Please Note:
Members of the public will have the opportunity to directly address the Agency Board of Directors concerning any item listed on the Agenda below before or during consideration of that item. There is a three minute time limit per person.
In order to better accommodate members of the public, some Agenda Items will be heard at a specified time or soon thereafter. Agenda Items without specific times may be rearranged to accommodate the Board's schedule.

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. SWEARING IN OF DISTRICT 1 DIRECTOR PAUL MOLINELLI JR.

3. ADDITIONS TO AGENDA
   Items added to the agenda must be approved by the Board pursuant to Government Code Section 54954.2

4. PUBLIC COMMENT FOR MATTERS NOT ON THE AGENDA
   A. Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject within the jurisdiction of Amador Water Agency; however, any matter that requires action will be referred to Staff for a report and action at a subsequent Board meeting. Please note there is a three (3) minute time limit per person.

5. CONSENT AGENDA
   A. Items listed on the consent agenda (see attached) are considered routine and may be enacted by one motion. Any item may be removed for discussion and made a part of the regular agenda at the request of a Board member(s).

6. DEPARTMENT REPORTS
   Staff Reports will be provided by Managers to update the Board of Directors on current activities within their areas of responsibility
   A. Administration/Finance
   B. Operations

7. WATER SYSTEMS
   A. Public Hearing - Intent to Consider Becoming a Groundwater Sustainability Agency Under the Sustainable Groundwater Management Act (SGMA)
      1. Discussion and possible action to consider adoption of Resolution No. 2017-03, a resolution approving a joint exercise powers of agreement between Amador County, Jackson
Valley Irrigation District and the Agency to form a groundwater sustainability agency, electing to participate in that agency to implement SGMA in Amador County, and directing staff to file a notice with the Department of Water Resources of the Authority’s election to become the County GSA as soon as the County and JVID approve the agreement.

B. Water Rate Study Update
   1. Discussion and possible action to authorize the General Manager to execute a contract with the Reed Group Inc. to complete a Water Rate Study Update for an amount not to exceed $35,500

8. LEGAL COUNSEL’S REPORT
   A. Legislative report
   B. Discussion and possible action regarding Agency positions on pending bills
   C. Other Legal Matters

9. COMMITTEE REPORTS AND DIRECTOR COMMENTS

10. FUTURE AGENDA TOPICS
   A. This item is to provide the Board Members an opportunity to request items to be placed on future agendas.

11. CLOSED SESSION
   A. Conference with Legal Counsel Pursuant to Government Code Section 54956.9(a) – Pending Litigation- Amador Water Agency v. Lazy Creek Family Trust, et al. (Amador Superior Court Case No. 15-CV-9203).

12. ADJOURNMENT
Items listed on the consent agenda are considered routine and may be enacted by one motion. Any item may be removed for discussion and made a part of the regular agenda at the request of a Board member(s).

1. MINUTES
   A. Approval of minutes of the Regular Board Meeting of January 26, 2017

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, then please contact Cris Thompson at (209) 223-3018 or (209) 257-5281 (fax). Requests must be made as early as possible, and at least two-full business days before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Amador Water Agency Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 12800 Ridge Rd, Sutter Creek CA 95685
AMADOR WATER AGENCY
Board of Directors
Regular Meeting
January 26, 2017

MINUTES

Directors Present: Gary Thomas, President
Art Toy, Vice President
Richard Farrington
Paul Molinelli Sr
Robert Manassero

Staff Present: Gene Mancebo, General Manager
Cris Thompson, Assistant GM/Clerk of the Board
Damon Wyckoff, Operations Manager
Joshua Horowitz, Agency Counsel

CALL TO ORDER- President Thomas called the meeting to order at 9:01 a.m.

ADDITIONS TO THE AGENDA – None

PUBLIC COMMENT: None

CONSENT AGENDA ITEMS:

MOTION: It was moved by Director Toy, seconded by Director Manassero, and unanimously carried to approve consent agenda items, Approval of minutes of January 12, 2017, Special Meeting Minutes of January 12, 2017 and Accounts Payable for December, 2016

BOARD RECOGNITION (2:59- 8:05)
Adoption of Resolution No. 2017-01 Honoring Bob Valdez for his service as Inspector of the Amador Water Agency

Adoption of Resolution No. 2017-02 Honoring Paul Molinelli for his service as District 1 Board Member of the Amador Water Agency (8:07- 15:26)

Regular Board Meeting
January 26, 2017
Page 1
MOTION: It was moved by Director Farrington, seconded by Director Toy and unanimously carried to adopt Resolutions 2017-01 and 2017-02 Honoring Bob Valdez and Paul Molinelli upon their retirement(s) from the Amador Water Agency.

AGENCY GENERAL (15:56-45:21)
Board of Director District 1 Vacancy
Director Molinelli stepped down from participation in this item

Discussion and possible action regarding recommendation by the Ad Hoc committee for appointment of Director representing District 1 becoming effective February 1, 2017 or soon thereafter

Recommendation of the committee is to place Paul Molinelli Jr. as the appointed candidate for Director District 1 Board Member

Public Comment:
Ms. Katherine Evatt, resident
Mr. David Evitt, Sutter Creek
Ms. Carole Marz
Ms. Cathy Vandeford (statement via email read by General Manager Mancebo)

MOTION: It was moved by Director Toy, seconded by Manassero to appoint Paul Molinelli Jr. to the District 1 Director seat to become effective as of February 1, 2017, taking office following swearing in on February 9, 2017

Ayes: Directors Toy, Farrington, Manassero, and Thomas
Noes: None
Absent: Director Molinelli Sr.
Abstain: None

Public Comment:
Mr. Paul Molinelli Jr.

The District 1 vacancy adhoc committee has fulfilled its duties and extinguished

Director Paul Molinelli Sr rejoined the meeting at 10:00 a.m.

AGENCY WATER (45:21-1:00:40)
Long Term Water Needs Study/Urban Water Management Plan Update
Discussion and possible action to authorize Contract Amendment 1 between AWA and RMC Water and Environment for an amount not to exceed $35,000

Public Comment:
Ms. Katherine Evatt, Foothill Conservancy
MOTION: It was moved by Director Molinelli, seconded by Director Farrington and carried to authorize the General Manager to execute an agreement amendment with RMC Water and Environment for increased professional Engineering Services regarding the Long Term Water Needs and Supply Study and the Urban Water Management Plan Update for an increase not to exceed $35,000, which would be funded through Participation Fee Reserves.

