual-Plumbed Fixed Assets Allocation (1)		**81%**
Dual-Plumbed Connection -- Buy-in / EDU	**$**	**2,598**
WATER SUPPLY COMPONENT		
Water Supply Projects & Hydroelectric Fixed Assets	$	82,372,816
Water Supply AF		17,000
Water Supply Cost per AF	$	4,845
Demand AF/EDU		0.66
Potable Connection -- Water Supply / EDU	$	3,187
Dual-Plumbed Demand (2)		**40%**
Dual-Plumbed Connection -- Water Supply / EDU	**$**	**1,275**
FUTURE CAPITAL PROJECTS COMPONENT		
Water CIP funded by FCCs	$	173,572,500
Future EDUs		15,522
Potable Connection -- Future Capital Projects / EDU	$	11,183
Dual-Plumbed Water CIP Allocation (3)		**68%**
Dual-Plumbed Connection -- Future Capital Projects / EDU	**$**	**7,598**
TOTAL DUAL-PLUMBED WATER FCC	**$**	**11,471**

Note: The total dual-plumbed water FCC does not include the recycled water FCC

Facility Capacity Charges for Age-Restricted Communities

The District has had requests for discounted FCCs for age-restricted communities through the years as well as being raised in 2008 FCC Task Force committee meetings. The argument continues to be, on average, senior citizens place a lower burden on the utilities than the general public. Additional considerations regarding FCCs for age-restricted communities include:

Water System FCCs: Much of the water system is sized based on fire flow requirements which are no different for age-restricted housing. Sprinkler systems require very high flows regardless of age of occupants.

Wastewater System FCCs: Several studies have shown that age restricted developments have higher strength wastewater and require additional treatment as opposed to non-age restricted communities.

Finally, there is no guarantee that the age-restricted housing will not be converted to non age-restricted housing in the future. It would not be feasible to collect additional connection fees from the homeowners if the housing was converted.

The 2013 FCC update continues the 2008 FCC update recommendation: Any developer who has a substantial case for discounted FCCs for an age-restricted community would be able to bring it to the District Board of Directors for consideration on a case-by-case basis.

2013 Proposed FCCs Comparison to 2008 Adopted FCCs:

This study recommends implementation of a District-wide FCC instead of two separate FCCs for the El Dorado Hills and General District areas. There are overall modest increases in the proposed FCCs over the previous levels. The following describes in more detail the most significant changes for water, wastewater and recycled water.

Table 12: FCC Component Methodology Comparison

	2008			2013		
FCC Component	**Buy-in**	**Incremental**	**Total Cost Attribution**	**Buy-in**	**Incremental**	**Total Cost Attribution**
Water Supply			X			X
Water Treatment and Transmission	X			X		
Water CIP		X			X	
Wastewater Collection and Treatment	X			X		
Wastewater CIP		X			X	
Recycled Water			X			X

Water

The most significant change to the water FCC is subtracting depreciation from the replacement cost of fixed assets, removing 6-inch lines and smaller from the fixed assets, and including future projects in the IWRMP.

- *Buy-in Component for Treatment, Transmission and Storage*
  In the 2013 update, the value of fixed assets is calculated using the *replacement cost less depreciation method*, and the net facilities value is divided by the number of existing *and* future EDUs to account for total capacity in the system.

  For 2013, the buy-in component is $3,208. This represents a decrease from the 2008 FCC buy-in charge.

- *Water Supply Component (Project 184)*
  In the 2013 update, as was done in the 2008 FCC study, the FCC is calculated using the *total cost attribution method.*

  The water supply component remained similar to that of the 2008 FCC.

- *Future Water System Capital Projects Component*
  The addition of water capital improvement projects included in the IRWMP to the FCC was a new component in the 2013 FCC. The future water system capital projects component has increased approximately 40 percent.

  The water CIP project component reflects the costs associated with the new White Rock Diversion, a new water treatment plant and new water transmission mains called for by the Integrated Water Resources Master Plan.

Wastewater

The most significant change to the wastewater FCC is the addition of an incremental component that incorporates the WWFMP projects that are allocated to new growth.

- *Buy-in for Collection, Pumping and Treatment*
  For the 2013 FCC, the value of fixed assets is calculated using the *replacement cost method less depreciation*, and the net facilities value is divided by the number of existing and future EDUs to account for total capacity in the system.

- *Avoided Wastewater Cost Component*
  For the 2013 update, the avoided wastewater cost component has been eliminated.

