

2x2 Water Management Ad Hoc Committee Meeting Notes
San Juan Water District
February 5, 2015
1:00 p.m.

Call to Order

Director Costa called the meeting to order at 1:00 p.m.

Roll Call

Committee Members: Ted Costa, SJWD Director
Bob Walters, SJWD Director
Neil Schild, SSWD Director
Kevin Thomas, SSWD Director

Staff Present: Keith Durkin, SJWD Assistant General Manager
Rob Roscoe, SSWD General Manager
Teri Hart, Board Secretary/Administrative Assistant

Public Present: Bob Matteoli
Paul Stanbrough
John O'Farrell, Consultant
Al Dains, Citrus Heights Water District (CHWD)
Bob Churchill, CHWD
Lynette Mareno, Carmichael Water District
Debra Sedwick, Del Paso Manor Water District (DPMWD)
Jim Crowley, JCG
Michelle Smira-Brattmiller, MMS Strategies
Marilyn Wright, MMS Strategies
Mike Schaefer, Orange Vale Water Company (OVWC)
Sharon Wilcox, OVWC
Joe Duran, OVWC
Pam Tobin, San Juan Water District (SJWD)
Ken Miller, SJWD
Kate Motonaga, SJWD
Jason Mayorga, SJWD
Dan Bills, SSWD
Dan York, SSWD
Bill Eubanks, SSWD Ratepayer
Greg Young, Tully & Young

Director Schild inquired if there was a legal reason that the meetings are recorded and how long are the recordings kept. Mr. Roscoe responded that the meetings are ad hoc committee meetings; however, the committee requested that staff publicize the meetings and provide meeting notes. Teri Hart stated this meeting is being recorded.

In addition, Mr. Durkin added that the recording is used to assist the Board Secretary in preparing the meeting notes and are erased after 30 days or until the notes are approved, whichever is later.

Director Costa announced that there were a couple of directors in the audience, from SJWD, who were attending the meeting as members of the public only; they would not be participating.

Public Comment

There were no public comments.

Items for Discussion and Action

1. Approve Notes of December 18, 2014 Committee Meeting

SSWD Director Thomas moved to approve the meeting notes of the December 18, 2014, committee meeting. SJWD Director Walters seconded the motion and it carried with 3 Aye votes and 1 No vote (Schild).

Director Schild commented that he had requested release of the survey so that he could make comments on the survey and he was told that the survey would be released for the director's information only and not for edits. Mr. Roscoe commented that, after Director Schild's conversation with MMS, he reviewed the audio recording and confirmed that the notes accurately reflected the committee meeting discussions. Mr. Roscoe commented that the committee's direction at the last 2x2 meeting was that the survey questions would be released to the directors and other parties 24 hours prior to the survey for informational purposes. Director Schild voiced concern that the general public does not know what is happening.

2. Discuss Policy Items

Mr. Durkin informed the committee that a staff report was provided in the meeting packet. A copy will be attached to the meeting notes. The staff report provides some background on the status of the Phase 2A evaluation and identifies some policy decisions which will need to be reviewed prior to continuing onto Phase 2B and during the Phase 2B process.

Mr. John O'Farrell informed the committee that a consensus on the policy items was not needed until a later date. He reviewed the policy items with the committee and noted that during Phase 1 it was recommended that the successor agency be San Juan Suburban Community Services District in order to not jeopardize the pre-1914 water rights. He explained that some policy items will need to be agreed upon before moving into Phase 2B and other policy items will need to be given direction at various points throughout the Phase 2B process.

In response to Director Schild's question, Mr. Bills responded that all of the comments that have been received to date have been incorporated into the current version of the draft report. Mr. Bills indicated that the draft report should be released at the next committee meeting.

In response to Director Costa and Director Schild's comments, Mr. O'Farrell responded that if the Joint Boards decide to move forward as a community services district then special legislation will be requested to increase the size of the future Board of Directors to the appropriate number. Mr. Roscoe commented that there is concern with submitting special legislation this year due to legislative calendar dates. In response to Director Walters' question, Mr. Durkin responded that the special legislation should be worded so that the maximum number of Board Directors is indicated and then the Board can reduce the amount.

Director Schild voiced concern that he was not informed of the meetings that the consultant was setting up in order for him to decide whether or not he would like to attend the meeting. Mr. O'Farrell explained that the Executive Team and consultant were empowered by the committee to schedule and attend meetings with elected officials and representatives; however, the directors are welcome to attend. Mr. Roscoe informed the committee that approximately 50-60 meetings have been held with elected officials and other stakeholders in order to inform them of the process that the agencies are considering. Mr. Roscoe commented that if more calendars need to be considered when scheduling these meetings, then the process will take much longer.