Ayes: Directors Toy, Farrington, Molinelli, and Thomas
Noes: Director Manassero
Absent: None
Abstain: None

CAWP Water Rights Environmental (1:00:55-1:08:45)
Discussion and possible action to authorize the Board President to execute the proposed Water Development Fund loan agreement for $300,000 for the CAWP Water Right Environmental work

MOTION: It was moved by Director Toy, seconded by Director Molinelli and unanimously carried to authorize the Board President to execute the proposed Water Development Fund loan agreement for $300,000 for the CAWP Water Right Environmental work

Buckhorn Disinfection Byproducts Project (1:09:00-1:19:54)
Discussion and possible action to authorize contract amendment 1 between AWA and Peterson Brustad Inc. for $55,000 for Electrical Engineering Construction Phase Services

Public Comment:
Mr. Austin Vinciguerra, Vinciguerra Construction

MOTION: It was moved by Director Farrington, seconded by Director Molinelli and unanimously carried to certify that Vinciguerra Construction, bid of 2,190,801, is the lowest responsive bidder whose bid complies with the requirements of the Buckhorn Improvements Project contract documents and authorize the General manager to issue the Notice of Award and Notice to Proceed when all Contract requirements have been met by the contractor and authorize contract amendment 1 between AWA and Peterson Brustad Inc. for $55,000 for Electrical Engineering Construction Phase Services
Water Production and Reservoir Levels (1:20:05-1:38:10)
Discussion Only

Public Comment:
Ms. Carole Marz

GENERAL MANAGER’S REPORT (1:38:19-2:15:30)


BOARD OF DIRECTOR DISTRICT REPORTS, COMMITTEE REPORTS AND
DIRECTOR COMMENTS (2:29:26-2:35:30)

FUTURE AGENDA TOPICS (2:35:47-2:36:23)
None

CLOSED SESSION was called at 11:51 a.m.
Conference with Legal Counsel Pursuant to Government Code Section 54956.9(a) –
Pending Litigation- Amador Water Agency v. Lazy Creek Family Trust, et al. (Amador Superior
Court Case No. 15-CV-9203).

OPEN SESSION resumed at 12:04 p.m. with nothing to report

ADJOURNMENT
President Thomas adjourned the meeting at 12:04 p.m.

______________________________
Cris Thompson
Clerk of the Board of Directors
Approved: ________________________

Regular Board Meeting
January 26, 2017
Page 4
ADMINISTRATION DEPARTMENT REPORT

Customer Service/Human Resources:

- The 2016/2017 (7/1/16-6/30/17) Safety Statistics for Agency staff are:
  - Lost time worker's comp incident: 2 (date of last incident: 12/12/16)
  - Other Worker Comp incident: 2 (date of last incident: 9/30/16)
  - First Aid incident: 0
  - Avoidable vehicle accident: 0
  - Unavoidable vehicle accident: 0

- Training: Tamantini, Hess, Munson, Caspary, Goshorn, Lawson-Leak Detection Principles & Water Loss Accountability Workshop
- Certifications/Renewals: None
- Staffing: Resident Engineer-Brandt Cook; Vacancies: Assistant Engineer (closes 2/20), Inspector (closes 2/6) and Utility I (applicant review)
- Liens filed: 8 - $10,260.35
- Liens Released: None
- Total Liens filed for the Agency 298- total dollar amount $507,447

Finance/Accounting:

Water Sales Revenues through the month of January are $4,182,950

Wastewater Sales Revenues through the month of January are $898,348

Grant Reimbursements received: None for the month of January

Outstanding Reimbursements are approximately $500,000

Restricted and Unrestricted Cash: Next Page

Prepared by: Karen Gish – HR / Office Manager
Tracey Hays – Finance Manager
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>1,586,654</td>
<td>740,033</td>
<td>1,656,269</td>
<td>1,425,518</td>
<td>1,577,071</td>
<td>1,167,681</td>
<td>1,265,779</td>
<td>1,211,317</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,627,733</td>
<td>2,768,294</td>
<td>1,733,301</td>
<td>2,336,415</td>
<td>1,547,598</td>
<td>1,858,256</td>
<td>1,786,149</td>
<td>1,870,993</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,214,386</td>
<td>3,508,327</td>
<td>3,389,570</td>
<td>3,761,933</td>
<td>3,124,669</td>
<td>3,025,937</td>
<td>3,051,928</td>
<td>3,082,310</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Nov-15</th>
<th>Nov-16</th>
<th>Dec-15</th>
<th>Dec-16</th>
<th>Jan-16</th>
<th>Jan-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>1,257,368</td>
<td>1,632,480</td>
<td>1,106,106</td>
<td>1,386,630</td>
<td>1,493,900</td>
<td>1,566,317</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,786,149</td>
<td>1,333,665</td>
<td>1,791,215</td>
<td>1,373,745</td>
<td>2,048,071</td>
<td>1,397,030</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,043,517</td>
<td>2,966,145</td>
<td>2,897,321</td>
<td>2,760,375</td>
<td>3,541,971</td>
<td>2,963,347</td>
</tr>
</tbody>
</table>
Operations Report

Covering January 1 – January 31st, 2017

Operations Manager:
1. Worked with the Engineering to create Request for Proposals to secure the services of a Registered Professional Forester for our Hazard Tree Removal Project (Cal OES – CDAA funded)  
2. Worked with RMC to publish the Initial Study / Mitigated Negative Declaration (IS/MND) for our Camanche Area Regional Water Supply Project Phase II (CARWSP II) to comply with CEQA.  
3. Submitted the final Aluminum Loading Rate report to the State (CVRWQCB) to comply with the requirements allowing us to resume the aluminum chlorohydrate pilot study at the Buckhorn WTP.  
4. Attended the Ecological Resources Committee (ERC) meeting in Sacramento where additional water releases into the Mokelumne were discussed.  
5. Issued letter to our CAWP customers regarding the Agency’s 4th Quarter Total Trihalomethane (TTHM) Maximum Contaminant Level exceedance at one sample station in the Distribution System.  
6. Working with Water Treatment and Distribution staff reduce Disinfection By-Product formation both at the Water Treatment facilities and within Distribution Systems.  
7. Assisted Construction and Distribution staff in the repair of CAWP 8” AC water main behind The Call church off Upper Ridge Road.