- *Incremental cost of wastewater capital improvement projects*
  The addition of all wastewater capital improvement projects to the FCC was a new component to the 2008 FCC study. Approximately 90 percent of the wastewater capital projects for El Dorado Hills and Deer Creek are attributed to expansions at the two plants which are included in the WWFMP.

Recycled Water

The total 2013 recycled water FCC decreased 33 percent from 2008. The most significant change to the recycled water FCC was subtracting depreciation from the fixed assets and elimination of the "Avoided Wastewater Cost Credit to Recycling." See discussion on page 5.

Table 13: Summary of 2013 Proposed FCCs

FCC	Component	2013 FCC District-wide Potable	2013 FCC District-wide Dual-Plumbed
WATER	**1). Buy-in for Existing Treatment, Trans, Storage & Gen. Facilities** *Fixed Assets* *Existing + Future EDUs*	$3,208	$2,598
	2). Water Supply *Water Supply Cost* *Water Supply Capacity*	3,187	1,275
	3). Future Water CIP *Other Water CIP Funded by FCCs* *Future EDUs*	11,183	7,598
	Total Water FCC	$17,578	$11,471
		District-wide	**District-wide**
WASTEWATER	**1). Buy-in for Collection, Pumping & Treatment** *Fixed Assets* *Existing + Future EDUs*	$6,020	$6,020
	2). Avoided Wastewater Cost From Recycling *Avoided Cost* *Existing + Future EDUs*	0	0
	3). Future Wastewater CIP *Wastewater CIP Funded by FCCs* *Future EDUs*	6,842	6,842
	Total Wastewater FCC	$12,862	$12,862
		District-wide	**District-wide**
RECYCLED WATER	**1). Recycling Fixed Assets + Future CIP** *Total Cost of Recycling* *Existing + Future EDUs*	$ 3,046	$ 3,046
	2). Avoided Wastewater Cost Credit to Recycling *Avoided Costs Shifted to Wastewater* *Existing + Future EDUs*	0	0
	Total Recycled Water FCC	$ 3,046	$ 3,046
TOTAL PER EDU	**Potable Water Connection**	$30,440	
	Dual-Plumbed Water Connection (1)		$27,379

(1) Dual-Plumbed Water FCC Calculation = (81% of Potable Buy-in Component + 40% of Potable Water Supply Component + 68% of Potable Future Capital Projects Component) + 100% of Recycled Water FCC+ 100% of Wastewater FCC

Consideration of 10% Wastewater Rate Reduction

El Dorado Irrigation District

January 22, 2018

Presentation Summary

- Previous Board Action
- Summary of Issues
- Staff Analysis/Evaluation
- Discussion

Previous Board Action

- February 25, 2008 the Board adopted the updated Facility Capacity Charges (FCCs)
- August 26, 2013 the Board adopted the update to the District's FCCs
- Board adopted the 2018 budget without the previously-approved 3% rate increases for the utilities
- Board voted to agendize the consideration of a 10% reduction in the wastewater rates for 2018

Summary of Issues

- **January 8, 2018 the Board voted to**
  - agendize a consideration to reduce wastewater rates
  - have staff update the 5-year financial plan to reflect the impact of the consideration of the rate reduction
  - have staff prepare an action item to present at the January 22, 2018, Board meeting

Summary of Issues

- **Reserves**

  Created for economic uncertainties, contingencies, renovation of existing facilities, unseen operating capital needs and cash flow requirements

- **Restricted**
  - Cannot be used for operating costs
  - Water FCCs cannot fund wastewater infrastructure or vice versa
  - Can only be expended for purposes for which the charges were collected

Wastewater Cash Balances (various rates)

	2018	2019	2020	2021	2022
3 % rate increase (original proposal)					
Unrestricted/unreserved	$ (6.50)	$ (6.30)	$ (5.50)	$ (0.60)	$ 4.40
Reserves	12.80	12.90	13.00	13.10	13.20
Combined	***6.30***	***6.60***	***7.50***	***12.50***	***17.60***
Restricted	27.50	28.50	29.60	30.60	31.60
Total	33.80	35.10	37.10	43.10	49.20
0 % rate increase (adopted)					
Unrestricted/unreserved	$ (7.20)	$ (7.70)	$ (7.60)	$ (3.50)	$ 0.70
Reserves	12.80	12.90	13.00	13.10	13.20
Combined	***5.60***	***5.20***	***5.40***	***9.60***	***13.90***
Restricted	27.50	28.50	29.60	30.60	31.60
Total	33.10	33.70	35.00	40.20	45.50
-10% rate decrease (1)					
Unrestricted/unreserved	$ (9.40)	$ (12.30)	$ (14.60)	$ (13.00)	$ (11.40)
Reserves	12.80	12.90	13.00	13.10	13.20
Combined	***3.40***	***0.60***	***(1.60)***	***0.10***	***1.80***
Restricted	27.50	28.50	29.60	30.60	31.60
Total	30.90	29.10	28.00	30.70	33.40

