

# Sacramento Suburban Water District Location Map

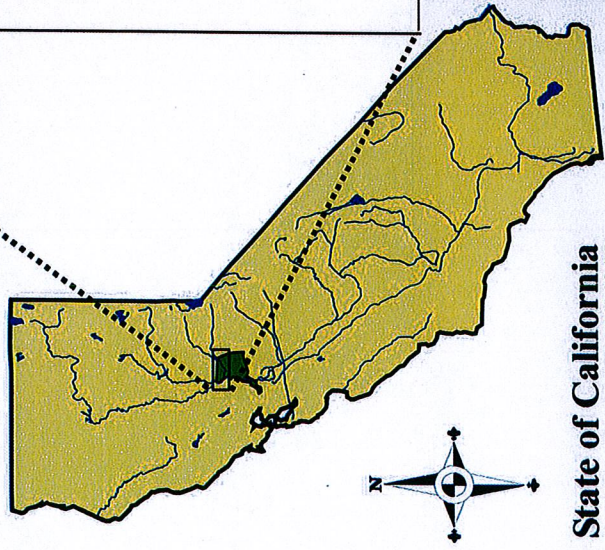
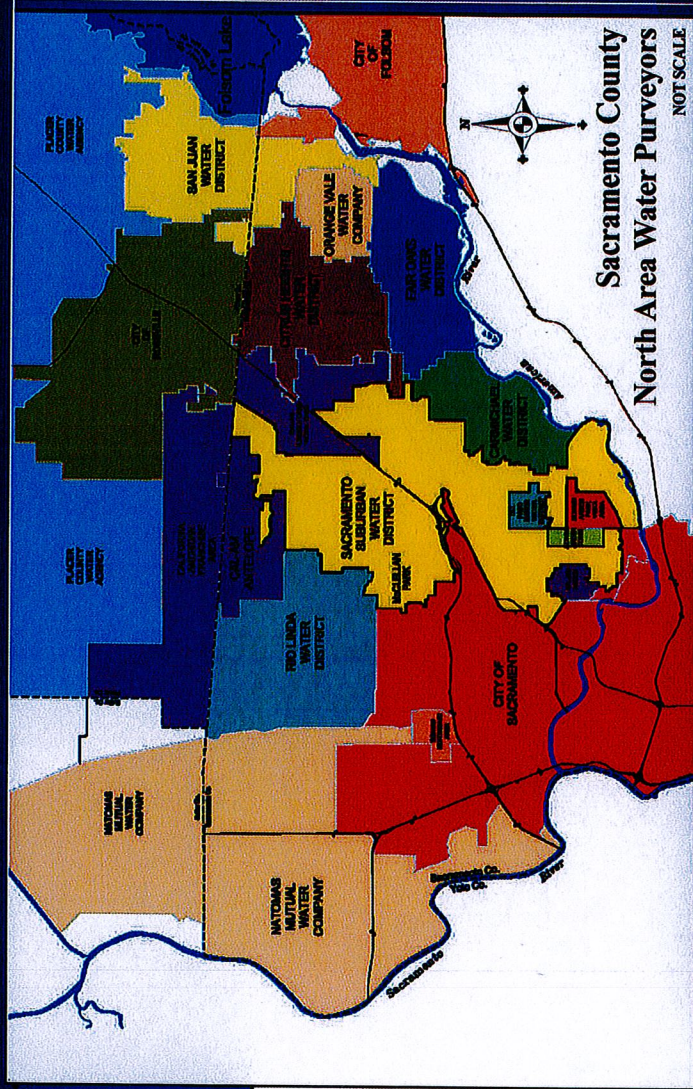
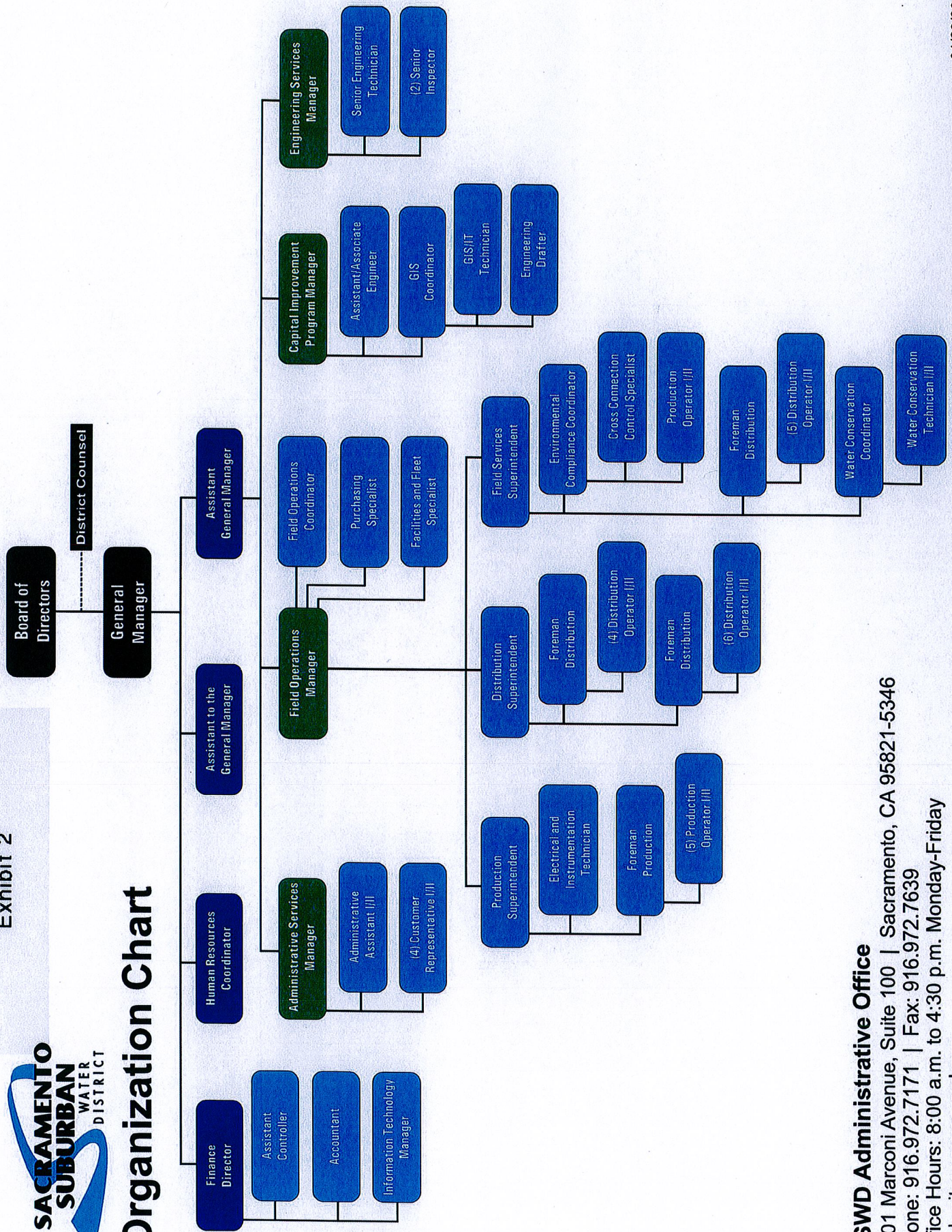


Exhibit 2



# Organization Chart



**SSWD Administrative Office**  
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## Sacramento Suburban Water District

**Public Works Contracting Policy**

Adopted: December 20, 2004

Revised: December 15, 2008

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**Introduction**

Under sections 31005 and 31049 of the California Water Code, County Water Districts may contract for the construction of public works projects. Under these provisions, the Sacramento Suburban Water District has broad discretion to contract for the construction of public works. The Board of Directors desires to provide its ratepayers the best value for the revenues spent on public works projects within the District. In determining best value, District will develop procedures that will include the following, as appropriate:

- Contractor Qualifications
- Quality of Service
- Quality of Product
- Schedule
- Acceptable Contract Terms
- Contractor's Reputation, History, and/or Performance on Similar Projects
- District Costs of Contract Management

The Board of Directors wishes to maintain flexibility for staff to contract District public works projects. Also, the Board desires to treat contractors working for the District in a fair and equitable manner, to ensure that the ratepayers procure the highest quality projects for the lowest possible cost and with the least likelihood of contractor claims or bid protests. Methods of awarding contracts to perform public works projects shall be open and defensible to the District's ratepayers. Procedures developed for this policy will ensure proper District/contractor relationships.

Depending on the circumstances driving the need for a public works project, District staff may use a variety of methods to contract for that project. These methods may include, but are not limited to, the following:

- Design/Build Contracting
- Emergency Contracting
- Force Account Contracting
- Open Bid Contracting
- Pre-Qualification Bid Contracting
- Request for Qualifications and Expression of Interest and/or Request for Proposal

- Sole Source Contracting
- Solicitation of Price Quotes

The General Manager has the discretion to authorize staff to choose the appropriate contracting method, taking into consideration the project's requirements, available funds, effects on ratepayers, impacts on District operations, and applicable legal and regulatory requirements. Staff will document the reasons for choosing a particular contracting method and when appropriate, report them to the Board.

## **1.0 Purpose**

The primary purpose of this policy is to provide the District's ratepayers the best value for public works contracts let by the District. Staff will utilize the method of contracting that best meets the District's needs. Whenever appropriate, the District will utilize generally accepted methods to acquire competitive pricing to achieve this objective. Specific procedures for obtaining competitive pricing from competing contractors will be developed by District staff and used as appropriate.

## **2.0 Authority**

The General Manager is designated as the District's contracting officer with the authority to award and execute contracts binding the District to the construction of public works projects. Board approval of contracts is required when contract amounts exceed the purchasing authority of the General Manager as specified in the District Procurement Policy or the annual approval of the Capital Improvement Program (CIP) budget. The General Manager will have the authority to appoint one or more designees to act on his/her behalf, as required, subject to this policy and to the establishment of proper procedures and controls governing such designees' authority. The Board, at its discretion, may direct the manner in which a particular public works contract is selected and/or awarded. The Board may delegate actions under this policy to a Board committee.

## **3.0 Procedure**

District staff will develop procedures for each method of contracting, to be approved by the General Manager, and in conformance with this policy. Procedures will be reported to the Board of Directors at a public meeting.

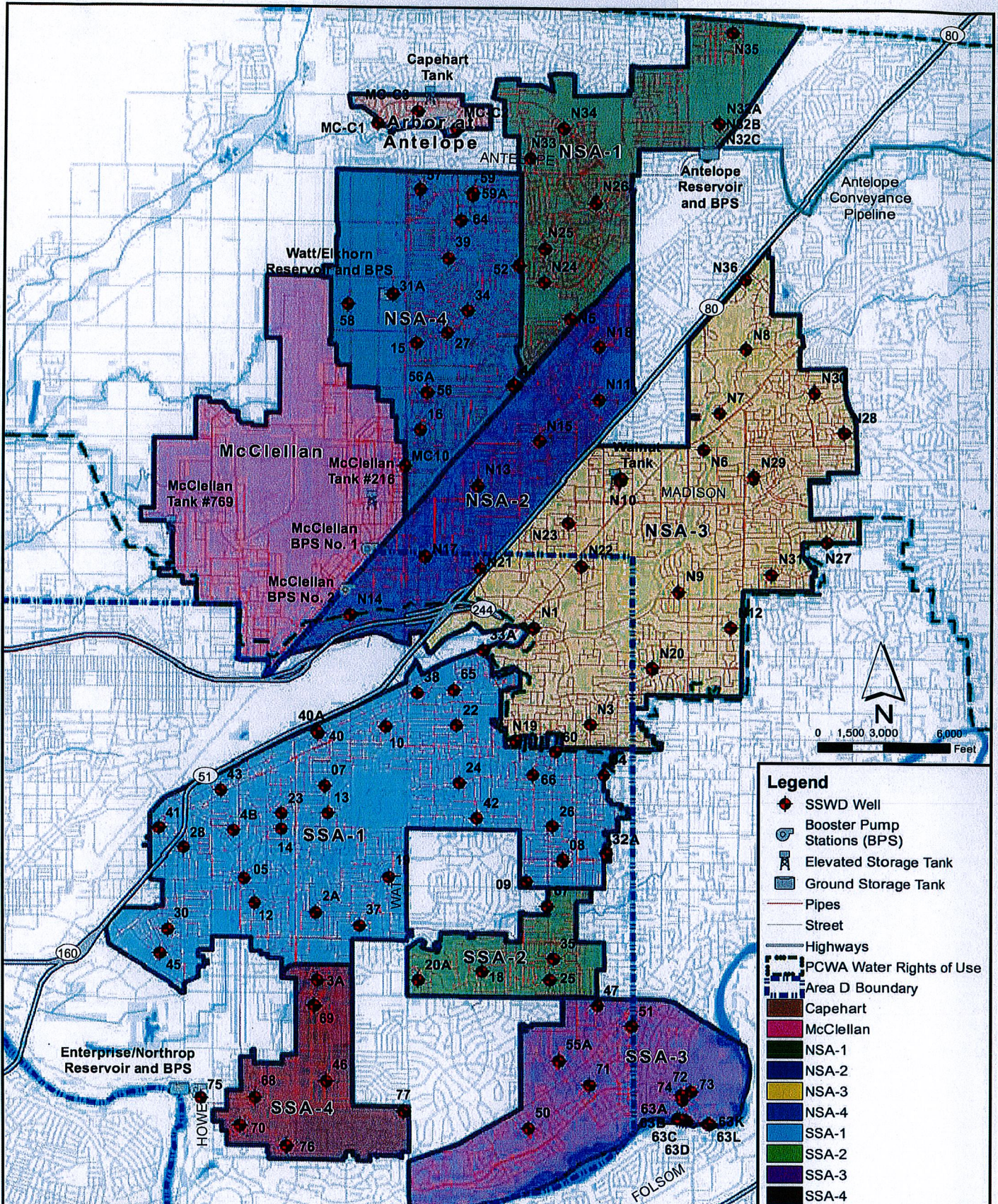
## **4.0 Incorporation of Sustainability Policy**

Whenever prudent and permitted by law, staff will incorporate the applicable principles of the District's Sustainability Policy into the bid procedures and the projects constructed in accordance with this Public Works Contracting Policy.

## **5.0 Policy Review**

This Policy will be reviewed at least biennially.

Exhibit 4



	PROJECT	135849	SITE	Water System Master Plan Sacramento Suburban Water District
	DATE	6-11-09	TITLE	Water System Facilities

Figure 2-4

FILE:\Bscac-nas01\PROJECT\35000\135849 - SSWD Water Master Plan Update\GIS\MXD\Master Plan MXDs\Draft-Final\Figure 2-4 - Water System Facilities.mxd

Tables 2-1 and 2-2 summarize the capacity and characteristics of the active and inactive wells in the District. The term "active" is used to refer to wells that are fully operational and used for water supply within the District.

Wells throughout the District are generally between 200 and 1,300 feet deep and draw water primarily from the Mehrten formation. The older, shallower wells typically produce up to 1,000 gpm. Some of the newer wells produce over 2,500 gpm.