After discussion, the committee directed staff to review the policy items and develop recommendations to provide for discussion and approval at the next Joint Board meeting.

3. Discuss Meetings Held To-Date and Results

Mr. O'Farrell reviewed the list of meetings that have been held to date or are scheduled in February. In addition, he reviewed the principle issues and concerns that have been conveyed during the stakeholder outreach. He noted that the phone survey was completed and the results will be brought to the next committee meeting. A copy of the staff report will be attached to the meeting minutes.

Director Schild voiced concern that SJWD's water rights have not been analyzed. He commented that the Joint Boards agreed to hire a mutual solicitor or attorney to review the existing water rights. In addition, he mentioned that the water rights summary produced by Attorney Paul Bartkiewicz indicated that the pre-1914 water rights that San Juan Water District holds is a settlement contract. Director Costa commented that the water rights information was provided at the beginning of discussions between the two agencies. Mr. Durkin commented that both the Joint Boards and the committee specifically did not want to hire a mutual attorney and

the direction was to have each agency hire separate counsel at the appropriate time, with no conflict of interest, so that each agency's interest is protected by its own legal counsel.

Director Costa commented that beneficial use of the water rights needs to be reviewed and determined. Director Walters commented that beneficial use is on the table and the committee needs to finish the process for Phase 2A with review of the draft report. Mr. O'Farrell commented that the final administrative draft of the Phase 2A report needs to be completed and distributed, begin a 30-day public review period on the report, develop an addendum to the report with the comments and responses, include the separate document regarding water rights from BKS, then set another committee meeting with the intent to make a recommendation to the Joint Boards regarding Phase 2B.

4. Financial Summary of Phase 2A Project To-Date

SSWD Director Thomas moved to approve amending the contract with John O'Farrell & Associates in the amount of \$8,500. SJWD Director Walters seconded the motion and it carried with 3 Aye votes and 1 No vote (Schild).

The committee discussed the request for an increase in the budget. Mr. Roscoe explained that the consultant met with more stakeholders than originally anticipated in order to address the Joint Board's concerns for making sure that this is a very public process. Mr. Durkin added that more information has been incorporated into the Phase 2A report than originally anticipated based on refined direction from the Directors of both agencies.

5. Discuss Upcoming Tasks and Meetings

Mr. Roscoe informed the committee that a public draft of the report is expected by the end of the month which will be reviewed at the next committee meeting. There will be a 30-day public review period which will start after the committee reviews the draft report. In addition, the results of the phone survey should be presented at the next committee meeting.

The Joint Board will meet after the 30-day public review period to review the final administrative draft for consideration of a decision to proceed to Phase 2B or end discussions.

Director Schild voiced concern regarding the wording in the MMS agreement. Mr. Roscoe explained that the agreement was reviewed by the Joint Board at the last meeting and staff was given authority to execute the contract and proceed with the survey.

Mr. Bob Churchill commented that Director Costa's concern for use of the water supply is valid and keeping the water supply in the region is a valid point. Mr. Churchill voiced concern on how the water is delivered and the cost to rate payers. In addition, he is

concerned with maintaining SJWD-Wholesale's assets, assurances on water supplies, and price advantages to the existing wholesale customer agencies using the pre-1914 water rights.

Mr. Tom Gray thanked the committee regarding agenda item 2 wherein it addresses the assurances of wholesale water customer agencies on pre-1914 water rights reliability and cost benefits, which is a top concern to FOWD. He requested that the policy item be moved prior to entering into Phase 2B or the LAFCo process. In addition, he requested a business analysis regarding the need to retain the water rights versus putting everything at risk.

Mr. Ken Miller commented that the committee might want to consider presenting a brief overview at the next meeting regarding how the committee began, what prompted the discussions, what has happened, and where the agencies are today. Director Costa requested staff to add that item to the next meeting agenda.

In response to Mr. Bill Eubanks' question, Mr. Roscoe explained that the State Water Resources Control Board (SWRCB) determines if water is put to beneficial use. Mr. Eubanks suggested that the agencies ask the SWRCB or whoever if the merger would satisfy the beneficial use requirement. Director Schild commented that the USBR makes the determination. Director Costa suggested that this be determined.

The meeting was adjourned at 2:25 p.m.