8.  

Admin Assist III:
1. Completed monthly and quarterly reporting for Water, Drought and annual reporting for Wastewater.  
2. Completed monthly reporting of water and wastewater for River Pines PUD.  
3. Completed Amador Air District’s annual throughput report on generators and diesel fuel.  
4. Coordinated with Amador High School to have a senior paint hydrants in the Carson Drive area for Community Service Credit.  
5. Completed responses to State inspections for Tanner and lone water systems.  
6. Working on Springbrook and Maintenance Connection software integration.

Water Treatment Plants:
1. Operators worked with Pall programmers to reprogram the Buckhorn plant so that water flows through plant by gravity eliminating need for pumps.  
2. Preparing for the use of sodium permanganate to help resolve taste and odor issues and lower Disinfection By-Products at lone water treatment plant.  
3. The following were repaired or installed at treatment plants:  
   a. Sewer meter was repaired on the lone backwash recycle skid.  
   b. 2 chlorine feed pumps were replaced in lone.  
   c. Broken block heater replaced on emergency generator at Buckhorn  
   d. New automation valve installed on Backwash Tank #1 to regulate flow to lone Collection system when needed.
Wastewater:
1. Continuing to monitor Pond 7 at Mace Meadows Golf Course.
2. Continuing to monitor pond levels at Pine Grove Camp for Cal Fire.
3. Looking for Inflow and infiltration at all systems and correcting when needed.
4. Monitoring all our pond levels and irrigating as needed to ensure ponds to not overflow due to the heavy rains. When irrigating within 24 hours of a rain event daily sampling has to occur.

Engineering
1. Agency Projects:
   a. CDBG: Easement acquisitions, 99% design completed. Waiting for approval to bid.
   b. Lone WTP Expansion: Expected 100% design completed by mid-February
   c. New York Ranch Rd Intersection: No activity this period
   d. Buckhorn WTP DBP & Recycling: Notice of Award to Vinciguerra Construction. Construction to begin Feb-Mar (weather contingent)
   e. Lake Camanche Tank 9 & Intertie: Mozingo Construction of Oakdale, apparent lowest responsive bidder. Anticipate Notice of Award and Notice to Proceed in February.
   f. Highway 88 overlay: No activity this period
   g. Sutter Creek Bridge: Postponed by City of Sutter Creek until 2018
   h. Badger Street Bridge: No activity this period
   i. Tree Mortality: Currently accepting proposals for Registered Professional Foresters.

2. Developer Projects:
   a. Gold Quartz (Sutter Creek): Construction in progress weather permitting
   b. Wildflower Units 4 & 5 (lone): Construction punch list items quantified. Developer proposing to bond for remaining improvements.
   c. Castle Oaks 4 & 7 (lone): Construction in progress weather permitting
   d. ARCO (Martell): Construction in progress weather permitting
   e. Ventosa Collina (Sutter Creek)- Construction in progress weather permitting
   f. Washington Place (lone)- Deposit received, Main line extension in process.

Electrical:
1. Failures:
   a. Buckhorn UPS battery pack failed. Unit replaced.
   b. Temporarily installed a trailer mounted generator to run Camanche Pump Station 12/Well 12 following failure of onsite emergency generator.
   c. Worked with AT&T on Agency phone line issues at Administration building.
   e. Repaired line locator equipment for Distribution.
   g. Camanche wastewater- Mister Pressure switch failed. Replaced switch and reprogrammed.
   h. Multiple battery replacements due to storm, power outage and lack of solar power.

2. Buckhorn gravity supply line operational programming to bypass feed pumps has been completed.

Construction:
1. Replaced a 36" culvert near pump station at Fairway Pines golf course to divert run off around the wastewater pond.
2. Replaced a 36" culvert in canal at Canal Way.
3. Repaired Well 12 generator with a new starter and fuel pump relay.
4. Installed control dump valve on old backwash tank at lone plant.
5. Installed a fire hydrant on raw water line at Howard Park near meter.
6. Main break repairs:
   a. Upper Ridge Rd behind "The Call Church". 8" line break. Replaced 8 foot section of AC pipe with C-900 (300 gpm, Buckhorn)
b. Lambert Rd. (40 gpm, Eaglesnest)

**Distribution:**

2. Service line leak repairs:
   a. McKenzie Dr. 2" Tee broke due to roots. Had to reroute service away from trees. (40gpm, Buckhorn)
   b. Lynn Way 2" PVC repaired with full circle clamp (3 gpm, Buckhorn)

3. Main Break:
   a. Upper Ridge Rd behind “The Call Church”. 8" line break. Replaced 8 foot section of AC pipe with C-900 (300 gpm, Buckhorn)
   b. Lambert Rd. (40 gpm, Eaglesnest)

4. Relocated 2" standpipe fire hydrant for easier access (Buckhorn)

5. Storm related power outages in all systems. Crews kept generators fueled up.


7. Potholed in search of inline valves at Preston Pump Station.

8. Replaced chemical feed pump at Well 9 Camanche

9. During power outage had to open by-pass at Well 12 in Camanche

**Canal:**

1. Tree removal at:
   a. KC Ranchettes
   b. Mile Marker 9.50 Upper canal –near W. Clinton
   c. Waste Gate 10 near W. Clinton crossing area
   d. Waste Gate 22 Lower canal- near Hamrick’s Grade
   e. Mile Marker 43 (2 trees)- near Badger Street in Sutter Creek

2. Replaced a culvert on Canal Way

3. Lower Canal- berm repair at mile marker 3.50- near Aparicio Ranch property.

4. Storm management and power outage. Restarted pump at Tabeaud.

**Prepared by:** Damon Wyckoff, Operations Manager
STAFF REPORT
Public Hearing
Sustainable Ground Water Management Act
Joint Powers Agreement for formation of a
Groundwater Sustainability Agency

Requested Action:
Hold public hearing on Water Agency’s proposed formation of a joint powers agency with Amador County and JVID to act as the Groundwater Sustainability Agency (GSA) to govern the portion of the Cosumnes Subbasin of the San Joaquin Valley Groundwater Basin underlying Amador County in accordance with the Sustainable Groundwater Management Act (SGMA). At conclusion of the public hearing, the Board will discuss and consider approving Resolution 2017-03, approving the attached agreement to create a Joint Powers Authority for the purpose of establishing a Groundwater Sustainability Agency (GSA) to govern the portion of the Cosumnes Subbasin of the San Joaquin Valley Groundwater Basin underlying Amador County in accordance with the Sustainable Groundwater Management Act (SGMA) and directing the General Manager to provide notice to the Department of Water Resources of the Authority’s election to become the County GSA as soon as the County and JVID approve the agreement.