Table 2-1. North Service Area Wells

Well no.	Well name	Capacity <sup>a</sup> , gpm	Well characteristics <sup>b</sup>	SCADA sites	Status
15	San Martin / Bolivar	NA	Hydropneumatic tank		Abandoned
16	Georgia / Canary	NA	Hydropneumatic tank		Abandoned
27	Melrose / Channing	680	Hydropneumatic tank		Active
31A	Watt / Elkhorn	1,600	Stationary generator		Active
34	La Clenege / Melrose	410	Hydropneumatic tank		Active
39	Thomas / Elkhorn	600	Stationary generator		Active
44	Gilman / SMUD Station	NA	--		Abandoned
56A	Fairbairn / Karl	2,400	Hydropneumatic tank, VFD, stationary generator	x	Active
57	Larchmont / Watt	NA	Hydropneumatic tank		Abandoned
58	Thirty Second / Elkhorn	650	Hydropneumatic tank	x	Active
59	Bainbridge/Holmes School	NA	--		Abandoned
59A	Bainbridge / Holmes School	2,950	VFD, stationary generator	x	Active
64	Galbrath / Antelope Woods	675	Hydropneumatic tank	x	Active
MC10	McClellan Business Park	675	In vault	x	Active
MC-C1	Capehart	450	Hydropneumatic tank, stationary generator		Active
MC-C2	Capehart	400	Hydropneumatic tank, stationary generator		Active
MC-C3	Capehart	650	--		Active
N1	Evergreen	880	Hydropneumatic tank		Active
N3	Engle	925	Hydropneumatic tank, portable generator	x	Active
N5	Hillsdale	850	VFD, portable generator	x	Active
N6	Palm	1,040	--		Active
N7	Rosebud	1,300	--	x	Active
N8	Field	1,200	--		Active
N9	Cameron	1,300	Hydropneumatic tank	x	Active
N10	Walnut	1,300	VFD, stationary generator	x	Active
N11	Diablo	NA	Hydropneumatic tank		Abandoned
N12	St Johns	1,350	--	x	Active
N13	Madison	NA	--		Abandoned
N14	Orange Grove	1,200	Portable generator		Active
N15	Cabana	1,000	Hydropneumatic tank, portable generator	x	Active
N17	Oakdale	1,100	Hydropneumatic tank		Active
N18	McCloud	NA	Hydropneumatic tank		Abandoned

Table 2-1. North Service Area Wells

Well no.	Well name	Capacity <sup>a</sup> , gpm	Well characteristics <sup>b</sup>	SCADA sites	Status
N19	Larchmont	NA	Hydropneumatic tank		Abandoned
N20	Cypress	1,300	Right angle drive, 6 hours standby		Active
N21	Yucca	NA	--		Abandoned
N22	River College	1,000	Hydropneumatic tank	x	Active
N23	Freeway	1,030	Hydropneumatic tank	x	Active
N24	Don Julio	1,190	Hydropneumatic tank		Active
N25	Sutter	1,900	Boosted	x	Active
N26	Monument	600	--		Active
N27	Jamestown	1,225	Portable generator		Active
N28	Oakbrook	NA	--		Abandoned
N29	Memhill	1,285	Boosted	x	Active
N30	Park Oaks	1,125	--	x	Active
N31	Barrett Meadows	750	Hydropneumatic tank, portable generator	x	Active
N32A	Poker 1	2,000	VFD, stationary generator	x	Active
N32B	Poker 2	1,800	VFD, stationary generator	x	Active
N32C	Poker 3	790	Stationary generator	x	Active
N33	Walerga	1,275	--	x	Active
N34	Cottage	2,000	VFD, portable generator	x	Active
N35	Antelope	2,000	VFD	x	Active
N36	Vemer	1,500	VFD, portable generator	x	New well
<b>Total North Service Area well capacity</b>		<b>49,195</b>	--	--	--

<sup>a</sup> Pumping capacity with current equipment under average operating pressure. The capacities are higher under lower pressures.

<sup>b</sup> Well characteristics state if a well has a VFD, hydropneumatic tank, generator, and/or is fluoridated.

Table 2-2. South Service Area Wells

Well no.	Well name	Capacity <sup>a</sup> , gpm	Well characteristics <sup>b</sup>	SCADA site	Status
2A	El Prado / Park Estates	995	Fluoridated	x	Active
3A	Kubel / Armstrong	370	Hydropneumatic tank		Active
4B	Bell / Marconi	2,675	VFD, stationary generator, fluoridated	x	Active
5	Bell / El Camino	330	Hydropneumatic tank		Active
7	Rubicon / Seely Park	180	Hydropneumatic tank		Active
8	South Park / Wrendale	NA	Hydropneumatic tank		Abandoned
9	Ravenwood / Eastern	625	Hydropneumatic tank, fluoridated	x	Active
10	Potter / East Country Club °	NA	--		Abandoned
12	Hemando / Santa Anita Park	540	Hydropneumatic tank		Active
13	Calderwood / Marconi	820	--		Active
14	Marconi South / Fulton	570	Hydropneumatic tank		Active
18	Riding Club / Ladino	840	Hydropneumatic tank, fluoridated	x	Active

Table 2-2. South Service Area Wells					
Well no.	Well name	Capacity <sup>a</sup> , gpm	Well characteristics <sup>b</sup>	SCADA site	Status
19	Balmoral / Yorktown	950	Hydropneumatic tank, fluoridated	x	Active
20A	Watt / Arden	1,100	Hydropneumatic tank, fluoridated	x	Active
22	West / Becerra	650	Hydropneumatic tank, fluoridated	x	Active
23	Marconi North / Fulton	550	Hydropneumatic tank		Active
24	Becerra / Woodcrest	590	Hydropneumatic tank, fluoridated	x	Active
25	Thor / Mercury	750	Hydropneumatic tank, fluoridated	x	Active
26	Greenwood / Marconi	650	Hydropneumatic tank, fluoridated	x	Active
28	Red Robin / Darwin	585	Hydropneumatic tank, fluoridated	x	Active
30	Rockbridge / Keith	650	Hydropneumatic tank, fluoridated	x	Active
32A	Eden / Root	1,905	Portable generator, fluoridated	x	Active
33A	Auburn / Norris	2,675	VFD, stationary generator, fluoridated	x	Active
35	Ulysses / Mercury	1,000	Hydropneumatic tank, fluoridated	x	Active
37	Morse / Cottage Park	700	Stationary generator		Active
38	Watt / Auburn	500	Stationary generator		Active
40	Auburn / Yard	675	Stationary generator		Active
40A	Auburn/Yard	2,525	Hydropneumatic tank, stationary generator, fluoridated	x	Active
41	Albatross / Iris	600	Stationary generator, fluoridated	x	Active
42	Becerra / Marconi	NA	Stationary generator		Abandoned
43	Edison / Traux	850	Stationary generator		Active
45	Jamestown / Middleberry	750	Stationary generator		Active
46	Jonas / Sierra Mills	800	Stationary generator		Active
47	Copenhagen / Arden	885	Stationary generator, fluoridated	x	Active
50	Columbia / Fair Oaks	500	Hydropneumatic tank		Active
51	Sudbury / Elsdon	285	Hydropneumatic tank		Active
54	North / Root	NA	Hydropneumatic tank		Abandoned
55A	Stewart / Lynndale	2,000	Hydropneumatic tank, portable generator, fluoridated	x	Active
60	Whitney / Concetta	600	Fluoridated	x	Active
63A	American River Well Field	NA	--		Abandoned
63B	American River Well Field	NA	--		Abandoned
63C	American River Well Field	NA	--		Abandoned
63D	American River Well Field	NA	--		Abandoned
63K	American River Well Field	NA	--		Abandoned
63L	American River Well Field	NA	--		Abandoned



Table 2-2. South Service Area Wells

Well no.	Well name	Capacity <sup>a</sup> , gpm	Well characteristics <sup>b</sup>	SCADA site	Status
65	Merrily / Annadale	1,250	Hydropneumatic tank, fluoridated	x	Active
66	Eastern / Woodside Church	1,350	Hydropneumatic tank, portable generator, fluoridated	x	Active
67	El Camino / Eastern	NA	Hydropneumatic tank		Abandoned
68	Northrop / Dornajo	1,600	—		Active
69	Hillsdale / Cooper	450	Hydropneumatic tank		Active
70	Sierra / Blackmer	350	Hydropneumatic tank		Active
71	River Drive/Jacob	2,675	VFD, portable generator, fluoridated	x	Active
72	River Walk / NETP	1,850	Hydropneumatic tank, portable generator, fluoridated	x	Active
73	River Walk / NETP East	3,500	Fluoridated, equipped for portable generator	x	Active
74	River Walk / NETP South	2,700	Fluoridated, equipped for portable generator	x	Active
75	Enterprise / Northrop	1,150	Stationary generator, fluoridated	x	Active
76	Fulton / Fair Oaks	250	Hydropneumatic tank		Active
77	Larch / Northrop	400	Hydropneumatic tank		Active
<b>Total South Service Area well capacity</b>		<b>49,195</b>	—		—

<sup>a</sup>Pumping capacity with current equipment under average operating pressure. The capacities are higher under lower pressures.

<sup>b</sup>Well characteristics state if a well has a VFD, hydropneumatic tank, generator, and/or is fluoridated.

<sup>c</sup>Well 10 is currently being used as a single zone monitoring well according to Jim Arenz on 12/22/08.

## 2.2.2 Surface Water Facilities

The District imports surface water from three supply sources. The District's current surface water agreements are with PCWA, City of Sacramento, and the United States Bureau of Reclamation (USBR) (Section 215 Central Valley Project (CVP) water).

Surface water from PCWA and the USBR is diverted from Folsom Lake and treatment is provided by the Sydney N. Peterson WTP. The Peterson WTP is owned and operated by SJWD. SJWD also supplies treated surface water from Folsom Reservoir for a family of water entities (SJWD Retail Service Area, Orange Vale Water Company, Citrus Heights Water District, City of Folsom-Ashland Area, and Fair Oaks Water District [FOWD]).

The Peterson WTP has a nominal capacity of 120 million gallons per day (MGD). Treated water is pumped to the Hinkle Reservoir, which has 62 million gallons (MG) of storage capacity. From the Hinkle Reservoir, the potable surface water supply for the District is delivered by gravity flow through the San Juan Cooperative Transmission Pipeline (CTP) followed by the Antelope Conveyance Pipeline (ACP) (formerly referred to as the Northridge Conveyance Pipeline).

The 48-inch diameter, gravity flow ACP is constructed from the terminus of the San Juan Cooperative Transmission Pipeline at C-Bar-C Park, which is located on Oak Avenue, east of Sunrise Boulevard within the Citrus Heights Water District service area. The District owns the total pipeline capacity of 59.2 MGD in the ACP and that same quantity of flow in the larger capacity CTP. The surface water facilities are illustrated on Figure 2-4.

The District has a surface water supply from the American River through a contract with the City of Sacramento, dating to 1964. Historically, only a portion of this amount has been diverted through the American River Well Field located in the SSA. The American River Well Field is not currently being used because it does not meet the requirements of the Surface Water Treatment Rule. In 2006, the District began receiving surface water from the City of Sacramento. This water is treated at the City's Fairbairn WTP and delivered to the District via the City's Howe Avenue transmission main to an existing interconnection located near Enterprise Drive and Northrop Avenue in the SSA.

## 2.3 Distribution System

This section discusses the District's distribution system, including storage, pump stations, and interconnections.

The District has four service areas: NSA, SSA, McClellan Business Park, and Arbors at Antelope. Frequently in this plan the McClellan Business Park and Arbors at Antelope service areas are included as part of the larger NSA. Within the larger NSA there are two pressure zones: larger NSA (includes McClellan Business Park and Arbors at Antelope) and the North Highlands subzone. The North Highlands subzone is hydraulically separated from the rest of the NSA by a pressure reducing valve (PRV) located at Bainbridge Drive and Walerga Road. While McClellan Business Park and Arbors at Antelope are separate service areas, they are not hydraulically separated pressure zones. There is no PRV between Arbors at Antelope and the NSA. Water from the NSA to McClellan Business Park flows directly into the McClellan Business Park service area (boosters from the NSA to McClellan Business Park are rarely used). Water is served to McClellan Business Park but prevented from flowing back into the NSA. Because of fluoridation and surface water place of use restrictions in the SSA, the SSA is hydraulically separated from the NSA (by closing main line valves) and is its own pressure zone.

A hydraulic schematic of the distribution system is shown on Figure 2-6.

### 2.3.1 Pipelines

The distribution system ranges in size from 48-inch mains down to 4-inch laterals. Table 2-3 provides a breakdown of the linear feet of each pipe diameter in the system. Pipeline material consists predominantly of asbestos cement, polyvinyl chloride (PVC), ductile iron, mortar lined coated steel, and cast iron pipe. Table 2-4 provides a breakdown in linear feet of the pipe materials in the system. The District's standards include the requirement for gridding cross connecting mains at intervals of approximately 1,300 feet with a minimum size of 12-inch. Exceptions have been made where 10-inch mains and larger exist in the grid pattern.



## Exhibit 5

### Summary of Programs

1. Conjunctive Use Program – This program is District-wide and its impacts affect the entire groundwater basin north of the American River. The District's target for the use of the treated surface water component of the program is 15,000 acre feet per year. This program has resulted in the banking of over 150,000 acre feet of water into the basin over the last seventeen years. The program has stabilized the groundwater elevations in the North American Groundwater Basin and has greatly contributed to the overall basin management objectives of the Sacramento Groundwater Authority and its Groundwater Management Plan. The customers of the District have invested over \$100 million in this effort.
2. Main Replacement Program – This program has been implemented in various neighborhoods since 2003 and is currently located predominantly in the South Service Area of the District. The overall plan incorporates all water mains in the District. The program currently targets areas with the oldest water mains that have exhibited high occurrences of leakage or other poor performance characteristics. The customers of the District are investing approximately \$12 million dollars per year in this program. The program has resulted in a decrease in emergency responses to water main breaks and leaks. It has improved the District's water distribution system fire flow capability. And it has reduced claims for damage resulting from water main breaks and leaks.
3. Meter Retrofit Program – This program covers all areas within the District's service area. This program is mandated by State Law and requires all service connections to be metered by the year 2025. The District's schedule for meeting this state mandate requires approximately 1300 unmetered services per year to have meters retrofit to them. While the District is ahead of this schedule at this time, it is anticipated that when the program enters its final stages, because the remaining locations will be in backyards, the program will slow down. This program costs District customers about \$1.9 million per year.
4. Well Replacement Program – The District currently has 89 active wells located throughout the service area capable of producing over 98,000 gallons per minute. Over 50 of these wells are at least 50 years old and are approaching the end of their useful life. This program is designed to replace the oldest and least efficient of these wells with new high capacity units. The District's goal is to maintain its production capacity with fewer more reliable wells. The design criteria utilized in this program targets the new wells to produce 1500 gpm; this could displace two or three older units that produce 500 to 750 gpm. The District customers are investing about \$2 million per year in this effort.
5. Integrated Regional Water Management Plan (IRWMP) – The District is a member of the Regional Water Authority (RWA). RWA has taken the responsibility to coordinate the formulation and implementation of an IRWMP which is a planning program with guidelines and requirements that have been authored by the State Department of Water Resources (DWR). This plan covers participating agencies within the American River watershed. The program

coordinates the planning efforts of the member agencies in an effort to eliminate conflicting programs and achieve maximum benefit to the agencies as well as the environment. The program coordinates projects submitted by the member agencies in an effort to improve the efficient implementation of these projects and reduce duplication of efforts. The IRWMP has also been successful in attaining grant funding from DWR and the U.S. Bureau of Reclamation (USBR) for both the planning efforts and the construction of projects. The District has benefited from both of these grant programs. Currently, the District is completing the construction of a water production well for which it received \$750,000.00 of grant funds through this program.