(1) includes low income assistance for 2018 of $125,000 and $250,000 for 2019-2

Days working cash (various rates)

	2018	2019	2020	2021	2022
3 % rate increase (original proposal)					
Unrestricted/unreserved	$(6.50)	$ (6.30)	$ (5.50)	$ (0.60)	$ 4.40
Reserves	12.80	12.90	13.00	13.10	13.20
Combined	***6.30***	***6.60***	***7.50***	***12.50***	***17.60***
Days cash	***133***	***137***	***152***	***249***	***344***
0 % rate increase (adopted)					
Unrestricted/unreserved	$(7.20)	$ (7.70)	$ (7.60)	$ (3.50)	$ 0.70
Reserves	12.80	12.90	13.00	13.10	13.20
Combined	***5.60***	***5.20***	***5.40***	***9.60***	***13.90***
Days cash	***118***	***108***	***110***	***191***	***271***
-10% rate decrease (1)					
Unrestricted/unreserved	$(9.40)	$(12.30)	$(14.60)	$(13.00)	$(11.40)
Reserves	12.80	12.90	13.00	13.10	13.20
Combined	***3.40***	***0.60***	***(1.60)***	***0.10***	***1.80***
Days cash	***72***	***12***	***(32)***	***2***	***35***

(1) includes low income assistance for 2018 of $125,000 and $250,000 for 2019-2022

Wastewater Facilities Master Plan
Projects recommended but not included in the current five-year CIP

El Dorado Hills Collection System

- Fairchild Drive, upsize 600’ of pipe from 8” to 10”
- Upstream of EDHWWTP, replace 4,500’ of existing 18” pipe with 24”
- Silva Valley Parkway, parallel 2,100’ of existing pipe with 24”
- Timberline force main, replace 6,200’ of existing 12” pipe with 16”
- New York Creek LS, replace existing pumps
- Timberline LS, replace existing pumps

Deer Creek Collection System

- Blanchard Road, parallel 1,300’ of existing 6” pipe with 8”
- Strolling Hills, upsize 10,700’ of 12” pipe to 24”
- Mother Lode FM, Phase 6 and 7, replace 17,400’ of 12” pipe with 24”
- Town Center FM, replace existing 3,800’ of 8” pipe with 10”
- El Dorado LS, add standby pump, upgrade LS

Lift station replacement program

- Master Plan recommends $2 million per year is budgeted for 2018-2030

Capital Projects
Projects and costs to be added to current five-year CIP

El Dorado Hills Collection System

- Fairchild Drive replace 600’ of 8” to 10” $239,000
- Upstream of EDHWWTP 18” to 24” 1,450,000
  - Project will continue into future years

Deer Creek Collection System

- Town Center FM 3,800’ 8” to 10” 1,740,000

$3,429,000

Capital Projects
Deferred projects needed in 2023–2027

- **Deer Creek Collection System**
  - Blanchard Road, 1,300 feet of 8” $ 435,000
  - Strolling Hills, 10,700 feet of 24” 6,162,500
  - Mother Lode FM, Phase 6, 5,600 feet 3,219,000

$9,816,500

Capital Projects
Deferred projects needed in 2023–2027

- **Lift Stations**

• New York Creek LS, replace pumps	$ 217,500
• Timberline LS, replace pumps	145,000
• El Dorado LS, replace pumps	290,000
• Lift station replacements	10,875,000
• Pipeline replacements	3,625,000
	$15,152,500

Capital Projects
(additions to current CIP and for 2023–2027)