Background:
As discussed in previous board meetings, SGMA requires the formation of GSA(s) prior to June 30, 2017. Failure to establish one or more GSAs for the entire recognized groundwater subbasin will trigger intervention by the State and perhaps result in the state acting as the GSA and imposing fees for its operation. Ad hoc subcommittees from Amador County, JVID and the Water Agency agree that it is in the best interest of Amador County to form a GSA representing the portion of the Cosumnes Subbasin underlying Amador County to ensure local control of the portion of the subbasin underlying the county. GSAs are being formed in other portions of the subbasin in Sacramento County. In the future, the Authority would be required to prepare and implement a Groundwater Sustainability Plan (GSP) as set forth in the SGMA. There is funding available from the State to support preparation of GSPs.

Alternatives:
1. Direction to decline to participate in a JPA regarding SGMA
2. Create a GSA separate from Amador County and JVID.
3. Provide recommended revisions to the JPA
Fiscal Impact:
Not yet determined.

Reviewed by Committee:
Yes, the GSA Ad Hoc Committee recommends approval of the JPA agreement.

Reviewed by Legal Counsel: Yes

Recommendation:
Discussion and possible approval of Resolution 2017-13 approving a joint exercise of powers agreement between Amador County, Jackson Valley Irrigation District and the Water Agency to form a groundwater sustainability agency, electing to participate in that agency to implement SGMA in Amador County, and directing staff to file a notice with the Department of Water Resources of the Authority’s election to become the County GSA as soon as the County and JVID approve the agreement.

Prepared by: Gene Mancebo, General Manager
This Joint Powers Agreement ("Agreement") is entered into by and among the County of Amador, Amador Water Agency, and Jackson Valley Irrigation District, each a local agency formed under California law, who are called collectively the "Parties" and individually a "Party" herein.

**RECITALS**

The Parties make this Agreement with reference to the following facts and circumstances, among others:

A. Each of the Parties is a public agency duly organized and operating under the laws of the State of California, and each entity is empowered under California Government Code sections 6500 and following to enter into and exercise joint powers under this Agreement.

B. In 2014, the California Legislature passed the Sustainable Groundwater Management Act ("SGMA") to provide local agencies the authority to manage and protect groundwater in a sustainable manner, with limited state intervention permitted only if local control is not exercised to protect groundwater resources.

C. Each of the Parties overlies the Basin and is authorized by SGMA and other laws to manage the groundwater resources underlying its territory.

D. The Parties, by and through their respective governing bodies, have determined that it would be mutually beneficial to enter into this Agreement to create a joint powers authority for the purposes of establishing a GSA to govern the portion of the Basin underlying Amador County in accordance with SGMA.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth in this Agreement, the Parties agree as follows:

1. **Definitions.** For purposes of this Agreement, the words and phrases below will have the following meanings:

   (a) **Agreement.** This Joint Powers Agreement for Formation and Operation of a SGMA Groundwater Sustainability Agency in Amador County.

   (b) **Authority.** The Amador County Groundwater Management Authority created by this Agreement.

   (c) **Basin.** The groundwater basin identified by DWR Bulletin 118 as the Cosumnes Subbasin of the San Joaquin Valley Groundwater Basin, Basin Number 5-22.16.
(d) **Board.** The Board of Directors of the Authority.

(e) **Bulletin 118.** The current version of Bulletin 118 produced by DWR.

(f) **DWR.** The California Department of Water Resources.

(g) **Effective Date.** The date on which this Agreement has been approved and executed by all of the Parties.

(h) **GSA.** A groundwater sustainability agency as authorized and defined by SGMA.

(i) **GSP.** A groundwater sustainability plan as authorized and defined by SGMA.

(j) **SGMA.** The Sustainable Groundwater Management Act of 2014, Water Code, sections 10720 and following, as it may be amended by the Legislature from time to time.

2. **Creation of Authority.**

(a) The Amador County Groundwater Management Authority is hereby created as a joint powers agency under the provisions of the Joint Exercise of Powers Act set forth in Government Code section 6500 and following (the “Act”). The Authority is a public entity separate from the Parties and is formed in Amador County for purposes of implementing SGMA, managing the Basin in accordance with SGMA, and for such other legally-authorized purposes as the Parties may unanimously agree to in writing. Pursuant to Government Code section 6509, the Amador Water Agency is the designated agency with respect to the Authority’s exercise of powers.

(b) Within 30 days of the Effective Date of this Agreement, the Authority shall file a Notice of Joint Powers Agreement with the California Secretary of State in accordance with Government Code section 6503.5 and comply with all other formation requirements under California law.

(c) As soon after formation as practical, the Authority shall take proceedings under SGMA to designate itself as the GSA for the portion of the Basin underlying Amador County.

(d) Any Party shall have the ability to withdraw by providing sixty (60) days written notice of its intention to withdraw. Said notice shall be given to the Board and to each of the other Parties. A Party shall not be fiscally liable for the adopted budget provided that the Party provides written notice within thirty (30) days of receiving the proposed budget. Any Party so withdrawing shall, however, waive, forfeit, and relinquish any claim or right to any funds or other property, rights, or interests of the Authority. In addition, withdrawal by a Party shall not terminate, or relieve the withdrawing Party from, any express contractual obligation to the Authority, another Party or any third party incurred or encumbered while the
withdrawing Party was a member of the JPA. In the event of a withdrawal, this Agreement shall continue in full effect among the remaining Parties.

(e) The Board may vote to terminate any Party for failure to meet its funding obligations pursuant to the approved budget set forth in this Agreement or as adopted by the Board from time to time. In the event of a termination, this Agreement shall continue in full effect among the remaining Parties.

3. **Purpose of Authority.** This Agreement provides for the creation of a public entity separate and apart from the Parties to administer this Agreement for the purposes of mutually managing the groundwater resources within the portion of the Basin underlying Amador County, including, without limitation, forming a GSA, preparing a GSP, and implementing SGMA as required.