6. Sacramento Groundwater Authority (SGA); Groundwater Management Plan (GMP) – The District is a member of the SGA. In December of 2004 the SGA adopted its GMP which identified 63 management actions for the groundwater basin. Since that time the GMP has been revised and updated. The District has participated in the implementation of the plan objectives and actions which include the establishment of groundwater contamination committee, improving communication and coordination with both regulators and responsible parties, improving the existing monitoring well program, and making improvements to the existing groundwater model for the SGA area. Of significance, in 2009 the district worked with the SGA to finalize its water accounting framework component of the GMP which provides targets for pumping allocations to sustain the basin.
7. Integrated Business Systems Program – In 2003 the District initiated a program to upgrade and integrate all of its business systems with the goal of providing better access to information for both the customer and the employees at SSWD. Since the start of the program, the Geographical Information System (GIS) has become the center of the system which includes a new financial tracking program, a new customer billing program, and new field work order program, and a new document management system. All the programs work off of a central data base which allows the staff to move between the systems and access information quickly and efficiently. In addition, other auxiliary programs have been added to improve the tracking of utility location requests and backflow protection device monitoring. Remote terminals have been installed in the District's fleet vehicles to allow field staff direct access to the programs enabling them to give customers information in the field and provide real time tracking of work-order status as well as direct access to system maps and diagrams. The District also has upgraded its Supervisory Control and Data Acquisition System (SCADA) for its production facilities. This upgrade allows the water production staff direct monitoring capability of all the critical components of the water production system which allows the immediate response to any development or emergency. The integration of these business systems has allowed the District to maintain a superior employee to customer ratio while improving the employee's capability to deliver excellent service saving the customer time and money.
8. Water Conservation Program (WCP) – The District is a signatory of the historic Water Forum Agreement (WFA). A condition of signing this agreement was the agreement to conform to a Purveyor Specific Agreement which includes a Water Conservation Program element. The WCP is structured to provide Best Management Practices (BMPs) targets for the District that are designed to educate the District customers on the need for efficient use of water and encourage

water savings through various related activities. In February 2006, the District, along with five other agencies in the region studied and prepared a Water Conservation Master Plan that analyzed the effectiveness of the existing programs. The Water Conservation Program of the WFA has since been updated to reflect the California Urban Water Conservation Council list of BMPs. In addition, legislation passed in 2009 mandates further water conservation requirements. The District is evaluating the impacts of these recent developments and staff is confident that the District will continue to be successful in addressing this important element of water management in the region.

9. Community Outreach/Public Education Program – The District has a community outreach program that is available to all customers through print, electronic media and community outreach events. This program has received recognition through professional organizations for its efforts in keeping the public informed of District activities and providing useful relevant information. The program includes a robust and informative website which encourages customers to contact the District with questions or concerns. Recent additions allow the customer access to their billing information and provide the ability to pay their water bill online.
10. Legislature Lobbying Efforts – In 2010, the District partnered with six other local agencies to form an alliance to provide input and expressions of support or opposition to legislation of interest for the region during the 2010 Legislative Session. This coalition works directly with the Legislative Committee of the RWA to ensure uniformity in its efforts. These efforts have resulted in the inclusion of language in several bills that will assist the region in compliance with the intended legislation. The coalition efforts have also been instrumental in the defeat of passage of bills viewed to be harmful to the interests of the citizens in the region. In addition to the financial support needed to fund the lobbying effort provided by each member of the coalition, staff from each agency has shared spending time at the Capitol attending meetings and hearings on the various bills of interest, to provide input, support or express opposition as the situation might dictate.
11. Sustainability Program – In November 2007, the District Board of Directors approved the Sustainability Policy of SSWD. The primary purpose of this policy is to establish Sustainability as a guiding principle for daily operations and as a framework for longer term business decisions for the District. In an effort to address the principles outlined in the policy, the General Manager formulated a Sustainability Committee of employees interested in furthering ideas to address the elements of the policy. The Committee has addressed numerous issues resulting in improved procedures for recycling, energy use, vehicle operations, and has provided employee and customer education events to increase awareness. The District now computes its “Total Carbon Footprint” annually to benchmark progress toward lowering carbon emissions.
12. Management Practices Audit – In 2010, the District has initiated an internal review of its policies, procedures and practices to determine the effectiveness of the management programs of the agency. The goal of the audit is to assess areas of strength and deficiency in an effort to identify areas for potential improvement. The effort will look to improve communication among the management staff and employees of the District as well as increase effectiveness of the entire

organization. The District will be utilizing a program provided by the American Public Works Association for this audit. The program is scheduled to take up to one year to complete with internal staff while maintaining the day-to-day needs of the utility.

Exhibit 6

**SACRAMENTO SUBURBAN WATER DISTRICT  
Cash Basis Income/Expense Budget Summary**

	CY 08 Actual	CY 08 Budget	Actual As Of 8/31/2009	Projected Actual 12/31/09	CY 09 Budget	Proposed CY 10 Budget	(1) - (2) Change in Projected Actual-to- Budget
Water Sales Charge/Drought Water Bank	\$ 11,191,553	\$ 9,593,848	\$ 7,036,206	\$ 11,535,432	\$ 11,814,352	\$ 10,870,419	\$ (665,012)
Water Service Charge	8,050,277	6,898,142	4,873,751	7,310,627	8,871,750	7,357,415	46,788
Capital Facilities/Debt Repayment Charges	16,436,040	15,099,845	12,976,776	19,465,164	20,685,944	19,589,741	124,577
Other Charges for Services	1,129,062	967,241	625,925	938,887	1,139,378	944,896	6,009
<b>Total Income From Customers</b>	<b>\$ 36,806,932</b>	<b>\$ 32,559,077</b>	<b>\$ 25,512,658</b>	<b>\$ 39,250,110</b>	<b>\$ 42,511,424</b>	<b>\$ 38,762,471</b>	<b>\$ (487,638)</b>
Interest Income	\$ 2,839,490	\$ 2,400,000	\$ 914,031	\$ 936,209	\$ 1,848,000	\$ 639,375	\$ (296,834)
Other Income (Leases-Bldg, Cell Towers)	537,861	309,000	232,657	315,560	710,130	318,716	3,156
Facility Development Charges	1,659,613	600,000	418,808	500,000	400,000	200,000	(300,000)
Grant Income	17,728	1,180,000	-	-	1,381,000	1,858,083	1,858,083
<b>Total Revenue</b>	<b>\$ 41,861,624</b>	<b>\$ 37,048,077</b>	<b>\$ 27,078,155</b>	<b>\$ 41,001,879</b>	<b>\$ 46,850,554</b>	<b>\$ 41,778,645</b>	<b>\$ 776,766</b>
Debt Service Costs - principal	(3,020,000)	(3,227,002)	-	(3,190,000)	(3,190,000)	(3,100,000)	90,000
Debt Service Costs - Interest expense	(6,379,713)	(4,920,000)	(3,549,596)	(5,269,017)	(4,740,457)	(4,830,073)	438,943
<b>Operating and Maintenance (less depr)</b>	<b>(15,991,241)</b>	<b>(16,924,570)</b>	<b>(9,177,401)</b>	<b>(15,147,094)</b>	<b>(16,099,297)</b>	<b>(16,289,995)</b>	<b>(1,142,901)</b>
OPEB - Annual Required Contribution	(463,000)	(551,000)	(318,667)	(476,000)	(511,000)	(494,000)	(18,000)
PERS - Side Fund Payment	-	-	-	-	-	-	-
<b>Amount Remaining for Capital Projects</b>	<b>\$ 16,007,670</b>	<b>\$ 11,425,505</b>	<b>\$ 14,032,490</b>	<b>\$ 16,919,768</b>	<b>\$ 22,309,800</b>	<b>\$ 17,064,576</b>	<b>\$ 144,808</b>
<b>Operating Capital</b>	<b>(1,198,813)</b>	<b>(2,065,500)</b>	<b>(782,158)</b>	<b>(1,582,918)</b>	<b>(1,631,115)</b>	<b>(1,300,875)</b>	<b>282,043</b>
<b>Capital Improvement Program</b>	<b>(12,681,059)</b>	<b>(17,665,000)</b>	<b>(9,684,956)</b>	<b>(19,138,000)</b>	<b>(21,052,000)</b>	<b>(24,596,000)</b>	<b>(5,458,000)</b>
Change in Reserve Balance	2,127,798	(8,304,995)	3,565,376	(3,801,150)	(373,315)	(8,832,299)	(5,031,149)
<b>Reserve (Cash) Balance</b>	<b>\$ 47,247,800</b>	<b>\$ 47,247,800</b>	<b>\$ 52,029,722</b>	<b>\$ 48,228,572</b>	<b>\$ 48,133,681</b>	<b>\$ 39,396,273</b>	<b>\$ 5,458,000</b>



Exhibit 6

**SACRAMENTO SUBURBAN WATER DISTRICT**  
**Cash Basis Income/Expense Budget Summary**

	(1)		(2)		(1) - (2)	
	CY 08 Actual	Actual As Of 8/31/2009	Projected Actual 12/31/09	CY 09 Budget	Proposed CY 10 Budget	Change in Projected Actual-to- Budget
Water Sales Charge/Drought Water Bank	\$ 11,191,553	\$ 7,036,206	\$ 11,535,432	\$ 11,814,352	\$ 10,870,419	\$ (665,012)
Water Service Charge	8,090,277	4,873,751	7,310,627	8,871,750	7,357,415	46,788
Capital Facilities/Debt Repayment Charges	16,436,040	12,976,776	19,465,164	20,685,944	19,589,741	124,577
Other Charges for Services	1,129,062	625,925	938,887	1,139,378	944,896	6,009
<b>Total Income From Customers</b>	<b>36,806,932</b>	<b>25,512,658</b>	<b>39,250,110</b>	<b>42,511,424</b>	<b>38,762,471</b>	<b>(487,638)</b>
Interest Income	\$ 2,839,490	\$ 914,031	\$ 936,209	\$ 1,848,000	\$ 639,375	\$ (296,834)
Other Income (Leases-Bldg, Cell Towers)	537,861	232,657	315,560	710,130	318,716	3,156
Facility Development Charges	1,659,613	418,808	500,000	400,000	200,000	(300,000)
Grant Income	17,728	-	-	1,381,000	1,858,083	1,858,083
<b>Total Revenue</b>	<b>\$ 41,861,624</b>	<b>\$ 27,078,155</b>	<b>\$ 41,001,879</b>	<b>\$ 46,850,554</b>	<b>\$ 41,778,645</b>	<b>\$ 776,766</b>
Debt Service Costs - principal	(3,020,000)	-	(3,190,000)	(3,190,000)	(3,100,000)	90,000
Debt Service Costs - Interest expense	(6,379,713)	(3,549,596)	(5,269,017)	(4,740,457)	(4,830,073)	438,943
Operating and Maintenance (less depr)	(15,991,241)	(9,177,401)	(15,147,094)	(16,099,297)	(16,289,995)	(1,142,901)
OPEB - Annual Required Contribution	(463,000)	(318,667)	(476,000)	(511,000)	(494,000)	(18,000)
PERS - Side Fund Payment	-	-	-	-	-	-
<b>Amount Remaining for Capital Projects</b>	<b>16,007,670</b>	<b>14,032,490</b>	<b>16,919,768</b>	<b>22,309,800</b>	<b>17,064,576</b>	<b>144,808</b>
Operating Capital	(1,198,813)	(782,158)	(1,582,918)	(1,631,115)	(1,300,875)	282,043
Capital Improvement Program	(12,681,059)	(9,684,956)	(19,138,000)	(21,052,000)	(24,596,000)	(5,458,000)
Change in Reserve Balance	2,127,798	3,565,376	(3,801,150)	(373,315)	(8,832,299)	(5,031,149)
<b>Reserve (Cash) Balance</b>	<b>\$ 47,247,800</b>	<b>\$ 52,029,722</b>	<b>\$ 48,228,572</b>	<b>\$ 48,133,681</b>	<b>\$ 39,396,273</b>	

Exhibit 7

Sacramento Suburban Water District  
**BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY**  
 AS OF 04/01/2010

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
32nd STREET/ELKHORN	32nd STREET/ELKHORN WELL 58		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
FULTON/FAIROAKS	FULTON/FAIROAKS WELL 76		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,008
3701 MARCONI	DISTRICT OFFICE	1	17,854	SF	BUILDING, W/ U/G PARKING STRUCTURE	B	\$3,076,044
		1	80	KW	EMERGENCY GENERATOR, DIESEL, OLYMPIAN MODEL CD080, WITH AUTOMATIC TRANSFER SWITCH	F	\$42,135
		1		LOT	PERSONAL PROPERTY	PP	\$208,000
		1		LOT	COMPUTER HARDWARE & SOFTWARE	PP	\$99,200
2736 AUBURN BLVD	RETAIL BUILDING (LEASED TO SKIP'S MUSIC)		3,100	SF	BUILDING	B	\$327,335
	MAINTENANCE & OPERATIONS BUILDING (LEASED TO SKIP'S MUSIC)		4,400	SF	BUILDING	B	\$223,253
		1		LOT	SHOP EQUIPMENT	PP	\$60,000
	STORAGE BUILDING (LEASED TO SKIP'S MUSIC)		1,300	SF	BUILDING	B	\$44,425
	CARPORT		900	SF	METAL CANOPY	B	\$35,117
	WELL #40		141	SF	BUILDING	B	\$41,323
	WELL #40A		120	SF	BUILDING	B	\$61,151
		1	16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$6,373 MV
	WELL #40A HYPOCHLORINATION BUILDING		140	SF	BUILDING	B	\$30,321
		1	36	PPD	SODIUM HYPOCHLORITE GENERATOR; US FILTER MD# MINI OSEC II LOW CAPACITY, W/SALT SATURATOR, FEED EQUIPMENT	F	\$30,526
5331 WALNUT	OFFICE/SHOP		12,000	SF	BUILDING	B	\$1,347,008

**Sacramento Suburban Water District**  
**BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY**  
**AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
		1	LOT		SCADA SYSTEM, INCLUDING COMPUTER, MONITOR, ALARMEVENT PRINTER, SCADA SOFTWARE, AUTO DIALER, RADIO BASE STATION, ANTENNA (MONITORS 59 REMOTE SITES)	F	\$180,555
		1	LOT		PERSONAL PROPERTY	PP	\$254,000
		1	LOT		INVENTORY	PP	\$100,000
	STORAGE BUILDING		400 SF		BUILDING	B	\$14,817
		1	LOT		PERSONAL PROPERTY	PP	\$10,000
	FUEL ISLAND		660 SF		CANOPY	B	\$20,205
		1	2,000 GAL		FUEL DISPENSERS W/PUMPS	F	\$127,450
	WELL #N10		15 SF		BUILDING	B	\$8,003
2250 PARK ESTATES DRIVE	EL PRADO/ PARK ESTATES - WELL #2A		32 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$20,028 MV
1791 KUBEL CIRCLE	KUBEL/ARMSTRONG - WELL #3A		15 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
2841 BELL STREET	BELL/MARCONI WELL #4B		16 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$14,230 MV
	HYPOCHLORINATION BUILDING		140 SF		PREFAB BUILDING, FIBERGLASS, 14' WIDE X 10'DEEP X 12' HIGH, ENVIRONMENTAL NOISE CONTROL, COMPLETE W/100 AMP SERVICE PANEL, 7,000 BTU AIR CONDITIONER, 1,500 WATT HEATER, FLUORESCENT LIGHTING, LOUVERED VENT, ROOF HATCH	B	\$80,322
2798 RUBICON	RUBICON / SEELY PARK - WELL #7		15 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
4508 RAVENWOOD AVENUE	RAVENWOOD/ EASTERN - WELL #9		18 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$28,460 MV
SANTA ANITA PARK	HERNANDO/ SANTA ANITA PARK - WELL #12		15 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
2951 CALDERWOOD LANE	CALDERWOOD/ MARCONI - WELL #13		15 SF		CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500