Facility Description	Est Feet	Current CIP Plan 2018-2022	Add to Current CIP 2018-2022	Needed 2023-2027	Total
El Dorado Hills Collection System					
Fairchild Drive, Replace existing 8-inch with 10-inch	600		$ 165,000		$ 165,000
Upstream of EDHWWTP, Replace existing 18-inch with 24-inch	1,000		1,000,000		1,000,000
Subtotal		-	1,165,000	-	1,165,000
Deer Creek Collection System					
Blanchard Road, parallel ex 6-inch with 8-inch	1,300			300,000	300,000
Strolling Hills, Upsize to 24-inch	10,700			4,250,000	4,250,000
Mother Lode FM Phase 6, Replace existing 12-inch with 20-inch	5,600			2,220,000	2,220,000
Town Center FM, Replace existing 8-inch with 10-inch	8,000	$ 2,000,000	1,200,000		3,200,000
Subtotal		2,000,000	1,200,000	6,770,000	9,970,000
Lift Stations					
New York Creek LS, Replace existing pumps				150,000	150,000
Timberline LS, Replace existing pumps				100,000	100,000
El Dorado LS				200,000	200,000
Pipeline replacement program ($500,000/year)		2,500,000		2,500,000	5,000,000
Lift Station replacement program		5,000,000		7,500,000	12,500,000
Subtotal		7,500,000	-	10,450,000	17,950,000
Total construction cost			2,365,000	17,220,000	29,085,000
soft costs 25%			591,250	4,305,000	4,896,250
contingency 20%			473,000	3,444,000	3,917,000
Total		$ 9,500,000	$ 3,429,250	$ 24,969,000	$ 37,898,250

FCC Methodology

- Wastewater methodology is similar to the water FCC methodology as presented to the Board at the December 14, 2015, Board meeting where the following was presented (slides to follow) which reflect the adjustment for debt
  - Water Buy-In component description
  - Water Buy-In calculation from the 2013 update

Water Buy-In Component

- **Buy-in component is for:**
  - cost of replacement and improvement projects in the existing system that benefit new customers

$$\frac{\textit{Fixed Assets + Adjustments to Water System Valuation}}{\textit{Existing + Future EDUs}}$$

Water Buy-In Component (cont.)
2013

Asset Class	One District
Land and Land Rights	$ 3,501,947
Source of Supply	37,389,394
Pumping	2,616,392
Water Treatment	45,889,383
Water Facilities	507,275
Transmission and Distribution	194,312,830
Fixed Assets Totals	**$ 284,217,221**
Adjustments to Water System Valuation	
Add Water System Work in Progress	$ 9,997,683
Add Water System Reserves	31,762,481
Add PV of Past Issue & Int. Costs on LT Debt	208,614,567
Subtract Outstanding Principal on LT Debt	(225,503,404)
Subtract Credit for Property Taxes	(55,235,200)
Total Adjustments	$ (30,363,874)
Total Water System Buy-In Value	$ 253,853,347
Total Water System EDU's	79,143
Water System Buy-In FCC ($/EDU)	3,208

Wastewater Treatment Plant Capacities

- **Deer Creek**
  - Average Dry Weather Flow **3.6 mgd**
  - Peak Wet Weather Flow
    (maximum hydraulic capacity estimated) **17.2 mgd**
- **El Dorado Hills**
  - Average Dry Weather Flow **4.0 mgd**
  - Peak Wet Weather Flow
    (maximum hydraulic capacity estimated
    when designed at 5.4 mgd) **21.2 mgd**

Dates with Flows Exceeding 10 mgd—last 4 years

Deer Creek WWTP		El Dorado Hills WWTP	
Date	Peak Flow	Date	Peak Flow
2/8/2014	10.9	2/8/2014	10.9
2/9/2014	15.2	2/9/2014	16.3
12/11/2014	10.1	2/28/2014	11.7
2/8/2015	12.5	8/2/2014	19.8
3/6/2016	12.1	12/11/2014	10.1
10/16/2016	10.6	12/12/2014	11.3
12/10/2016	12.6	10/16/2016	14.0
12/15/2016	15.8	12/10/2016	12.4
12/16/2016	10.4	12/15/2016	16.0
1/8/2017	13.0	12/16/2016	10.3
1/10/2017	16.7	1/8/2017	13.1
1/11/2017	10.8	1/10/2017	18.1
1/20/2017	10.1	1/11/2017	11.9
2/6/2017	10.3	2/6/2017	14.1
2/7/2017	12.6	2/7/2017	12.6
2/8/2017	11.7	2/8/2017	10.9
2/9/2017	10.9	2/9/2017	11.3
2/10/2017	12.3	2/10/2017	11.9
2/20/2017	17.4	2/20/2017	17.1
2/21/2017	10.8	7/20/2017	15.2
1/9/2018	10.5	1/9/2018	12.2

Board Decision/Options

Option 1: Reduce District's wastewater rates by 10% in 2018.

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

Option 3: Take no action.

Staff/General Manager's Recommendation

- Option 3

Discussion/Questions