4. **Powers of Authority.** The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of its authority to accomplish its purposes under this Agreement including, but not limited to, any or all of the following:

(a) To make and enter into contracts.

(b) To prepare reports, studies, models, and other documents for accomplishing its purposes and for applying for and accepting grants, loans, and contributions.

(c) To employ staff and to contract for services directly or indirectly related to its purposes.

(d) To receive contributions and donations of property, goods, funds, services, and other forms of assistance from any source, including from the Parties.

(e) To acquire and condemn property for purposes of the Authority.

(f) To sue and be sued in its own name.

(g) To incur debts, liabilities, or obligations, subject to the limitations set forth herein.

(h) Perform all acts necessary for purposes of SGMA implementation, Basin management, and JPA administration consistent with this Agreement.

(i) In accordance with paragraph 2(d) of this Agreement, the Authority’s powers shall be exercised subject only to the restrictions upon the manner of exercising such powers as are imposed upon the Amador Water Agency in the exercise of its powers.

(j) Notwithstanding the foregoing, the Authority shall have any additional powers conferred under the Act, insofar as such additional powers may be necessary or desirable to accomplish the purposes of the Authority as set forth herein.
5. **Use of Public Funds and Insurance.**

   (a) The Authority is authorized to use, for its purposes, public funds, property, and other resources received from the Parties or any other sources. Where applicable, the Authority’s Board may permit one or more of the Parties to provide in-kind services, including the use of property and staff members.

   (b) The Authority shall obtain insurance to cover the assets and operations of the Authority, including, but not limited to, general liability and officers and directors liability coverages.

6. **Governance.**

   (a) Each Party shall each appoint a member of its governing body and its executive officer to serve on the Authority’s Board. Each Party also shall appoint an alternate from its governing body to serve in the absence of its appointed governing body member. The governing body member representative, executive officer, and alternate shall each serve at the pleasure of the appointing Party and each may be removed and replaced at any time by the appointing Party’s governing body, with a replacement designated by written notice to the other parties.

   (b) The Board shall fix the hour, date, and place for its regular meetings. The Board will meet no less frequently than quarterly, unless the Board decides otherwise.

   (c) Upon a majority vote of the Board, other eligible public agencies may be added as Parties to this Agreement, and each such Party shall acknowledge its agreement with the terms hereof by executing this Agreement upon authorization by resolution for such execution adopted by its governing body.

   (d) After the Effective Date and in compliance with applicable legal requirements, the Board shall consider and adopt bylaws for the Authority.

   (e) Each Party shall have one vote, which shall be cast by the Party’s appointed governing body member, unless that member designates the Party’s executive officer to cast the vote.

   (f) A simple majority of the Board shall constitute a quorum. A simple majority vote of the Board shall be required for action to be taken. However, any action that requires the expenditure by the Authority of more than $10,000.00, unless authorized by the approved budget, shall first require approval from each Party’s governing board before it is effective.

   (g) The Board may, in its sole discretion, form advisory or such other committees as it deems appropriate to advise the Board or to assist in the conduct of the Authority’s business.
7. Term and Termination; Disposition of Assets

(a) The Authority shall commence its existence on the Effective Date and shall continue in existence unless terminated by the governing body of each of the Parties then a party to this Agreement. Regardless of such termination, the Authority and this Agreement shall continue to exist for the sole purposes of disposing of liabilities, distributing funds, property and other assets (such funds, property and/or other assets, collectively, the “Authority Assets”), and all other functions necessary to conclude the business of the Authority.

(b) Upon termination of this Agreement and after the payment of all obligations of the Authority, any Authority Assets remaining shall be distributed to the Parties in proportion to the contribution made by each Party toward the funding of the Authority, excepting from the distribution calculation those funds contributed for projects solely benefiting the contributing Party which remaining funds, if any, shall be returned to the contributing party. The Authority shall cease to exist when the Authority Assets have been distributed according to the provisions contained in this Section, this Agreement generally, and the Joint Exercise of Powers Act (Gov. Code, sections 6500 et seq.).

8. Administration and Officers.

(a) The officers of the Authority are the Chair, Vice-Chair, and Secretary. The Board shall, at its first meeting and thereafter at its first meeting following January 1 of each succeeding year, elect a Chair and Vice-Chair from among its members. The Vice-Chair shall assume the responsibilities of the Chair in the absence of the Chair.

(b) The Board may appoint an Executive Director under whose general supervision and control the business of the Authority shall be conducted. The Executive Director may be an employee of a Party. The Executive Director has such powers and duties as may be prescribed by the Board or the bylaws. The Executive Director’s compensation, if any, shall be determined by the Board of Directors. The Board also may hire employees to operate the Authority or obtain the services of one or more Party’s employees for such purposes, and, the Board or if employed, the Executive Director, may direct such staff and delegate such duties to them in accordance with applicable law, Board resolutions and policies, and the bylaws.

(c) The Agency may appoint general legal counsel, who shall serve at the pleasure of the Board by a vote of the Board.

(d) The Board shall appoint a Secretary, Auditor, and Treasurer.

(e) The Secretary shall: (i) keep or cause to be kept, at the principal executive office or such other place as the Board may direct, a book of minutes of all meetings of
actions of the Board and any standing committees of the Authority, including stating the type of meeting, when and where held, the notice given, the names of those present, and a summary of the proceedings of such meetings; and (ii) give, or cause to be given, notice of all meetings of the Board and any committees of the Authority required by law or the bylaws to be given. The Board also may prescribe other powers and duties to be performed by the Secretary from time to time.

(f) The Board shall designate a qualified person to act as the Treasurer of the Authority. If the Treasurer is not an officer, the Authority may pay reasonable compensation for the Treasurer’s services either directly to that person or by reasonable charge against the Authority for benefit of the Party providing such services. The Treasurer shall have charge of the depositing and custody of all funds held by the Authority. The Treasurer also shall perform such other duties imposed by law, including those duties provided in Government Code section 6505.5, and that may be prescribed by the Board or the bylaws.

9. Fiscal Year and Accounting.

(a) For the purposes of this Agreement, the term “Fiscal Year” shall mean the fiscal year as established from time to time by the Authority, being, at the date of this Agreement, the period from January 1 to and including the following December 31, except for the first Fiscal Year, which shall be the period from the date of this Agreement to December 31, 2017.