**Sacramento Suburban Water District  
BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY  
AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
2520 MARCONI	MARCONI SOUTH/FULTON - WELL #14		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
4012 RIDING CLUB LANE	RIDING CLUB/ LANDINO - WELL #18		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$19,184 MV
3330 BALMORAL DRIVE	WELL #19		48	SF	BUILDING	B	\$24,625
	BELL / MARCONI - WELL #16		16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$13,703 MV
		1	120	SF	FIBERGLASS ACOUSTIC ENCLOSURE, PREFABRICATED, W/ACOUSTIC/ABSORBER BLANKET SYSTEM LINER, ACCESS DOOR, ROOF HATCH, VENT FAN, MFG:BY ENVIRONMENTAL NOISE CONTROL	F	\$60,643
1730 WATT AVE	WATT/ARDEN - WELL #20-A		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$20,028 MV
3812 WEST AVENUE	WEST/BECERRA - WELL #22		16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$10,541 MV
2445 MARCONI AVENUE	MARCONI NORTH/FULTON P.O. - WELL #23		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
3858 WOODCREST ROAD	BEERRA/WOODCREST - WELL #24		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$21,082 MV
4420 THOR WAY	THOR/MERCURY - WELL #25		16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,433 MV
4501 MARCONI AVENUE	GREENWOOD/MARCONI - WELL #26		18	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$10,541 MV
6503 MELROSE DRIVE	MELROSE/CHANNING - WELL #27		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
RED ROBIN LANE	RED ROBIN/DARWIN - WELL #28		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$10,541 MV
WATT AVENUE AND ELKHORN BLVD	WATT/ELKHORN - WELL #31A		24	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$7,000
ROOT AVENUE AND EDEN COURT	ROOT/EDEN WELL #32A		2,900	SF	BUILDING	B	\$510,977
	EDEN/ ROOT - WELL #32A		16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$7,379 MV
6503 LA CIENGA DRIVE	LA CIENAGA/ MELROSE - WELL #34		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500

**Sacramento Suburban Water District**  
**BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY**  
**AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
4421 ULYSSESS DRIVE	ULYSSES/MERCURY - WELL #35		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,433 MV
END OF MORSE AVENUE AND COTTAGE PARK	MORSE/COTTAGE PARK - WELL #37		300	SF	BUILDING	B	\$70,375
6900 THOMAS DRIVE	THOMAS/ ELKHORN - WELL #39		232	SF	BUILDING	B	\$61,208
2841 ALBATROSS WAY	ALBATROSS/ IRIS - WELL #41		237	SF	BUILDING	B	\$82,477
2930 BECERRA AVE	BECERRA/ MARCONI - WELL #42	2	9	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$4,779 MV
3101 TRUAX COURT	EDISON/TRUAX - WELL #43		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
	EDISON/ TRUAX - WELL #43		232	SF	BUILDING	B	\$61,208
6048 GILMAN WAY	GILMAN/ SMUD STATION - WELL #44		236	SF	BUILDING	B	\$62,195
1848 JAMESTOWN DRIVE	JAMESTOWN/ MIDDLEBURY - WELL #45		252	SF	BUILDING	B	\$66,567
1082 JONES AVENUE	JONAS/SIERRA MILLS WELL - WELL #46		342	SF	BUILDING	B	\$80,106
1631 COPENHAGEN WAY	COPENHAGEN/ ARDEN - WELL #47		216	SF	BUILDING	B	\$56,836
		1	32	SF	CHEMICAL STORGE / FEED ENCLOSURE	F	\$8,497 MV
COLUMBIA DRIVE, SOUTH END	COLUMBIA/ FAIR OAKS - WELL #50		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,093
6820 WEDDIGAN WAY	WEDDIGEN/ GOTHBERG - WELL #52		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
1210 STEWART ROAD	STEWART/LYNNDALE - WELL #55A		884	SF	BUILDING, W/METAL ACOUSTIC PANELS ON INTERIOR WALLS	B	\$332,553
BET 4528 & 4534 WHITNEY	WHITNEY/ CONGETTA - WELL #60	1	9	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$4,780 MV
GALBRAITH AND HUTCHINS	GALBRAITH/ ANTELOPE WOODS - WELL #64		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$11,595 MV
			15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500

**Sacramento Suburban Water District  
BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY  
AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE
3812 MERRILY WAY (EAST SIDE)	MERRILY/ ANNANDALE - WELL #65		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$11,595 MV
3300 EASTERN AVENUE	EASTERN/ WOODSIDE CHURCH - WELL #66		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$10,541 MV
		1	30	SF	ACOUSTIC ENCLOSURE, METAL, CUSTOM	F	\$27,303
227 N OF NORTHRUP/630' W OF DOMAJO	NORTHRUP/ DOMAJO - WELL #68R		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
2800 HILLDALE ROAD	HILLDALE/ COOPER - WELL #69		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
1200 JACOB LANE (MIDDLE OF JESUIT HIGH SCHOOL PROP	RIVER DRIVE/ JACOB - WELL #71		1,289	SF	BUILDING	B	\$226,638
1000 RIVER WALK WAY	RIVER WALK/ NETP - WELL #72		16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$4,248 MV
		1	1,289	SF	BUILDING	B	\$226,638
			16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$9,240 MV
	RIVER WALK/ NETP/ EAST - WELL #73		154	SF	BUILDING, PRE-FABRICATED, PLASTI - FAB	B	\$30,040
		1	16	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$5,841 MV
					INVENTORY - DUCTILE IRON PIPE	PP	\$400,000
	RIVER WALK/ NETP/ SOUTH - WELL #74		143	SF	BUILDING, PREFABRICATED, PLASTH-FAB	B	\$27,783
		1	32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	F	\$8,497 MV
SOUTH END HARRINGTON WAY	MONITORING BUILDING		600	SF	BUILDING	B	\$118,202
4735 RIVER COLLEGE	WELL #N22 (RIVER COLLEGE)		15	SF	BUILDING	B	\$8,003
4517 FREEWAY CIRCLE	WELL #N23 (FREEWAY)		15	SF	BUILDING	B	\$8,003
4317 DON JULIO BOULEVARD	DON JULIO WELL #N24		15	SF	BUILDING	B	\$8,003
4343 DARTMOUTH DRIVE	WELL #N1 (EVERGREEN)		15	SF	BUILDING	B	\$8,003
4802 ENGLE ROAD	WELL #N3 (ENGLE)		15	SF	BUILDING	B	\$8,003

**Sacramento Suburban Water District**  
**BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY**  
**AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE
4618 KEEMA	HILLSDALE WELL #5		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
5600 PALM	WELL #N6 (PALM)		15	SF	BUILDING	B	\$8,003
5831 ROSEBUD	WELL #N7 (ROSEBUE)		15	SF	BUILDING	B	\$8,003
GREENBACK LANE, ACROSS FROM CEMETERY	WELL #N8 (FIELD)		48	SF	BUILDING	B	\$12,776
4630 CAMERON RANCH	WELL #N9		15	SF	BUILDING	B	\$8,003
	WELL #9 CAMERON		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$5,500
5753 LOCUST	WELL #N12 (ST. JOHN)		24	SF	BUILDING	B	\$7,000
2987 ORANGE GROVE	WELL #N14 (ORANGE GROVE)		15	SF	BUILDING	B	\$8,003
4402 GREENHOLME	WELL #N15 (CABANA)		15	SF	BUILDING	B	\$8,003
3710 MYRTLE	WELL #N17 (OAKDALE)		15	SF	BUILDING	B	\$8,003
5210 CYPRESS	WELL #N20 (CYPRESS WELL)		362	SF	BUILDING	B	\$97,523
5771 POKER LANE	POKER LANE WELL #N32		904	SF	BUILDING	B	\$243,539
		1	500	KW	EMERGENCY GENERATOR, PROPANE, CUMMINS, WITH AUTO TRANSFER SWITCH	F	\$164,075
4001 ELVERTA ROAD	WELL #34 (COTTAGE WELL)		25	SF	SHED, FIBERGLASS	B	\$33,675
7800 ANTELOPE ROAD NORTH	ANTELOPE PUMP STATION/SHOP		11,600	SF	BUILDING	B	\$1,347,008
		1	500	KW	EMERGENCY GENERATOR, PROPANE, CUMMINS, WITH AUTO TRANSFER SWITCH	F	\$164,078
		1		LOT	INSTRUMENTATION AND CONTROLS	F	\$196,894
		1		LOT	INVENTORY	PP	\$100,000
		1		LOT	SHOP EQUIPMENT	PP	\$50,000
7801 ANTELOPE ROAD NORTH	DEMONSTRATION GARDEN			LOT	BUILDINGS, TRELLIS, DECKS, MISC STRUCTURES	B	\$1,336,906
	DEMONSTRATION GARDEN			LOT	SITWORK AND LANDSCAPING	B	\$754,325
NAVAHO DRIVE, NORTH OF WEST ENTRANCE GUARD HOUSE	ENGINE HOUSE		224	SF	BUILDING (METAL)	B	\$30,173

**Sacramento Suburban Water District**  
**BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY**  
**AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
	WELL MC-C1 CAPEHART 1C		25	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
EAST END OF BLACKFOOT, OFF WATT AVE, PROX GOLF SHO	WELL #MC-C2 CAPEHART 2C		180	SF	BUILDING METAL	B	\$18,185
	WELL #MC-C2 CAPEHART 2C		25	SF	BUILDING FIBERGLASS	B	\$33,875
	WELL MC-C2 CAPAHART 2C		224	SF	BUILDING-ENGINE HOUSE	B	\$26,940
SOUTH SIDE OF NAVAHO DRIVE, BEHIND ARBORS CLUBHOUSE	WELL #MC-C3 CAPEHART 3C		180	SF	BUILDING METAL	B	\$18,185
	WELL #MC-C3 CAPEHART 3C		25	SF	BUILDING FIBERGLASS	B	\$33,875
	WELL MC-C3 CAPEHART 3C		144	SF	BUILDING ENGINE HOUSE	B	\$19,397
5758 GREAT VALLEY DR.	NORTH ANTELOPE WELL #N35	1	640	SF	BUILDING	B	\$127,292
				LOT	INSTRUMENTATION AND CONTROLS	F	\$65,631
6639 WATT AVE	WATT/ELKHORN RESERVOIR & BOOSTER PUMP STATION	1	500	PPD	MIX OXIDENT GENERATOR	F	\$35,000
			1,925	SF	BUILDING	B	\$385,142
		1	387	KW	EMERGENCY GENERATOR, DIESEL, MDI W/AUTO TRANSFER SWITCH	F	\$158,736
917 ENTERPRISE /NORTH-ROP	BOOSTER PUMP STATION		3,360	SF	BUILDING	B	\$799,910
	ENTERPRISE/NORTHTROPE WELL #75		1,500	SF	BUILDING	B	\$430,944
		1	387	KVA	EMERGENCY GENERATOR, DIESEL, MDI #4306, W/AUTO TRANSFER SWITCH	F	\$158,736
		1	150	PPD	SODIUM HYPOCHLORITE GENERATOR, US FILTER #B1-150; 1300 GAL DAY TANK, 6 TON SALT SATURATOR, WATER SOFTENER, FEED EQUIPMENT	F	\$91,578
3948 BAINBRIDGE DR.	BAINBRIDGE/HOLMES SCHOOL WELL #59A		120	SF	BUILDING	B	\$61,151
5924 FAIRBAIRN DRIVE	FAIRBAIRN/KARL WELL #56A		140	SF	BUILDING	B	\$30,321
	FAIRBAIRN/KARL WELL #56A		120	SF	BUILDING	B	\$61,151
4131 MORRIS AVENUE	AUBURN/MORRIS WELL #33A		16	SF		B	\$6,325



**Sacramento Suburban Water District  
BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY  
AS OF 04/01/2010**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE
	AUBURN/NORRIS WELL #39A		140	SF	BUILDING	B	\$30,321
	AUBURN/NORRIS WELL #39A		120	SF	BUILDING	B	\$61,151
		1	150	PPD	SODIUM HYPOCHLORITE GENERATOR, US FILTER MD# 150, W/SALT SATURATOR, FEED EQUIPMENT	F	\$79,368
541 LARCH LANE	WELL #77 LARCH/NORTHROP		32	SF	BUILDING	B	\$5,541
SOUTHWEST CORNER OF WATT AVE. & PALM AVENUE	WELL #MC 10 McCLELLAN		450	SF	BUILDING	B	\$150,850
4950 OLEANDER DRIVE	WELL N27 JAMESTOWN		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
7338 MONOGRAM DRIVE	WELL N26 MONUMENT		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
WATT/AUBURN	WELL 38 WATT/AUBURN		232	SF	BUILDING	B	\$61,207
5930 ELLERSIEE DRIVE	WELL N29 MERRIHILL		24	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$7,000
4324 ELKHORN BLVD.	WELL N25 SUTTER		24	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$7,000
2281 SIERRA BLVD.	WELL 70 SIERRA/BLACKMER		32	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$2,034
6016 PARK OAKS DRIVE	WELL N30 PARK OAK		24	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$7,000
7646 WALERGA ROAD	WELL N33 WALERGA		15	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$8,003
4731 CRESTVIEW DRIVE	WELL N31 BARRETT MEADOWS		24	SF	CHEMICAL STORAGE/FEED ENCLOSURE	B	\$7,000
DISTRICT-WIDE	PERSONAL PROPERTY	1	LOT		TOOLS ON LICENSED VEHICLES	PP	\$150,000

**Sacramento Suburban Water District  
 BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY  
 AS OF 04/01/2010**

**Summary for Sacramento Suburban Water District**

<b>BUILDINGS</b>	\$14,067,303
<b>FIXED EQUIPMENT</b>	\$1,634,963
<b>PERSONAL PROPERTY</b>	\$1,426,200
<b>GRAND TOTAL</b>	\$17,128,466

\*BASIS OF VALUE:  
 COC = Course of Construction  
 Print Date 12/10/2009  
 Effective Date 4/1/2010

ACV = Actual Cash Value  
 FRC = Functional Replacement  
 AGD = Agreed Value  
 MV = Member Value  
 Sacramento Suburban Water District

AVG = Average Value  
 NCC = Not Currently Covered

**Sacramento Suburban Water District  
MOBILE EQUIPMENT AS OF 04/01/2010**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE *	VALUE
091		T0310CB760174	BACKHOE/LOADER, JOHN DEERE 310C TURBO		MV	\$26,000
092		T0310SG911953	BACKHOE/LOADER, JOHN DEERE 310SG		MV	\$53,000
120	1995	T0310DX806940	BACKHOE, JOHN DEERE, MDL 310D		MV	\$26,000
124		1074147	TAKEUCHI, TB007		MV	\$12,000
125	1997	10735589	EXCAVATOR, TAKEUCHI TB007		MV	\$15,100
126		1155968	BACKHOE, TAKEUCHI TB015		MV	\$16,000
137	2004	10811201	EXCAVATOR, TAKEUCHI, TB108, DIESEL		MV	\$21,473
24	2007	6050578	HYDRAULIC POWER UNIT, LYNX, LPU18		MV	\$9,000
123		10820404	COMPACT EXCAVATOR, TAKEUCHI TB108		MV	\$19,944
90	1987	B018284	LOADERSWEEPER, CASE, MDL 380B, BUCKET		MV	\$17,000
		NA	MISCELLANEOUS MOBILE EQUIPMENT UNDER \$10,000 EACH		MV	\$46,200