(b) The Board shall establish and maintain such funds and accounts as may be required by Generally Accepted Accounting Principles and by Federal and State statute, regulation and guidelines, as applicable.

(c) The Authority shall comply with the accounting and auditing requirements contained in California Government Code sections 6505-6505.6.

(d) The Board will appoint one of its officers to serve as Auditor of the Authority. The auditor shall comply with the duties and responsibilities of the office as set forth in subdivisions (a) to (d), inclusive, of California Government Code section 6505.5.

(e) Budgets. At least ninety (90) days prior to the commencement of each fiscal year, the Treasurer shall prepare, for consideration by the Board for the ensuing fiscal year, a general budget for Authority operations and administration, including capital expenditures. The budget presented to the Board for consideration shall be presented in a two-step process providing for at least one preliminary review by the Board prior to presentation for approval by the Board.

(1) Expenditures for the Approved Budget. No expenditure in excess of the total amount of expenditures budgeted in any approved budget shall be made without the approval of the Board.
(2) Contributions; Payments and Advances. Use of Personnel; Equipment or Property; Exchange of Services. It is hereby agreed that, subject to approval of the Board:

(i) contributions from a Party's treasury may be made for any of the purposes set forth in this Agreement; provided, however, that no Party shall be required by the Authority to contribute funds to or undertake liability on behalf of the Authority without the consent of the Party;

(ii) payments of public funds of a Party may be made to defray the cost of any purposes of the Authority;

(iii) a Party may make advances of public funds to the Authority;

(iv) the Parties may exchange services without payment of any consideration other than such services;

(v) personnel, equipment or property of a Party may be used in lieu of other contributions or advances; and

(vi) the Parties must agree in advance upon the value to be assigned the personnel, equipment, property or services, with respect to any such in-kind contributions or advances.

(3) Parties' Cost Shares. Unless otherwise agreed to by the Jackson Valley Irrigation District, its share of each budget or any other expenditures authorized under this Agreement shall be limited to five percent (5%) of the approved budget or expenditure. The County of Amador and Amador Water Agency shall allocate and be responsible for the remaining 95% of the approved budget or expenditures of the Authority on a pro rata basis.

10. Application of Laws to Authority Functions. The Authority shall comply with all applicable laws in the conduct of its affairs, including, but not limited to, the Joint Exercise of Powers Act (Gov. Code sections 6500, et seq.); the Ralph M. Brown Act (Gov. Code sections 54950, et seq.); the California Public Records Act (Gov. Code sections 6250, et seq.), and conflict of interest laws and regulations (including Gov. Code sections 1090, et seq.; the Political Reform Act, Gov. Code sections 87100, et seq.; and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification, 2 California Code of Regulations sections 18700, et seq.).

11. Advisors and Consultants. The Board may retain other advisors and consultants to assist the Board in carrying out the Authority's purposes.

12. Privileges and Immunities. All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, all pension, relief, disability, workers'
compensation, and other benefits that may apply to the activities of officers, agents or employees of public agencies when performing their respective functions within their respective territorial limits, shall apply to them to the same degree and extent while engaged as Parties of the Authority or otherwise as an officer, director, or other representative of the Authority or while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

13. **Liability.**

(a) The debts, liabilities, and obligations of the Authority shall be the debts, liabilities, or obligations of the Authority alone, and not any of the Parties of this Agreement. The Parties do not intend hereby to be obligated either jointly or severally for the debts, liabilities or obligations of the Agency, except as may be specifically provided for in California Government Code Section 895.2 as amended or supplemented.

(b) The Authority, and those persons, agencies, and instrumentalities used by it to perform the functions authorized herein, whether by contract or otherwise, shall be exclusively liable for any and all injuries, costs, claims, liabilities, damages of whatever kind to any person arising from or related to activities of the Authority.

(c) To the fullest extent permitted by law, the Authority shall hold harmless and indemnify the Parties, and each of them, including their officers, employees, and agents from any claim or liability arising from acts or omissions of the Authority in pursuit of this Agreement, and in so doing, shall provide Parties, and each of them, with legal defense of any and all claims or liabilities and shall pay reasonable attorney's fees and costs incurred in providing such defense. Notwithstanding the foregoing, the sole negligence, gross negligence, or intentional acts of any Party is exempted from this Section 13.

(d) Funds of the Authority may be used to defend, indemnify, and hold harmless the Authority, each Party, and any officers, agents, and employees, for their actions taken within the scope of their duties while acting on behalf of the Authority.

14. **Entire Agreement.** It is understood and agreed that the entire bargain between the Parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the Parties relating to the subject matter hereof. All items and exhibits referred to in this Agreement are incorporated or attached and are deemed to be part of this Agreement.

15. **Severability.** Should any part, term, or provision of this Agreement be determined by a court to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or invalid, the validity of the remaining portions or provisions of the Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law and shall be interpreted and construed consistent with the intent of the Agreement.
16. **Amendment.** This Agreement may be modified at any time by written amendment executed by the Parties.

17. **Effective Date.** The effective date ("Effective Date") of this Agreement shall be the first day of the month following the date on which the last of the Parties adopt and sign this Agreement.

18. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of the Parties hereto. Except to the extent expressly provided herein, no Party may assign any right or obligation hereunder without the consent of the other Parties.

19. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

20. **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section to which referred.

21. **Consent; Choice of Law; Venue.** Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld. This Agreement is made in accordance with California law and is to be construed thereunder. Venue for litigation related to this Agreement shall be in the Superior Court of Amador County.

22. **Notices.** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either: (a) in person, (b) by prepaid, first class U.S. mail, (c) by facsimile transmission or email with delivery to the other Party confirmed by a successful-delivery confirmation receipt, or (d) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt. Such notices shall be addressed as follows:

   If to Amador County:

   Attn: __________________________
   __________________________
   __________________________
   Facsimile: (209) __-____
   Email: __________________________

   If to Amador Water Agency:

   Attn: __________________________
   __________________________
Facsimile: (209) __-____
Email: __________________

If to Jackson Valley Irrigation District:

Attn: __________________
_____________________
_____________________

Facsimile: (209) __-____
Email: __________________

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) upon receipt of the facsimile machine or email successful-delivery confirmation, or (d) on the date of delivery as shown on the overnight courier service receipt. Any Party may change its contact information by notifying the other Parties of the change in the manner provided above.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date set forth herein.