**MOBILE EQUIPMENT TOTAL: \$261,717**

**Sacramento Suburban Water District  
LICENSED VEHICLES AS OF 04/01/2010**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE*	VALUE
002	1999	1FDAF56F5XEC29312	FORD, F550 DUMP TRUCK	All Other	MV	\$17,570
003	2000	4TAVN5279YZ639624	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
004	2005	1FMZU62E3EZA26730	FORD, EXPLORER	SUV/Jeep	AVG	Avg Value
005	2000	4TAVN52N3Y2575208	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
006	2005	1FDSF34505EA39904	FORD, F350 SUPER DUTY W/TOMMY LIFT	Light Truck	AVG	Avg Value
009	2001	5TBRT34121S202140	TOYOTA, TUNDRA	Light Truck	AVG	Avg Value
010	2001	5TEVL52N61Z844340	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
011	2001	5TEVL52N82Z885859	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
012	2004	1FTRX12W34NC08294	FORD, F150	Light Truck	AVG	Avg Value
013	2005	1FTRX12W15FA25889	FORD, F150	Light Truck	AVG	Avg Value
014	2005	1DNF20625EA15603	FORD, F250	Light Truck	AVG	Avg Value
015	2002	5TEVK52NX2Z006989	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
016	2002	5TEVL52N92Z883506	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
017	2002	5TEVL52N02Z008198	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
018	2002	1FOSF34F82EA79135	FORD, F350	Light Truck	AVG	Avg Value
021	2000	1FTYR14V8YPA74726	FORD, RANGER XLT	Light Truck	AVG	Avg Value
022	2000	1FDWF36F1YEE44486	FORD, F350	Light Truck	AVG	Avg Value
025	1995	1FDLF47G2SEA79887	FORD, F450 DUMP TRUCK	All Other	MV	\$13,253
026	2004	1FTRX12W84NB78208	FORD, F150	Light Truck	AVG	Avg Value
027	2004	1FDAF56P84ED37122	FORD, F550, S-DUTY	All Other	MV	\$45,410
028	1999	1FDWF36S1XED67761	FORD, F350	Light Truck	AVG	Avg Value
029	1999	1FTYR10V3XUB42565	FORD, RANGER XLT	Light Truck	AVG	Avg Value
030	1997	1HTSCAA2VH463396	INTERNATIONAL, 4700	All Other	MV	\$30,120
031	2000	1FTYR14VXYP74727	FORD, RANGER XLT	Light Truck	AVG	Avg Value
032	2000	1FDLF47G2REA04438	FORD, F350	Light Truck	AVG	Avg Value
033	2000	1FDXF46F7YEC95494	FORD, F450	All Other	MV	\$20,080
33A	2004	4HXHD16254C070135	CARSON UTILITY TRAILER, 2 AXEL	All Other	MV	\$5,522

**Sacramento Suburban Water District  
LICENSED VEHICLES AS OF 04/01/2010**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE*	VALUE
035	2000	1FDHF36F2YEE12307	FORD, F350	Light Truck	AVG	Avg Value
036	2000	1FDWF36F3YEC95496	FORD, F350	Light Truck	AVG	Avg Value
037	2000	1FDWF36F5YEC95497	FORD, F350	Light Truck	AVG	Avg Value
038	2000	1FTYR14V8YPB28624	FORD, RANGER XLT	Light Truck	AVG	Avg Value
039	2000	1FMZJ62XXYZC22248	FORD, EXPLORER	SUV/Jeep	AVG	Avg Value
040	2002	5TBRT34172S276381	TOYOTA, TUNDRA	Light Truck	AVG	Avg Value
041	2002	5TEVL52N52Z098836	TOYOTA, TACOMA	Light Truck	AVG	Avg Value
042	2002	5TBRT34132S314835	TOYOTA, TUNDRA	Light Truck	AVG	Avg Value
043	2000	1HTSCABP9YH240423	INTERNATIONAL 4600, DUMP TRUCK	All Other	MV	\$26,104
044	2006	1FDNF20596EA61186	FORD, F250	Light Truck	AVG	Avg Value
045	2007	1FTRX12W37KA56913	FORD, F150	Light Truck	AVG	Avg Value
046	2007	1FTRX12W17NA03223	FORD, F150	Light Truck	AVG	Avg Value
047	2006	1FDNF205X6EC34522	FORD, F250	Light Truck	AVG	Avg Value
048	2006	1FDNF205X6EC54138	FORD, F250	Light Truck	AVG	Avg Value
049	2006	1FDNF20506EA49816	FORD, F250	Light Truck	AVG	Avg Value
050	2007	1FTNE24L27DB46006	FORD, F250	Light Truck	AVG	Avg Value
051	2007	1FTNF20567EB44418	FORD, F250 W/UTILITY BED	Light Truck	AVG	Avg Value
052	2008	1FTRX12W38KB17632	FORD, F150	Light Truck	AVG	Avg Value
053	2008	1FTRX12W58KB17633	FORD, F150	Light Truck	AVG	Avg Value
054	2008	1FTNF20568EC60350	FORD, F250 W/TOMMY GATE	Light Truck	AVG	Avg Value
055	2008	3HTMMAAPO8N682469	INTERNATIONAL, 4300 DUMP TRUCK	All Other	MV	\$72,288
056	2008	1FDNF20588EE749349	FORD, F250, W/TOMMY LIFT	Light Truck	AVG	Avg Value
057	2008	1FDNF20548EE54810	FORD, F250	Light Truck	AVG	Avg Value
058	2009	1FMCU49399KA28513	FORD, ESCAPE HYDRIB	SUV/Jeep	AVG	Avg Value
059	2010	1TEFX1CW5AFA06074	FORD, F150	Light Truck	MV	Avg Value
060	2010	1FDNF2A58AEA02542	FORD, F250 W/TOMMY GATE	Light Truck	MV	Avg Value
087	1999	304055UJHJ21	INGERSOLL-RAND, 185 COMPRESSOR	All Other	MV	\$3,012

**Sacramento Suburban Water District  
LICENSED VEHICLES AS OF 04/01/2010**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE *	VALUE
089	1982	5011124750	INGERSOLL-RAND, COMPRESSOR, MDL 124750U81923	All Other	MV	\$1,506
109	1988	1TKC022424KM082355	TRAIL KING, TRAILER, TKT24-2400	All Other	MV	\$1,406
110		1TKC024292M088443	TRAILER, TRAIL KING, MDL TKT24-2400	All Other	MV	\$4,518
111	1995	1122941	TRAILER, W/SOLAR ARROW BOARD, WANCO, WT1SB8-SAC	All Other	MV	\$4,518
112	2008	522861	SOLAR TECH AROOW BOARD	All Other	MV	\$4,618
113	2008	CRS081071	MULTI-QUIP TOWABLE LIGHT TOWER	All Other	MV	\$7,480
114		1BUD10105T2006377	TRAILER, BUTLER	All Other	MV	\$3,514
115	2008	CRS081072	MULTI-QUIP TOWABLE LIGHT TOWER	All Other	MV	\$7,480
146	2009	1E9PT15139C297290	EH WACHS, VALVE MAINTENANCE TRAILER	All Other	MV	\$56,098
147	2007	4HXSU08178C136503	TRAILER, CARSON	All Other	MV	\$2,108
148	2005	4HXLW06126C101656	CARSON TRAILER, 4X6 UTILITY	All Other	MV	\$3,012
149	2005	4HXLW06106C101656	CARSON TRAILER, 4X6 UTILITY	All Other	MV	\$3,012
156	2005	4HXSU20246C100782	CARSON TRAILER, 6X20 UTILITY	All Other	MV	\$4,016
158		178FD1026LA003418	WELDER, MILLER CONSTANT CURRENT	All Other	MV	\$4,518
159	2006	10SB2025761701943	TRAILER, W/DITCH WITCH VACUUM SYSTEM	All Other	MV	\$65,160
167	2007	4HXHD16207C127328	TRAILER, CARSON, 16', HD162	All Other	MV	\$7,047
168	2005	4HXHD14245C094205	CARSON UTILITY TRAILER, 82X14, TA10,000	All Other	MV	\$7,530
169	2004	4HXHD16264C079149	CARSON, TRAILER	All Other	MV	\$4,920
PORT 1	2002	4AG5U21D4WC028104	GENERATOR, KOMATSU, WHISPER WATT, TRAILER MOUNTED	All Other	MV	\$100,400
PORT 2	2002	4AG5U21D8WC027655	GENERATOR, KOMATSU, WHISPER WATT, TRAILER MOUNTED	All Other	MV	\$100,400
PORT 3	2002	4AGHU17D2WC027662	GENERATOR, KOMATSU, WHISPER WATT, TRAILER MOUNTED	All Other	MV	\$85,340
PORT 4	2002	4AGHU17D4WC027663	GENERATOR, KOMATSU, WHISPER WATT, SA6D108E, TRAILER MOUNTED	All Other	MV	\$85,340
PORT 5	2002	4AGHU17D6WC027664	GENERATOR, KOMATSU, WHISPER WATT, TRAILER MOUNTED, SA6D125E	All Other	MV	\$85,340
PORT 6	2002	4AGSU19D7WC028071	GENERATOR, KOMATSU, WHISPER WATT, TRAILER MOUNTED, SA6D108E	All Other	MV	\$82,368
		1C9BS202XVP460713	TRAILER, PORTABLE CATERPILLAR GENERATOR (WELL 32A ROOT/EEDEN)	All Other	MV	\$60,240
		1J9DE2F27VF015174	TRAILER, PORTABLE CATERPILLAR GENERATOR (WELL 71 FRANZ WELL)	All Other	MV	\$60,240
		1J9DE2F9WF015601	TRAILER, PORTABLE CATERPILLAR GENERATOR (WELL 55A STEWART LYNDIALE)	All Other	MV	\$60,240

**Sacramento Suburban Water District  
LICENSED VEHICLES AS OF 04/01/2010**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE*	VALUE
		1CF9BS2024SP460363	TRAILER, PORTABLE A CATERPILLAR GENERATOR	All Other	MV	\$60,240
		1C9BS2023SP460368	TRAILER, PORTABLE CATERPILLAR GENERATOR (WELL 72 NETP MAIN)	All Other	MV	\$60,240
		16MJ11522SD019946	TRAILER, PORTABLE B GENERATOR	All Other	MV	\$60,240

**NUMBER OF COVERED VEHICLES:**

PASSENGER CAR: 84  
 LIGHT TRUCK: 0  
 SUV/JEEP: 44  
 VAN: 3  
 ALL OTHER: 0  
 41

**MOODY'S**  
**INVESTORS SERVICE**
**Rating Update: MOODY'S AFFIRMS Aa2 RATING ON SACRAMENTO SUBURBAN WATER DISTRICT CERTIFICATES OF PARTICIPATION**
**Global Credit Research - 02 Sep 2010**
**\$114.8 Million of Parity Debt Affected**

 Water/Sewer  
 CA

**Opinion**

NEW YORK, Sep 2, 2010 – Moody's Investors Service has affirmed the Aa2 underlying rating on the Sacramento Suburban Water Districts' outstanding parity Certificates of Participation (COPs), Series 2005B, 2008A-2, 2009A and 2009B. The COPs are secured by a senior lien on the district's net revenues.

**RATINGS RATIONALE**

The rating reflects the district's favorable water supplies, strong financial performance, essentially built-out, and diverse residential service area which is likely to perform better in the current market than newer communities in the Sacramento area. The district's high debt levels and somewhat weak security features are a key component of the rating, mitigated by the expectation that the district will not be issuing additional debt. The risks and benefits posed by the district's variable rate debt and interest rate swap also are factored into the rating, together with the substantial reserves held by the district. The district's thoughtful debt management is noted as a credit strength, as evident by the decision to replace one of its Letters of Credit (LOC) early in order to minimize rollover risk.

**FINANCIAL OPERATIONS REMAIN STRONG; CIP EXPECTED TO BE CASH-FUNDED, YIELDING ONGOING STRONG DEBT SERVICE COVERAGE**

The district's financial operations have been sound and are expected to remain so. The district generated an operating ratio of 40.1% in fiscal 2009 (fiscal year ending December 31) and an estimated 42.0% for the current fiscal year, both very strong figures by comparison with other rated water districts. Similarly the district's net take-down of 61.3% in fiscal 2009 and estimated 59.5% in fiscal 2010 are quite healthy. Debt service coverage is notably strong, having risen to 3.29x excluding connection fees in fiscal 2009 as net revenues rose to \$27 million from \$26 million the prior year. The increase was primarily attributable to a one-time transaction, the sale of excess surface water to the California Drought Water Bank. For fiscal 2010 the district anticipates net revenues will return to \$24.8 million, an 8.5% decrease from fiscal 2009 but 2.6% increase over the more typical fiscal 2008 figure.

The district's debt service coverage levels have been sound, and are likely to remain so given that the district expects to cash-fund its capital plan. The district's three most recent rate increases of 13% in each of fiscal 2007, 2008 and 2009 generated rising annual debt service coverage levels of 2.47 times, 2.84 times and 3.33 times, respectively, all strong levels. The district's fiscal 2010 estimates are for 3.4x coverage of annual debt service and 1.58x coverage of maximum annual debt service, the latter not extraordinary but certainly satisfactory. The district expects to raise rates going forward as needed to generate sufficient cash to address its capital improvement plan (CIP). A rate study for this purpose is currently underway. The precise annual amounts needed under the district's CIP are somewhat nebulous, with the entire CIP totalling around \$68 million but with the period of time to completion fairly flexible. The CIP is for rehabilitation and replacement of existing infrastructure, with no urgent or mandated projects. Among the required projects are installation of meters for all customers by 2025; currently 55% of all connections are metered and the district anticipates completion of the project by the deadline, if not sooner. The district is firm in its commitment that it will not issue additional debt for the CIP or for any other purpose. Debt service coverage levels will therefore depend upon the amount of its CIP that the district opts to fund in a given year.

**LIQUIDITY POSITION STRENGTHENED; DEBT LEVEL HIGH, THOUGH PORTFOLIO SIMPLIFIED**

The district's balance sheet features high debt levels, with the large variable rate exposure a credit risk mitigated by satisfactory liquidity and strong debt management. The district's debt level is high, but has declined and is expected to continue to do so given that no additional issuance is anticipated. At 48.4% in fiscal 2009 the district's debt ratio continues its slow, steady decline though is still well above the norm for California water service providers. Principal payout remains slow at about 41% in ten years. Given that the district does not anticipate issuing additional debt, however, these are negative credit factors which will naturally abate over time. As the district is projecting no additional borrowing and strong coverage on its existing debt, the somewhat thin rate covenant and additional bonds test of 1.15x is not a material credit negative.