COUNTY OF AMADOR:

By: _______________________

Dated: _____________________

ATTEST:

__________________________
AMADOR WATER AGENCY:

By: __________________________

Dated: ________________________

ATTEST:

__________________________

JACKSON VALLEY IRRIGATION DISTRICT:

By: __________________________

Dated: ________________________

ATTEST:

__________________________
EXHIBIT A
Map of the Boundaries of the Agreement
RESOLUTION NO. 2017-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE AMADOR WATER AGENCY
APPROVING A JOINT EXERCISE OF POWERS AGREEMENT TO FORM A GROUNDWATER SUSTAINABILITY AGENCY AND ELECTING TO PARTICIPATE IN THAT AGENCY TO IMPLEMENT THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT IN AMADOR COUNTY

WHEREAS, the California Legislature enacted the Sustainable Groundwater Management Act (Water Code §§ 10720-10736.6 ("SGMA")) in 2014 and amended SGMA in 2015;

WHEREAS, Subdivision (a) of Water Code section 10723 provides that, "any local agency or combination of local agencies overlying a groundwater basin may decide to become a groundwater sustainability agency for that basin";

WHEREAS, retaining local jurisdiction over water management and land use is essential to sustainably managing groundwater as a critical resource in Amador County and to the vitality of the County’s economy, community, and environment;

WHEREAS, the Amador Water Agency ("Water Agency") is a county-wide agency authorized under Sections 95-4 and 95-4.3 of the Amador Water Agency Act (Water Code Appendix, ch. 95) to, among other things, store, conserve, and reclaim water; appropriate and acquire water and water rights; prevent the wasteful use of water within its boundaries; prevent the interference with or diminution of, or declare rights in, the natural flow of any stream or surface or subterranean supply of waters used by the Water Agency; prevent the unlawful exportation, pollution, and contamination of surface and subsurface water; and is empowered to do any and every lawful act necessary to ensure that sufficient water is available for present and future beneficial uses of the lands within Amador County;

WHEREAS, the Water Agency overlies the easterly portion of the Cosumnes Subbasin of the San Joaquin Valley Groundwater Basin, which is identified as in the California Department of Water Resources' Bulletin 118 as Basin No. 5-22.16 (the "Basin");

WHEREAS, the Water Agency already is implementing a comprehensive program to monitor groundwater resources in the portion of the Basin and is the responsible CASGEM reporting agency for Amador County;

WHEREAS, the Water Agency has a long history of cooperating and coordinating with Amador County ("County") and the Jackson Valley Irrigation District ("JVID") in matters concerning the development and use of water resources in Amador County;

WHEREAS, the County and JVID also overlie the Basin and are authorized by SGMA and other laws to manage the groundwater resources underlying their respective jurisdictions;

WHEREAS, the Water Agency, the County, and JVID are all public agencies duly organized and operating under the laws of the State of California, and each entity is empowered under the Joint Exercise of Powers Act, California Government Code sections 6500 and following, to enter into and exercise joint powers under a mutually acceptable and approved agreement and to elect, singly or
jointly, to become a groundwater sustainability agency ("GSA") for the purpose of implementing SGMA;

WHEREAS, the Water Agency, the County, and JVID, by and through their respective governing bodies, have determined that it would be mutually beneficial to enter into an agreement to create a joint powers authority for the purposes of establishing a GSA to govern the portion of the Basin underlying Amador County in accordance with SGMA;

WHEREAS, the three agencies’ governance structures and varying authority over water resources in Amador County ensures that diverse water interests are and will be represented in their decision-making processes and development of groundwater management policies;

WHEREAS, the Water Agency, the County, and JVID intend to continue their coordination, cooperation and outreach efforts to ensure that various stakeholder interests are taken into account in the management of the Basin by integrating their existing stakeholder involvement and public participation processes into the development of sustainable groundwater management policies and the development and implementation of a SGMA groundwater sustainability plan;

WHEREAS, the Board of Directors has publicly proposed and discussed in noticed public meetings the Water Agency’s election to enter into a joint powers agreement with the County and JVID to form and operate a SGMA GSA and to jointly notify Department of Water Resources of the formation of the GSA under a joint powers agreement and the authority’s election to become the GSA for the Basin; and

WHEREAS, the Water Agency has conducted the public hearing required by Water Code section 10723 on the date of this Resolution in accordance with a notice of public hearing published pursuant to Water Code section 10723(a) and Government Code section 6066.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Amador Water Agency as follows:

1. The foregoing recitals are true and correct.

2. Pursuant to SGMA, the Water Agency hereby approves the joint powers agreement attached to this resolution as Exhibit A and incorporated herein by reference, and by this approval elects to form the Amador County Groundwater Sustainability Agency with the County and JVID for the purposes of preparing and administering a groundwater sustainability plan to implement SGMA the portion of the Basin within the Water Agency’s/County’s boundaries as shown in Exhibit A to the referenced and incorporated agreement.

3. The General Manager or his designee is directed to, within 30 days of the date of this resolution and in consultation with the County’s and JVID’s authorized officers, provide notification of this election to the Department of Water Resources, including a copy of this resolution and those similar resolutions adopted by the County’s and JVID’s governing bodies, a copy of the executed joint powers agreement, and the additional information required by Water Code section 10723.8, in the manner required by law.

4. Until such time as the new joint powers authority is approved as the GSA for the Basin by the Department of Water Resources, the Water Agency, in consultation with the County and JVID, shall establish and maintain a list of persons interested in receiving notices regarding the preparation
of any groundwater sustainability plan, meeting announcements and availability of draft groundwater sustainability plans, maps, and other relevant documents pursuant to Water Code section 10723.4. Any person may request, in writing, to be placed on this list of interested persons.

5. It is intended by the Water Agency that the Amador County Groundwater Sustainability Agency, once organized and approved by the Department of Water Resources, will succeed to all of the Water Agency’s rights, duties, and powers identified and approved in this resolution, and that the Amador County Groundwater Sustainability Agency will proceed to implement all requirements of SGMA in accordance with the terms of the joint powers agreement approved herein.