The district's variable rate debt represents about two-thirds of its total debt portfolio, a high level of exposure to the risks associated with such debt. All of its variable rate debt is swapped to fixed. The District's unrestricted cash and investments, totaling \$51 million at fiscal year end 2009 are more than sufficient to offset the basis risk of the swapped obligations and the variable rate risk of the unswapped component. Equally important, should there be a market failure preventing remarketing of the District's variable rate financings, the District's cash position is sufficient to give it ample time to either refinance or raise revenues sufficient to adjust to its increased expenses. The district does not anticipate spending down its cash despite its planned pay-go funding of capital expenditures. The current rating assumes that the District's cash and investments will remain at approximately current levels, and available to offset risks associated with its exposure to variable rate debt.

The district's careful debt management is a key credit strength. With its 2009 issue the district chose to diversify the provider and rollover risks associated with its letters of credit (LOC). The LOC supporting its Series 2009A variable rate obligations is provided by Sumitomo Mitsui Bank and expires in 2012. The district is currently replacing the LOC associated with its Series 2008A-2 COP. The outstanding LOC provided by Allied Irish Bank expires in 2011, and the district has prudently decided to replace it early in order to eliminate the rollover risk inherent in the 2011 date (when it is anticipated that many other issuers will be seeking rollovers as well.) The proposed new LOC from Lloyds TSB Bank is expected to expire in 2013. As currently presented, terms of the proposed LOC do not pose an undue risk to the district, particularly in light of its strong cash position.



The Swap Agreement hedging the District's variable rate debt does not pose a credit concern. The counterparty on the transaction is Citibank, N.A. (A1/A+/A+). Regular swap payments are on parity with the obligations being rated while the termination payment is subordinate. The District is subject to collateral posting with a threshold of \$20 million at the Aa2 rating level. At this time, its market value is negative \$8.2 million. The termination rating trigger is Baa1 for both the District and the counterparty.

#### SYSTEM PROVIDES WATER SERVICE TO ESSENTIALLY BUILT-OUT RESIDENTIAL COMMUNITY

The system provides retail water service to a large service area immediately north of the City of Sacramento with a population of approximately 158,000. The service area covers 23,020 acres and includes parts of the cities of Sacramento and Citrus Heights as well as all or a portion of various unincorporated communities. Customer connections total a sizable 44,147, with residential customers accounting for about 70% of water revenues. The system's customer base is very diverse, with the ten largest customers accounting for only 4.3% of fiscal 2009 revenues. The service area is feeling the effects of the current difficult economic environment, and 13.1% of customer accounts are more than 30 days past due. However, the situation is improving: accounts more than 30 days past due represent only about 1.4% of water sales revenues compared to 2.28% of total annual water sales as of December 31, 2008 and 2.71% one year earlier.

#### DISTRICT'S GROUNDWATER SUPPLY IS AMPLE

The District is in a very strong position with respect to water supply, a notable strength at this time by comparison with other California water systems. The District has rights to groundwater sufficient to meet all its annual needs. The District pumps groundwater from 89 wells, which are capable of producing 100% of the annual District water usage for at least two years. The District's groundwater meets all applicable regulatory requirements. The district also obtains surface water pursuant to agreements with Placer County Water Agency and the City of Sacramento that allow for groundwater replenishment. The Placer County agreement, which expires in 2025, allows the District to purchase 24,000 acre-feet (AF) in 2009, increasing to 29,000 AF by 2014, subject to availability; this water is treated pursuant to a contract, which has no expiration date, with the San Juan Water District. The Sacramento agreement, which also has no expiration date, allows the District to purchase 22,400 AF, again subject to specific conditions. In coming years the District anticipates about 20% of its supply will come from the city, 15% from Placer County, and the remainder from its own groundwater sources. At this time the District's surface water sources, which are derived from the American River and Folsom Dam, are not suffering from the supply constraints afflicting customers reliant upon the federal Colorado River System and the California State Water Project.

#### KEY STATISTICS

2009 estimated population: 158,000

Number of water service connections, 2009: 44,147

Per capita income, City of Citrus Heights, 1999: \$20,744 (91.3% of State)

Median family income, City of Citrus Heights, 1999: \$51,207 (96.6% of State)

Operating ratio, fiscal 2009: 40.1%

Net take-down, fiscal 2009: 61.32%

Debt service coverage, current year, fiscal 2009: 3.33x

Unrestricted cash and investments, % of O&M, fiscal 2009: 199.3%

The last rating action with respect to the Sacramento Suburban Water District was on May 29, 2009, when a municipal finance scale underlying rating of A1 was assigned to District's Refunding Revenue Certificates of Participation, Series 2009A and B and the underlying ratings on the party obligations were affirmed. That rating was subsequently recalibrated to Aa2 on April 16, 2010.

The principal methodology used in rating Sacramento Suburban Water District was Analytical Framework for Water and Sewer System Ratings rating methodology published August 31, 1999. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

Moody's Investors Service adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from reliable sources; however, Moody's Investors Service does not and cannot in every instance independently verify, audit or validate information received in the rating process.

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**Moody's**  
INVESTORS SERVICE

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One Market  
Stewart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5000  
reference no.: 40228752

September 3, 2010

Sacramento Suburban Water District  
3701 Marconi Drive, Suite 100  
Sacramento, CA 95821  
Attention: Mr. Robert Roscoe, General Manager

Re: *Sacramento Suburban Water District, California, Adjustable Rate Refunding Revenue  
Certificates Of Participation, Series 2008A-2*

Dear Mr. Roscoe:

Standard & Poor's has reviewed the Standard & Poor's underlying rating (SPUR) on the above-referenced obligations. After such review, we have affirmed the "AA" rating and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

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Mr. Robert Roscoe  
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September 3, 2010

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Public Finance Department  
55 Water Street  
New York, NY 10041-0003

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Sincerely yours,

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cc: Mr. Jonathan Ash, Analyst  
Citi | Municipal Securities Division

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One Market  
Stewart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5000  
reference no.: 40228752

September 3, 2010

Sacramento Suburban Water District  
3701 Marconi Drive, Suite 100  
Sacramento, CA 95821  
Attention: Mr. Robert Roscoe, General Manager

Re: *Sacramento Suburban Water District, California, Adjustable Rate Refunding Revenue  
Certificates Of Participation, Series 2008A-2*

Dear Mr. Roscoe:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have affirmed the "AAA/A-2" rating and not meaningful outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

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Sincerely yours,

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cc: Mr. Jonathan Ash, Analyst  
Citi | Municipal Securities Division

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One Market  
Steuart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5000  
reference no.: 40271319

September 3, 2010

Sacramento Suburban Water District  
3701 Marconi Drive, Suite 100  
Sacramento, CA 95821  
Attention: Mr. Robert Roscoe, General Manager

Re: *Sacramento Suburban Water District, California, Refunding Revenue Certificates of Participation, Series 2009B*

Dear Mr. Roscoe:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have affirmed the "AA" rating and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

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Mr. Robert Roscoe  
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September 3, 2010

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One Market  
Stewart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5000  
reference no.: 40273131

September 3, 2010

Sacramento Suburban Water District  
3701 Marconi Drive, Suite 100  
Sacramento, CA 95821  
Attention: Mr. Robert Roscoe, General Manager

Re: *Sacramento Suburban Water District, California, Variable Rate Refunding Bonds, Series 2009A*

Dear Mr. Roscoe:

Standard & Poor's has reviewed the Standard & Poor's underlying rating (SPUR) on the above-referenced obligations. After such review, we have affirmed the "AA" rating and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

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September 3, 2010

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tel 415 371-5000  
reference no.: 40273131

September 3, 2010

Sacramento Suburban Water District  
3701 Marconi Drive, Suite 100  
Sacramento, CA 95821  
Attention: Mr. Robert Roscoe, General Manager

Re: *Sacramento Suburban Water District, California, Variable Rate Refunding Bonds, Series 2009A*

Dear Mr. Roscoe:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have affirmed the "AAA/A-1" rating and not meaningful outlook. A copy of the rationale supporting the rating and outlook is enclosed.

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September 3, 2010

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**Ratings Services' Use of Confidential Ratings.** Ratings Services may use confidential ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services may disclose a

confidential rating as a confidential credit estimate to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

**Entire Agreement.** Nothing in this Agreement shall prevent Ratings Services from acting in accordance with applicable laws, regulations and Ratings Services' policies as published from time to time. Subject to the prior sentence, this Agreement constitutes the complete and entire agreement between the parties regarding its subject matter. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors, including without limitation, terms and conditions of websites through which you or your agents and advisors make such information available to Ratings Services, and such terms and conditions shall not apply to Ratings Services.

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**Termination of Agreement.** This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

**No Third-Party Beneficiaries.** Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

**Binding Effect.** This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

**Severability.** In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

**Amendments.** This Agreement may not be amended except in a writing signed by authorized representatives of both parties.

**Governing Law.** This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties irrevocably agree that the state and federal courts of New York located in the County of New York shall be



the exclusive forums for any dispute arising out of or relating to this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

**Summary:**

## Sacramento Suburban Water District, California; Joint Criteria; Water/Sewer

**Primary Credit Analyst:**

Paul Dyson, San Francisco (1) 415-371-5079; paul\_dyson@standardandpoors.com

**Secondary Credit Analyst:**

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## Summary:

# Sacramento Suburban Water District, California; Joint Criteria; Water/Sewer

Credit Profile		
Sacramento Suburban Wtr Dist adj Rate rfdg rev COP (Weekly Vrdos) ser 2008A-2 due 11/01/2028		
Long Term Rating	AAA/A-2	Affirmed, Removed from CreditWatch
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Sacramento Suburban Wtr Dist rfdg rev COP ser 2009B		
Long Term Rating	AA/Stable	Affirmed
Sacramento Suburban Wtr Dist var rta rfdg ser 2009A		
Long Term Rating	AAA/A-1	Affirmed
Unenhanced Rating	AA(SPUR)/Stable	Affirmed

## Rationale

Standard & Poor's Ratings Services affirmed its 'AA' rating on Sacramento Suburban Water District, Calif.'s outstanding series 2009B refunding revenue certificates of participation (COPs), and its 'AA' underlying rating (SPUR) on the district's outstanding series 2009A and 2008A-2 certificates of participation (COPs).

In addition, Standard & Poor's affirmed its 'AAA/A-1' dual rating on the district's series 2009A COPs based on our joint criteria with medium correlation between the two obligors that are required to make debt service payments on the debt: Sumitomo Mitsui Banking Corporation, as provider of a letter of credit (LOC), and the Sacramento Suburban Water District, which are severally obligated to make debt service payments on the bonds. The 'A-1' short-term component of the rating is based solely on the rating of the LOC bank. The bonds were initially issued in the weekly interest rate mode but may convert to another interest rate. While in the weekly rate, the bondholders have tender options with appropriate notice to the tender agent. Bonds may be called due to mandatory tender or optional or mandatory redemption.

Standard & Poor's also affirmed its 'AAA/A-2' dual rating on the district's series

2008A-2 COPs. The long-term component of the series 2008A-2 rating reflects our view of the strength of the joint support of the Sacramento Suburban Water District's creditworthiness and the enhancement in the form of an LOC provided by Allied Irish Banks, PLC. (A-/Negative/A-2). The joint criteria rating was derived from the low correlation table, based on our view of the low credit correlation between the district and the LOC provider. Furthermore, the short-term component of the rating is based on our view of the liquidity support provided by the LOC. The LOC is initially sized to provide coverage for all principal and interest payments and for the purchase price on certificates that are not successfully tendered for a maximum of 54 days at 12%, while certificates bear interest in the weekly mode. The LOC will provide enhancement for the bonds while they bear interest in the weekly interest rate mode. Unenhanced modes for which the certificates may bear interest include daily, weekly, short-term, long-term, or auction-rate. Certificate holders can tender their certificates while in the daily or weekly modes. The

*Summary: Sacramento Suburban Water District, California; Joint Criteria; Water/Sewer*

certificates are also subject to mandatory tender upon the following events:

- Conversion to another interest rate mode;
- Substitution, termination or expiration of the LOC; and
- Occurrence of an event of default under the reimbursement agreement.

The underlying and dual ratings on the district are affirmed in anticipation of the substitution of the LOC on the district's series 2008A-2 bonds, whereby the LOC provided by Allied Irish Banks, PLC is replaced with an LOC provided by Union Bank, N.A. (A+/Stable/A-1). On or about September 8, 2010, upon the delivery of a new LOC by Union Bank and our review and analysis of the bond documents, we currently believe that the rating on the bonds will likely reflect the short-term rating on Union Bank, and the long-term rating will likely reflect the joint criteria rating derived from the low correlation table, based on the low correlation between the district and Union Bank.

The 'AA' rating and underlying rating (SPUR) on the bonds reflects our view of the district's:

Broad service area that encompasses a nearly fully developed portion of Sacramento's northeastern suburbs;

Strong debt service coverage of 3.3x based on the audited 2009 period ending December 31, with no additional bonds planned;

Extremely strong cash position that provides for over three years' worth of expenditures; and

Ample water supply.

Partially offsetting the above is our view of the interest rate risk associated with the variable-rate mode of various outstanding bonds and what we consider to be a significant downturn in the regional economic base.

The COPs represent an interest in the district's net revenues.

The Sacramento Suburban Water District was formed in 2002 when two neighboring water districts, formerly known as the Northridge Water District and the Arcade Water District, consolidated. The individual districts had outstanding debt prior to consolidation that was senior to the district's bonds. All debt has been refunded and is now on parity.

Sacramento Suburban Water District serves a residential population of 158,000 in the northeastern portion of the Sacramento metropolitan area, including two service areas: the North Service Area and the South Service Area. The district includes a small section of the city of Sacramento and other communities. The area is virtually fully developed, with only a small number of parcels still available for new construction. Because the district covers a suburb of California's capital city, employment opportunities are dominated by government and consulting. Historically these sectors have demonstrated stability but the current economic downturn has impacted even these stable employers. County median household effective buying income levels are in our view strong at about 11% above the U.S. average although the county's unemployment rate was 11.3% in 2009, well above 2007 levels of 5.4%.

The district serves its customers through 44,147 water connections. Water supply consists largely of water pumped from the natural underground aquifer, with additional supply available from the Placer County Water Agency and the city of Sacramento. To take full advantage of the district's access to its groundwater basin, we understand that

the district is investigating possibilities of storing water in the ground during wet periods and making it available for dryer periods. According to the district, further expansion of this practice could provide the district with a strong alternate revenue source.

### **Finances and Debt**

The district's finances have in our view improved greatly since the merger, and coverage has reached what we consider a very strong 3.3x debt service coverage based on audited fiscal 2009 numbers ending December 31. District projections indicate coverage remaining around 3.3x. The district's current audited unrestricted cash position is also, in our view, strong with \$51 million, or approximately three years, of cash and investments on hand. We believe this strong cash positions acts as an important hedge against variable interest rate and swap exposure. The district's internal policy requires a minimum cash position of \$50 million to fund capital needs, provide for an operations and maintenance reserve and to hedge against interest rate fluctuations as indicated above.

The district's finances are a result of several double-digit rate increases, not only in 2004 and 2006 at 18% and 16%, respectively, but three rate increases in 2007, 2008, and 2009 that combined for a 43% increase. The district's most recent rate increase was a 13% increase effective Jan. 1, 2009. The current monthly flat rate for an average single-family residence is \$49.51. The district is currently doing a rate study to determine future rate increases, but the primary driver is to determine what rates are necessary to fund capital needs.

The district has no future debt plans. With increased net revenues, the district anticipates funding its capital plan solely through current revenues rather than issuing debt. The district anticipates spending roughly \$17 million annually from fiscal 2010 through 2014. The district expects that currently projected net revenues will be sufficient to pay both debt service and cover its capital needs without any notable draws on cash.

Sacramento Suburban Water District most recently issued its 2009B COPs to refund its 2005A water revenue bonds that were issued as auction-rate debt and were synthetically fixed through an interest rate swap through 2028. When the bonds were refunded, the district maintained the swap. The district's swap portfolio has been assigned a debt derivative profile score of '2', on a four-point scale where '1' represents the lowest risk, indicating our belief that the swap does not have a meaningful impact on the district's credit quality. The costs associated with converting the bonds and keeping the swap in place are, in our view, negligible.

### **Outlook**

The outlook reflects Standard & Poor's expectation that the district will maintain its strong coverage and cash reserves. Further strengthening the stability of the credit is our view of its good water supply and its location within the deep and diverse Sacramento County MSA.

### **Related Criteria And Research**

USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008

Criteria: Methodology And Assumptions: Approach To Evaluating Letter Of Credit-Supported Debt, July 6, 2009

Criteria: Joint Support Criteria Update, April 22, 2009

*Summary: Sacramento Suburban Water District, California; Joint Criteria; Water/Sewer*

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at [www.globalcreditportal.com](http://www.globalcreditportal.com) and RatingsDirect subscribers at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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The McGraw-Hill Companies

## Sacramento Suburban Water District

**Investment Policy**

Adopted: December 16, 2002

Revised: November 21, 2005, August 20, 2007; August 17, 2009

**100.00 Investment Authority**

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the Director of Finance/District Treasurer. Investments by the Director of Finance/District Treasurer, or his designee, pursuant to the delegation made by this Investment Policy are limited to those instruments described herein (the "Policy").

**200.00 Statement of Objectives**

In order of importance, four fundamental criteria will be followed in the investment program:

**210.00 Safety of Principal**

Investments will be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio. Each investment transaction will be entered into seeking quality in issuer and in underlying security or collateral. Market risk will be reduced by diversifying the portfolio, by limiting the average maturity of the portfolio, by limiting the maximum maturity of any one security and by performing cash flow analyses to avoid the need to sell securities prior to maturity.

**220.00 Liquidity**

Investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without a significant loss in value.

**230.00 Interest Rate Risk Hedging**

The investment portfolio will be designed with the objective of mitigating interest rate risk that arises due to adjustable rate debt financing or other contractual arrangements, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.



**240.00 Return on Investment**

The investment portfolio will be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

**300.00 Prudent Investor Standard**

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable income and the safety of the capital to be invested. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing.

**400.00 Portfolio Management**

Any reference to the portfolio will mean the total of the cash and securities under management by the Director of Finance/District Treasurer, excluding cash and securities held in escrow or in trust on behalf of the District. Any reference to Director of Finance/District Treasurer herein will include his/her designee or designees (such as a professional portfolio manager or financial advisor.) The Director of Finance/District Treasurer may invest in any security authorized for investment under this Policy, subject to the limitations described below:

**410.00 Maturity Limitations**

- a. With the exception of securities underlying repurchase agreements, mortgage obligations and asset backed securities, the Director of Finance/District Treasurer is authorized to invest the District's fund balances to a maximum term of five years, unless a longer maturity would be warranted for interest rate risk hedging purposes. Investment of bond proceeds held by the bond Trustee such as bond reserve funds, construction funds or funds established for the refunding and defeasance of bonds, shall be subject to the applicable provisions set forth in the bond agreements, rather than the provisions of Government Code.
- b. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.
- c. Except for interest rate risk hedging purposes, not more than 20 percent of the portfolio will consist of securities with a term to maturity in excess of three years, after deducting the bond proceed funds noted in section 410.00 a above.

**420.00 Purchase and Sale of Securities**

- a. Information concerning investment opportunities and market developments will

be gained by maintaining contact with the financial community together with information provided by financial advisors to the District.

- b. The purchase of any investment other than those purchased directly from the issuer will be, to the extent possible, purchases from a firm designated as a Primary Dealer (dealers) by the Federal Reserve Bank of New York.
- c. All dealers will be required to provide confirmations of all purchases or sales directly to the Director of Finance/District Treasurer.
- d. Initially and when there are material changes to this Policy, the Director of Finance/District Treasurer will transmit a copy of the current Policy to its professional portfolio manager or financial advisor requiring them to return a signed statement indicating receipt and understanding of the Policy.
- e. When practicable, the Director of Finance/District Treasurer will solicit more than one quotation on each trade. Investment trades will be awarded on a competitive bid basis.
- f. Prohibited investments include inverse floaters, range notes, interest only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings through its maturity.)

#### **430.00 Exchange of Securities**

An exchange of securities is a shift of assets from one instrument to another and may be done for a variety of reasons, such as for interest rate risk hedging purposes, to increase yield, lengthen or shorten maturities, to realize a profit or to increase investment quality. In no instance will an exchange be undertaken for speculative purposes. Exchanges, to the extent practicable, will be simultaneous (same day execution of sale and purchase).

#### **440.00 Portfolio Adjustments**

- a. Portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses.
- b. When no loss is indicated, the Director of Finance/District Treasurer will consider restructuring the portfolio basing his/her decision in part on the expected length of time the portfolio will be imbalanced.

- c. Should a security held in the portfolio be downgraded below the minimum criteria included in this Policy, the Director of Finance/District Treasurer will sell such security in a manner to minimize losses on the sale. If the security is downgraded to a level that is less than investment grade, the Director of Finance/District Treasurer shall sell the affected security at the earliest opportune moment. If the security matures within 60 days of the rating change, the Director of Finance/District Treasurer may choose not to sell the security.
- d. The Director of Finance/District Treasurer may at any time further restrict the securities approved for investment as deemed appropriate. From time to time it may be necessary for the Director of Finance/District Treasurer to exceed the District's percentage of portfolio limitations set forth in this Policy due to irregular flows of cash, or when economic conditions suggest restructuring the portfolio, or when necessary for interest rate risk hedging purposes. In these cases, the Director of Finance/District Treasurer will inform the Board of such actions but in no case will any category of investments exceed the percentage limitations set forth in the Government Code.

#### **450.00 Safekeeping**

- a. All securities transactions, including collateral, for repurchase agreements entered into by the District will be conducted on a delivery versus payment (DVP) basis.
- b. Securities will be held in safekeeping pursuant to a safekeeping agreement by an independent custodian, which does not act as a principal or secondary broker-dealer.
- c. All financial institutions which provide safekeeping services for the District will be required to provide reports or safekeeping receipts directly to the Director of Finance/District Treasurer to verify securities taken into their possession.
- d. A counter-party bank's trust department or separate safekeeping department may be used for physical delivery of a security, providing the security is held in the District's name.

#### **500.00 Authorized Investments**

The following are types of securities that may be purchased subject to the limitations specified. A summary of these security types and the percentage-of-portfolio limitations is shown in Appendix A.

#### **501.00 U.S. Government, Agencies, and Government Sponsored Enterprises**

- a. Investments in U.S. Treasury obligations will not be subject to any limitations. Purchases may be affected through the Federal Book Entry System which includes acceptance of a Federal Reserve receipt on behalf of the District.

- b. Investments in direct obligations of federal agencies guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B).
- c. Investments in federal agency obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B).
- d. Investments in government sponsored enterprise obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B).

**502.00 Bankers' Acceptances**

Restrictions are as follows:

- a. Investments in prime bankers' acceptances will not exceed 40 percent of the portfolio in effect immediately after any such investment is made, unless necessary for interest rate risk hedging purposes.
- b. No more than 25 percent of this category of investments may be invested in any one commercial bank's acceptances.
- c. Eligibility will be limited to those financial institutions which maintain ratings equivalent to Thompson BankWatch Services of "B" or better or have its long-term debt rated no lower than "A2" by Moody's Investors Services or "A" by Standard & Poor's Corporation.
- d. The maximum maturity will be limited to 180 days, unless necessary for interest rate risk hedging purposes.

**503.00 Negotiable Certificates of Deposit**

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made, unless necessary for interest rate risk hedging purposes.
- b. The total investment in an eligible financial institution will not exceed 25 percent of the total portfolio available for investment in this investment category.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a state or federal savings and loan association or savings bank, or a state-licensed branch of a foreign bank.

- d. Eligibility will be limited to those financial institutions which maintain ratings equivalent to Thompson BankWatch Services of "B" or better or have their long-term debt rated no lower than "A2" by Moody's Investors Services or "A" by Standard & Poor's Corporation.
- e. The investment will not exceed the shareholders' equity of any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.
- f. The investment will not exceed the total of the net worth of any depository savings and loan association, except that investments up to a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such investments are insured or secured as required by law.
- g. The maximum maturity will be limited to five years.

#### **504.00 Commercial Paper**

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by Moody's Investors Services or Standard & Poor's Corporation may be purchased.
- b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
  - (1) The entity meets the following criteria:
    - a. Is organized and operating in the United States as a general corporation.
    - b. Has total assets in excess of five hundred million dollars (\$500,000,000.)
    - c. Has debt other than commercial paper, if any, that is rated "A-2", "A" or higher by a nationally recognized rating service.
  - (2) The entity meets the following criteria:
    - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
    - b. Has a program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
    - c. Has commercial paper that is rated "A1", "A+" or higher, or the equivalent, by a nationally recognized rating service.

- c. Investments in commercial paper will not exceed 25 percent of the portfolio in effect immediately after any such investment is made, providing that the dollar-weighted average maturity of the entire amount does not exceed 31 days.
- d. Each investment will not exceed 270 days maturity.
- e. No more than 10 percent of the outstanding commercial paper of an issuing corporation may be purchased.

#### **505.00 Repurchase Agreements**

A repurchase agreement is a purchase of authorized securities (other than commercial paper) with terms including a written agreement by the seller to repurchase the securities on a later specified date for a specified amount. Restrictions are as follows:

- a. The percentage limit for investment in repurchase agreements will be 50 percent of the total portfolio, unless necessary for interest rate risk hedging purposes.
- b. Repurchase agreements will be made only with primary dealers in government securities or financial institutions with a Moody's Investors Services rating of "A2" or "A" by Standard & Poor's Corporation. or better.
- c. Such investments will provide for purchased securities with a market value of at least 102 percent of the amount of the invested funds. The value will be adjusted not less than quarterly.
- d. Purchased securities are limited to those protected by United States Bankruptcy Code, Treasury bills, bonds and notes, or other investments that are direct obligations of or fully guaranteed as to principal and interest by the United States or any agency thereof; negotiable certificates of deposit; and bankers' acceptances eligible for acceptance under Federal Reserve rules. Zero coupon and stripped coupon instruments are not acceptable.
- e. Such investments will provide for transfer of ownership and possession of the purchased securities either to the District directly or to a custodian depository institution which will take record title and will establish and maintain a sub-account in its financial records for the securities in the District's name, and such custodian will not be the dealer from which the securities were purchased.
- f. Each repurchase agreement will have a valid and perfected first security interest therein under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. Part 306 and/or 31 C.F.R. Part 357.

- g. Purchased securities will have maturities within 12 months of the date of investment and will be rated at least "Aa2" by Moody's Investors Services or "AA" by Standard & Poor's Corporation.

#### **506.00 Time Deposits**

For purposes of this policy, collateralized time deposits will be considered investments. The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

- a. The financial institution must have been in existence for at least five years.
- b. Eligibility for deposits will be limited to those financial institutions which maintain a rating equivalent to Thompson BankWatch Service of "B" or better. Credit requirements may be waived for a \$100,000 time deposit that is federally insured.
- c. The deposit will not exceed the shareholders' equity of any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.
- d. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.
- e. The total deposits will not exceed the shareholders' equity of any depository bank.
- f. In order to secure such deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited.
- g. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- h. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member of a syndicate bids on or makes a substantial investment in the District's securities, contributes service to the District, and offers significant assistance to the District, so as to provide for distribution of total deposits among eligible financial institutions.
- i. Purchased time deposits will be limited to a maximum maturity of one year.

## **507.00 Medium-Term Notes**

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Notes eligible for investment under this subdivision will be rated in a rating category of at least "A2" by Moody's Investors Services or "A" by Standard & Poor's Corporation. Maturities greater than two years must be rated "Aa2", "AA" or better.
- c. Purchases of medium-term notes may not exceed 20 percent of the portfolio, unless necessary for interest rate risk hedging purposes.
- d. Purchases of medium-term notes will be limited to a maximum maturity of five years.

## **508.00 Mortgage Obligations and Asset Backed Securities**

The District may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Securities eligible for investment will be issued by an issuer having an "A2" or higher rating for the issuer's debt by Moody's Investors Services ("A" by Standard & Poor's Corporation) , with the security rated "Aa2" by Moody's Investors Services or "AA" by Standard & Poor's Corporation.
- c. Purchase of securities authorized by this subdivision may not exceed 10 percent of the portfolio.

## **509.00 Local Agency Investment Fund Deposits**

Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted from time to time by State Treasury policy.



**510.00 Shares of Beneficial Interest (Money Market Funds)**

The Director of Finance/District Treasurer may invest, for temporary periods pending disbursement or reinvestment, in shares of beneficial interest issued by eligible diversified management companies, as defined in section 80a-5 of the Internal Revenue Code, including money market funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, that invest in securities authorized by California Government Code Sections 53601 and 53630. These companies must meet the following criteria:

- a. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies, or retain an investment adviser registered with the Securities and Exchange Commission with not less than five years experience investing in securities, with assets under management in excess of \$500 million.
- b. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 15 percent of the portfolio.
- c. No more than 10 percent of the outstanding money market funds of an issuing corporation may be purchased.

**600.00 Reporting**

On a monthly basis, the Director of Finance/District Treasurer will provide a report to the Board of Directors within 30 days following the end of the month, showing the holdings and activity of investments, issuers, maturity dates, par and dollar amounts invested, cash balances, amounts held by the Local Agency Investment Fund and any other amounts under the management of contracted parties.

**700.00 Grandfather Clause**

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Director of Finance/District Treasurer.

**800.00 Conflicts of Interest**

The Director of Finance/District Treasurer and his designees will perform duties under this Policy in accordance with sections 1090 and 1126 of the Government Code as well as any other state law referred to in this policy.

**900.00 Conflicts**

In the event any provision of this Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provision of such statutes will govern.

**1000.00 Policy Review**

This policy shall be reviewed at least biennially.

## APPENDIX A

### State Authorized Investments vs. District's Statement of Investment Policy

Investment Type	Maximum Maturity <sup>(1)</sup>	Maximum Percentage of Portfolio	Percentage By Any Issuer or Bank
U.S. Treasury Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	5 years	100	--
District Policy	5 years	100	--
Repurchase Agreements:			
State Code	1 year	100	--
District Policy	1 year	50	--
Bankers Acceptances:			
State Code	180 days	40	30
District Policy	180 days	40	25
Commercial Paper <sup>(2)</sup> :			
State Code	270 days	25	10
District Policy	270 days	25	10
Negotiable Certificates of Deposit:			
State Code	5 years	30	--
District Policy	5 years	30	25
Medium Term Notes:			
State Code	5 years	30	--
District Policy	5 years	20	25
Time Deposits:			
State Code	--	100	--
District Policy	1 year	100	--
Shares of Beneficial Interest:			
State Code	N/A	20	10
District Policy	N/A	15	10

Mortgage Backed and Asset Backed Obligations:			
State Code	5 years	20	--
District Policy	5 years	10	--
Local Agency Investment Fund:			
State Code	N/A	(3)	--
District Policy	N/A	(3)	--

Note: For funds established by Indentures of Trust, the provisions of such Indentures will govern investments.