PASSED AND ADOPTED by the Board of Directors of the Amador Water Agency on the 9th day of February, 2017, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

By: ____________________________
Gary Thomas
President, Board of Directors

Attest:

Cris L. Thompson
Clerk of the Board
EXHIBIT A

JOINT POWERS AGREEMENT FOR FORMATION AND OPERATION OF A SGMA GROUNDWATER SUSTAINABILITY AGENCY IN AMADOR COUNTY
Requested Action:
Discussion and possible action to authorize the General Manager to execute an agreement with The Reed Group, Inc. regarding a Water Rate Study Update as proposed for an amount not to exceed $35,500 which would be paid from Operating Reserves.

Background:
At the onset of the 2016-17 fiscal year, the Water Agency discussed the possible need for a water rate adjustment due to continued water conservation and subsequent reduced water revenues. The Board direction was to monitor water use for several months before considering the need for reviewing the cost of service and revenue needs. Although water use for the first 6 months of the current fiscal year is 8.5% greater than last year for the same months, water use is still significantly lower than in 2013 prior to the drought.

The Budget and Finance Committee met in December 2016 and even though the current lean budget is on track, reserves are below target levels and water usage will likely not return to the 2013 levels. Furthermore, additional permanent conservation requirements imposed by the State are anticipated which will further reduce water revenues given the current rate structure. The Committee recognized a need for a sustainable rate structure that address needed revenues with increased conservation and reduced water usage. The attached Proposal Water Rate Update from Bob Reed of The Reed Group was discussed during the last Budget and Finance Committee followed with a recommendation to enter into an agreement for the proposed work.

Alternatives:
1. Decline to evaluate current water rates and the cost of service at this time
2. Revise the proposed scope and proceed with an agreement.
3. Consider alternative consultants and proposals

Fiscal Impact:
$35,500.
Reviewed by Committee:
Yes, the Budget and Finance Committee recommends proceeding with an agreement with the Reed Group for work proposed.

Recommendation:
Direct the General Manager to execute an agreement with The Reed Group, Inc. regarding a Water Rate Update Study for an amount not to exceed $35,500 which would be paid from Operating Reserves.

Prepared by: Gene Mancebo, General Manager
November 22, 2016

Gene Mancebo
Amador Water Agency
12800 Ridge Road
Sutter Creek, CA 95685

Subject: Proposal for Water Rate Update Study

Dear Gene,

In response to your request, this letter describes the scope and cost associated with updating the Agency’s water rates to help ensure the Agency is meeting service and financial obligations. The recent drought resulted in reduced water sales and, even with the temporary water shortage surcharge (now rescinded) and a rebound in water demand in 2015, the water utility has been under some financial stress. On the positive side, the Agency has refunded much of its long-term debt and taken advantage of current low interest rates. This refunding is resulting in significant cost savings now and in the years to come. The analyses to be performed with this study will lead to an updated financial plan and recommendations for water rate adjustments intended to improve financial stability and reduce financial risk. It will also include the cost of service analysis to support proposed new water rate schedules.

In performing this water rate update study, The Reed Group, Inc. will do the following:

- Review and analyze relevant information including:
  - Aggregate water demand patterns over the past several years
  - FY 15-16 actual revenues and expenses
  - FY 16-17 budget and 5-year capital improvement plan
  - Fund and reserve balances as of June 30, 2016
  - Information pertaining to refunding of long-term debt and the new 2016A Revenue Refunding Bonds
  - June 30, 2016 actuarial valuation of the AWA retiree healthcare plan
  - Current customer account and water usage data from the billing system
  - 2015 Urban Water Management Plan
  - New state-mandated conservation requirements

- Perform an analysis of the Agency’s annual costs for operations and maintenance, debt service, capital improvement program, and maintenance of financial reserves relative to current water rates and revenues in order to assess, document, and explain the water utility’s current financial situation. Consideration will be given to alternatives for addressing the Agency’s current and future retiree healthcare benefit costs.

- Perform an analysis of the Agency’s water rates and revenues relative to changes in water sales. Emphasis will be placed on estimating post-drought demand rebound over the next several years, and performing sensitivity analyses on this variable.

3053 Freeport Blvd. #158 • Sacramento, CA 95818-4346 • (916) 444-9622 • www.TheReedGroup.org
• Develop a five-year financial plan with estimates of current and future operating and maintenance costs, debt service obligations, and expanded funding for capital program needs with consideration of water rate and other revenues, financial reserves and reserve policies, and service and financial obligations. The financial plan will be used to identify the annual water rate revenue requirements over this five-year planning period.

• Perform cost of service analysis and develop new water rate schedules. Because of the water rate restructuring that has occurred in recent years, significant additional rate restructuring is not anticipated at this time. However, the study will consider (1) the relative balance between fixed charges (service and debt service charges) and water usage rates, and (2) updating debt service charges in relation to the 2016 Revenue Refunding Bonds and restructuring of existing debt.

• While performing the preceding tasks, we will conduct up to two workshops with the Board of Directors to discuss and assess the water utility’s current financial situation, present a preliminary financial plan, evaluate potential courses of action, and solicit comments from board members and public. Attention will be directed towards considering how savings from reduced debt service costs might be directed toward expanding funding for capital program needs or addressing the Agency’s obligations for retiree healthcare benefits, as well as other issues. The workshops will provide an opportunity for education and exploration, and also serve to help develop consensus around study direction and recommendations.

• Prepare a draft and final report describing the proposed financial plan and strategy for the water utility, as well as water rate recommendations for the five-year planning period. If appropriate, develop financial policy or other recommendations to facilitate the recommended financial strategy. The draft report will be reviewed with staff and revisions made, if necessary, prior to a presentation to the Board of Directors.

• Present recommendations to the Board of Directors in a regular board meeting, and assist in preparing a Proposition 218 Notice of Public Hearing necessary to inform customers of proposed changes to water rates.

• Attend and present recommendations during a public hearing to consider and adopt study recommendations.

A preliminary timeline for performing the water rate update study is provided below.

- Initiate study
- Evaluate current situation develop financial plan
- Conduct board workshops
- Refine financial plan and calculate water rates
- Prepare study recommendations and draft report
- Present study recommendations to Board
- Mail Proposition 218 public notice on water rates
- Public hearing on water rates
The estimated cost to perform the water rate update study, as outlined above, will not exceed $35,500, including expenses, unless a change in the scope, schedule, or budget is approved by the Agency. My hourly billing rate for this study will be $275.

I appreciate the opportunity to be of continued service to the Agency. Please let me know if you have any questions regarding this proposal for services.

Sincerely,

Robert Reed
The Reed Group, Inc.