- (1) The Government Code provides authority to the Board to permit maturities beyond 5 years. Current Board policy provides for maturities longer than 5 years for funds established by Indentures of Trust. Under current policy, not more than 20 percent of the portfolio may be invested in maturities longer than 3 years.
- (2) Limited to funds invested in Government Code authorized instruments.
- (3) Government Code limits the District's investment in LAIF to \$40 million for general reserve funds. There is no limit for bond proceed funds.

## APPENDIX B

### Securities of Government-Sponsored Enterprises, Agencies and International Institutions

<u>Issuer</u>	<u>Explicit U.S. Govt. Guarantees</u>
Agency for International Development	(AID) Yes
Export-Import Bank	Yes
Farmers Home Administration	(FmHA) Yes
Federal Housing Administration	(FHA) Yes
Financial Assistance Corporation	(FAC) Yes
General Services Administration	(GSA) Yes
Private Export Funding	(PEFCO) Yes
Small Business Administration	(SBA) Yes
U.S. Department of Housing & Urban Development	(PHAs) Yes
U.S. Maritime Administration	Yes
Veterans Administration	(VA) Yes
Washington Metropolitan Area Transit	Yes
Government National Mortgage Association	(GNMA) No
Federal Farm Credit Bank	(FFCB) No
Federal Home Loan Bank	(FHLB) No
Federal Home Loan Mortgage Corporation	(FHLMC) No
Federal National Mortgage Association	(FNMA) No
Financing Corporation	(FICO) No
Resolution Funding Corporation	(Refcorp) No
Student Loan Marketing Association	(SLMA) No
Tennessee Valley Authority	(TVA) No
U.S. Postal Service	(USPS) No
World Bank	(WB) (IBRD) No

## Sacramento Suburban Water District

**Directors' Compensation and Expense Reimbursement Policy**

Adopted: July 21, 2003

Revised: March 15, 2004; January 23, 2006; May 15, 2006; May 19, 2008; May 17, 2010

**100.00 Purpose of the Policy**

This document sets forth the policy of the Sacramento Suburban Water District concerning Directors' compensation and the payment of actual and necessary expenses incurred in the performance of official duties and is intended to comply with the requirements of Government Code sections 53232 through 53232.4.

**200.00 Directors' Compensation****200.10 Amount of Compensation**

Effective December 16, 2002, a member of the Board of Directors of the District will be entitled to receive \$100 per day for each day's attendance at meetings of the Board, or for each day's service rendered as a member of the Board by request of the Board, as provided in article 200.20.

**200.20 Types of Service for Which Compensation Will Be Provided**

Applicable law (Government Code section 53232.1) permits the District to compensate Directors for each day's attendance at meetings of the Board, or for each day's service rendered as a Director, subject to a written policy adopted in a public meeting. A Director can be compensated for up to 10 days per calendar month of service in accordance with the Board's adoption of an Ordinance No. 02-01. (Water Code section 20202.) The District encourages Directors to take advantage of opportunities to be informed concerning matters of interest to the District, and to inform others of the activities and interests of the District. The General Manager or his or her designee will provide to the Board on a monthly basis a list of meetings attended by each Director for which the Director was compensated under this policy. Directors will be compensated (for up to 10 days per calendar month) for attending the following types of meetings:

- a. Meetings of the Board of Directors of the District and the Board of Directors of the Sacramento Suburban Water District Financing Corporation;
- b. Committee meetings of the Board, attended by a member of the committee;

- c. Other meetings necessary for the disposition of duties assigned to a Board committee, attended by a member of the committee;
- d. Meetings of other governmental entities, associations or duly-recognized committees on which the District is officially represented, attended by the liaison representative of the Board and/or the liaison representative alternate who has been appointed to represent the District on the governmental entity or committee (both liaison representative and liaison representative alternate should attend all meetings to be informed on the issues and therefore both will be compensated for attending those meetings);
- e. Conferences, seminars and other events held within the State of California that are sponsored by industry associations or nonprofit entities for the purpose of discussing relevant water issues, including days while attending the conference, seminar or event, but excluding days in transit to or from the conference, seminar or event (attendance at conferences, seminars and events held outside the State of California will be approved by the Board of Directors on a case-by-case basis);
- f. Educational training, seminars, and courses designed to improve Directors' understanding of District business and their obligations as public officials, including ethics training mandated under Government Code section 53235(a); and
- g. Meetings or office visits of a substantial duration concerning substantive District business as requested and approved for payment by the General Manager.

## **300.00 Reimbursement of Directors' Expenses**

### **300.10 Policy and General Rules**

The District encourages Directors to attend conferences, seminars and other meetings that require their participation or provide an opportunity to be informed concerning matters of interest to the District. Each Director is entitled to reimbursement for the amount of the reasonable and prudent expenditures (i.e., registration fees, travel, meals, lodging, and other actual and necessary expenses) incurred in the performance of his or her official duties. In accordance with California law, the District does not reimburse for expenses incurred by Directors' spouses, domestic partners, or other family members or other Director personal expenses such as charitable contributions, non-mileage vehicle expenses, or the personal portion of any trip otherwise related to District business.

The District's annual budget will set an appropriate level of funding for payment of Directors' expenses. A Director will not be entitled to receive in excess of \$2,500 per

fiscal year for reimbursable expenses, exclusive of registration fees, unless the Board of Directors preapproves a Director's request to increase this amount for the applicable fiscal year. A maximum of five paid meeting days per conference will be allowed with the following exception: ancillary programs that are not a part of the main conference (e.g. ACWA/JPIA meetings). The General Manager or his or her designee will be responsible for ensuring that the budgeted amount is not exceeded without approval of the Board.

Any exceptions for expenses that do not come within the District's expense reimbursement policy must be approved by the Board in a public meeting in advance of the time when the expense will be incurred. (Government Code, §53232.2, subd. (f).) Any question concerning the propriety of a particular expense should be resolved by the Board before the expense is incurred.

### **300.20 Reimbursable Expenses**

Director's direct expenses for attendance at meetings and events authorized by this policy, including registration fees, reasonable travel, lodging, and meal costs, and other actual necessary expenses, will be paid by the District in accordance with the guidelines and per diem rates for an accountable expense reimbursement plan as defined in the United States Internal Revenue Service's Publication 463 ("Travel, Entertainment, Gift and Car Expenses") and Publication 1542 ("Per Diem Rates (For Travel Within the Continental United States)") (collectively, the "IRS Publications"). A copy of the current IRS Publications can be obtained from the District Treasurer.

The following expenses are authorized business-related expenditures:

- a. **Personal Vehicle Mileage.** A Director will be reimbursed for actual vehicle travel miles at the rate authorized under the IRS Publications for all meetings attended and services provided as defined in article 200.20, Director's Compensation, above. A Director will be considered to have accounted for personal vehicle expenses by indicating the actual miles traveled, the business purpose of the travel, and the date of travel on the approved District expense reimbursement form and submitted in accordance with article 300.10. The District will not reimburse Directors for any other personal vehicle expenses.
- b. **Hotel Expenses.** A Director will be reimbursed for reasonable lodging expenses incurred in accordance with this Policy when a Director attends conferences, seminars or meetings, if the Director stays at the hotel or other lodging listed in the event's registration materials at the group rate obtained for the event. If a Director travels on District business for which no hotel is designated or is unable to book lodging at a specified conference rate, he or she may either (a) be reimbursed at the per diem hotel rate provided in the IRS Publications for the city in which the hotel is located; or (b) use the Director's personal funds to pay for hotel charges, in which case the District



will reimburse the Director for actual charges, but only up to three times the maximum per diem hotel rate provided for in the IRS Publications for the event location.

- c. **Meals.** A Director may be reimbursed for the cost of meals while attending authorized conferences, seminars or meetings away from the District based on the per meal rate provided for in the IRS Publications. A Director may either (a) report meals at the IRS per diem rate or (b) use the Director's personal funds to pay for meals, in which case the District will reimburse the Director for actual charges, but only up to three times the maximum per diem meal rates provided for in the IRS Publications. If a Director is not traveling for a full day, defined as from 12:01 a.m. to 12:00 Midnight, the per diem meal/incidental allowance will be prorated according to the actual hours of travel unless a Director uses his or her personal funds to pay for meals, in which case the District will reimburse the Director for actual charges for meals incurred while traveling, but only up to three times the maximum meal rate provided for in the IRS Publications.
- d. **Incidental Allowance.** Tips for meals will be reimbursed up to a maximum of 15% of the cost of the reimbursable portion of any meal in accordance with the tip shown on the receipt attached to an expense reporting form. The District will reimburse a Director for tips actually given up to \$1 per bag for baggage porters and bellhops and up to \$5 per day for hotel housekeepers. A Director may be reimbursed for toll charges and parking fees up to the actual amount expended.
- e. **Common Carrier Travel.** When personal vehicle use for District business is impractical due to time and/or distance, a Director may use regularly-scheduled commercial carriers for travel. Consistent with scheduling needs and the most-direct route, a Director traveling by plane, train, rental vehicle, bus, or taxi will travel by the least-expensive fare actually available for the date and time of the travel. When possible, travel should be planned in advance to permit use of advance fares. Long-term parking must be used at airports for travel exceeding 24 hours. A Director may use his or her personal funds to purchase the fare, in which case the District will reimburse the Director for the actual amount of the fare, if properly reported in accordance with article 300.10.
- f. **Telephone/Fax/Cellular/Internet.** A Director will be reimbursed for actual telephone, fax and reasonable internet expenses incurred for District business. Telephone bills should identify which calls were made for District business. For cellular calls when the Director has a particular number of minutes included in the Director's plan, the Director can identify the percentage of calls made for District business.

### **300.30 Expense Reporting Procedures**

In order to be reimbursed for any expense authorized under this Policy, within 60 days of incurring the expense, a Director must fill out and sign a District-provided expense report form available from the Finance Department. The expense report form is designed to ensure that Directors' expense reimbursements comply with the requirements of Government Code section 53232.3 and the IRS Publications. Accordingly, the General Manager will review each expense report form, and sign indicating compliance with the requirements of this policy. In all cases where a Director seeks reimbursement for expenses incurred while attending a conference, seminar or other meeting, a copy of the conference registration form must either be attached to his or her expense report or on file at the District (e.g. copy attached to check request or purchasing card paperwork). In addition, a Director will be required to attach the following documentation to his or her expense reimbursement report as a condition of receiving reimbursement for an appropriately-incurred business expense:

- a. **Personal Vehicle Mileage.** A Director will not be required to attach any additional documentation to the expense report.
- b. **Lodging Expenses.** If a Director wishes to be reimbursed for lodging expenses, he or she must attach to the expense report an itemized bill issued by the hotel and a copy of the credit card receipt or other proof of the Director's payment. Except when attending a conference, seminar or other meeting and using the available group rate booked for the event, the District will reimburse a Director only for the actual amount of the hotel expenses incurred up to a maximum amount equal to three times the applicable per diem rate shown in the IRS Publications.
- c. **Meal Expenses.** If a Director wishes to be reimbursed for meal expenses at the IRS per diem rate, he or she may fill out the expense report form and claim the expense without further documentation. If a Director pays for meals with his or her own funds, he or she must attach to the expense report an itemized bill, copy of a credit card receipt or other proof of the Director's payment. In such cases, the District will reimburse a Director only for the actual amount of the meal expense incurred up to a maximum amount of three times the applicable per diem rate shown in the IRS Publications.
- d. **Common Carrier Travel.** A Director must attach to his or her expense report the fare, coupon, or itemized bill from a travel agency, airline, rental vehicle, bus or train showing the actual amount expended for such travel.
- e. **Incidental Expenses.** Whenever possible, a Director should obtain a receipt for incidental expenses such as tolls and parking fees. For incidental expenses where no receipt is available, such as tips, and parking meter costs, a reimbursement request for such expenses may be claimed on the District approved expense report. Certification that such expenses were related to

District business, reasonable, appropriate, and actually incurred by the Director will be made when signing the District approved expense report form.

In all cases where the District pre-pays a Director's expenses for purposes authorized by this Policy, the Director will remain responsible for filing an expense report and attaching the appropriate documentation obtained by the Director in conformance with paragraphs a through e above. Flat-rate advances or payments of expenses are prohibited under Government Code section 53232.2, except for per diem payments authorized in accordance with the IRS Publications.

A Director must substantiate all expenses on an expense report with the appropriate documentation attached within 60 days of incurring or paying the expense. Any mis- or late-reported expenses incurred by a Director will not meet the requirements of the IRS Publications and will be considered income to the affected Director. To comply with the applicable tax laws, the District will be required to issue to a Director a Form W-2 reporting all mis- or late-reported expenses as income.

#### **300.40 Disclosure**

To implement the reporting requirements of Government Code section 53232.3, the District will prepare a list of the meetings attended by each Director for which the District provided compensation, and a list of the amount and purpose of each expense reimbursement paid by the District to each Director. This information will be included with the agenda materials for each regular monthly Board of Directors meeting. At the next regular Board meeting, Directors also must provide either an oral or written report of meetings and other authorized events attended for which they were compensated or reimbursed by the District. If multiple officials attended the same event, a joint report may be made.

All expenses are subject to verification that they comply with this Policy. Directors should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All District expenditures are public records subject to disclosure under the Public Records Act, except that the District will ensure that no Director personal information, such as credit card numbers and home addresses, is provided to the public in the event of a request for such records.

#### **300.50 Penalties**

Government Code Section 53232.4 defines the penalties for falsifying or misusing public funds. The penalties include: (1) loss of the violator's reimbursement privileges; (2) restitution of misused District funds; (3) civil penalties of up to \$1,000 per day for each day of violation and three times the value of the public resources misused; and (4) criminal prosecution and lifetime bar from holding public office. The Board will report any violation of this Policy to the appropriate authorities.

**400.00 Policy Review**

This Policy shall be reviewed at least biennially.

**Exhibit 12  
Summary of District Information**

Population	168,000
Area Served	36 sq. mi.
Number of Water Meters	23,235 meters/44,147 total conn.
Percent of Connections Metered	52.6%
Fluoridate Water	Yes; South Service Area Only
Water Supply Source	Groundwater & Treated Surface Water
Total Annual Water Consumption	10,637 mg./2009
Average Monthly Consumption	886 mg./2009
Average Demand (Gallons per Minute-gpm)	20,509 gpm./2009 45,120 gpm peak/2009
Average Peak Demand	
Average Use per Meter per day	916 gpd/metered acct./2009
Miles of Distribution Lines Average Age	682 Miles/38 Years
Miles of Transmission Lines Average Age	52 Miles/15 years
Number of Wells Average Age	89 Active Wells/41 years
Number of Storage Tanks Average Age Total Storage Capacity	7 Storage Tanks/36 years/15.9 mg
Average Water Pressure	55 psi
Average Revenue per Meter/Customer	\$992.54 per cust./2009 average
Debt Service per Customer	\$136.15 per customer/yr.
Annual Revenue	\$43.8 million/2009
Annual Surcharge Revenue	\$970,926.00/2009
Annual Operation and Maintenance Costs	\$16.8 million/2009
Annual Average Capital Costs	Apprx. \$24 million/yr.
Annual Pipeline Replacement	Average 39,450 lin. Ft./yr.
Average Annual Operating Reserve	\$19 million aver./yr.
Annual Number of Leaks per Mile	0.36 Leaks/mile; 2009
Average Surplus Production Capacity	19,000 gpm
Compliance with CDPH Standards	Yes