

## **Minutes**

### **Sacramento Suburban Water District Regular Board Meeting Monday, February 22, 2016**

#### **Call to Order**

President Thomas called the meeting to order at 6:31 p.m.

#### **Roll Call**

Directors Present: Frederick Gayle, Craig Locke, Neil Schild, Kevin Thomas and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Greg Bundesen, David Espinoza, John Valdes, James Arens, Annette O'Leary, Lynne Yost and David Armand.

Public Present: Ted Costa, Keith Durkin, Rodney Fricke, Jim DeHart, Mitch Dion, Brenda Davis, William Eubanks and Avery Wiseman.

#### **Announcements**

None.

#### **Public Comment**

Avery Wiseman (Mr. Wiseman) provided a handout of his observation of the history of the District, rates, budget, and annual comparisons.

Director Wichert inquired what influenced the Board at the time to avoid the rate increase in 2014.

Director Schild explained that it was suggested at that time to postpone the 2014 4% rate increase until the following year.

Director Wichert inquired if it was staff's recommendation to forego the rate increase for 2014.

General Manager Robert Roscoe (GM Roscoe) explained that staff supported the recommendation from the consultant to implement the rate increases as presented.

President Thomas commented that at the time there was \$52 million in reserves, so the decision was made to draw down reserves for that year, rather than implement a rate increase.

Ted Costa (Mr. Costa), a Board member from San Juan Water District (SJWD), commented on the Brenda Davis Law Group's Legal Review report from the January, 2016 Board meeting.

He identified that the surface water rights contract that SJWD negotiated with the Bureau of Reclamation (the Bureau) was not included in the Brenda Davis Law Group's Legal Review report.

He noted that after about 17 years of negotiations between SJWD and the Bureau, they agreed to a 50 year contract. He further commented that it has been suggested to just to reopen a contract with the Bureau, however, he stated, it is a very difficult and lengthy process negotiating with the Bureau so he advised against it.

Director Gayle echoed Mr. Costa's opinion that it is difficult to negotiate contracts with the Bureau.

President Thomas asked about the current release of water from Folsom Lake inquiring about Section 215 water.

GM Roscoe explained that Section 215 water was not available at that time, however there was an announcement from the Placer County Water Agency (PCWA) that the Middle Fork Project (MFP) Water was presently available to the District which activated the "take or pay" portion of the contract. He further explained that the District is now utilizing the "take or pay" option and purchasing PCWA water.

Director Schild asked if PCWA "take or pay" water became unavailable, how would they allocate the 12,000 acre feet that the District is obligated to pay for it.

GM Roscoe explained that he expected it would be prorated in that event.

Director Schild suggested asking the Bureau specifically if Section 215 water was available.

GM Roscoe stated that staff did specifically ask the Bureau if Section 215 water was available, and that their response was that the spilled water was only available to Central Valley Project contractors as surplus supply.

He further explained that the District is still responsible for the "take or pay" obligation with PCWA.

Director Wichert requested further details on the cost associated with the different sources of water.

Dan Bills (Mr. Bills) explained that PCWA water is slightly less expensive than Section 215 water. He further explained that GM Roscoe was correct in stating that the District is under a "take or pay" obligation with PCWA.

Director Schild disagreed that the District is under an obligation to "take or pay" from PCWA, expressing that if it is not available, then the District is not obligated.

Staff clarified that PCWA water was available; section 215 water from the Bureau is not.

Director Wichert inquired if there was a limit on how much the District can take. GM Roscoe explained that rate in which the District can take water is based on the demands in the North Service Area (NSA), where the water would be used.

**Consent Items**

1. **Minutes of the January 25, 2016 Regular Board Meeting**  
 Director Locke moved to approve Item 1; Director Wichert seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

**Items for Discussion and Action**

2. **SSWD Website Customer Payment Portal**  
 GM Roscoe introduced Annette O’Leary (Ms. O’Leary) who presented a brief tutorial on how to navigate through the customer website portal.

Director Locke inquired about the zero reads on the graph. Ms. O’Leary explained different possibilities for a zero read.

Director Wichert inquired who was responsible for maintaining the website. Ms. O’Leary answered that most of the department managers and some District staff members maintain the website.

Director Wichert inquired if staff uses any consulting to assist with maintenance and also asked what software is used for the website. Ms. O’Leary stated that Vision internet is the platform, and that consultants are rarely utilized for the website and that all postings are done internally.

Director Thomas further inquired about the zero reads.

Jim Arenz (Mr. Arenz) explained that at one point there was an issue with some of the repeaters, but that KP Electronics have been very proactive with repairing any issues.

Mr. O’Leary further stated that the District receives approximately 3,500 payments through the website each month.

Director Wichert inquired if there is there a monetary advantage for the District to go paperless and if so, staff should explore any options that could be mutually beneficial.

Ms. O’Leary explained that there was a monetary benefit and that she would do more research on it and report back to the Board.

William Eubanks (Mr. Eubanks) commented.

Ms. O'Leary commented that she will also review the language regarding the payment limit on the website.

President Thomas recommended staff bring back this item with further information about the website.

There was no action taken.

3. **2015 Annual Audit Status**

Mr. Bills provided a summary of the staff report.

4. **Groundwater Monitoring Wells Project**

John Valdes (Mr. Valdes) provided a summary of the staff report.

Director Schild stated that if Sacramento Groundwater Authority (SGA) has access to the data of other groundwater monitoring wells, then the District should have availability to that data as well.

Director Wichert requested staff attempt to get confirmation from SGA that the recommended groundwater monitoring wells are advantageous.

Director Thomas inquired if the District is working with Aerojet or any other water purveyors on groundwater monitoring wells.

Mr. Valdes explained that the District requested assistance from Aerojet on the monitoring wells and has also been working closely with the Regional Water Quality Control Board (RWQCB).

Director Locke suggested continuing our efforts with requesting support from Aerojet, even if to split or match the cost of the monitoring wells.

GM Roscoe noted that the proposed groundwater monitoring wells would provide benefit to the District beyond plume monitoring.

Director Wichert commented that if Aerojet is actively engaged in remediation but there is evidence of the contaminated plume moving, then the remediation efforts are unsuccessful.

GM Roscoe stated that Aerojet reports they have complied with all of the RWQCB requirements.

Director Wichert suggested that if Aerojet's remediation efforts continue to be unsuccessful, staff should look at additional ways to solicit their support. He recommended staff include this topic at the upcoming Cap to Cap trip.

Director Wichert moved to have a more thorough presentation on this item for action at a future Board meeting, including a map that depicts the plumes position; Director Schild seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

**5. Status of the San Juan Water District Reorganization Discussion**

GM Roscoe presented the staff report.

Director Wichert moved for staff to report to San Juan Water District (SJWD) that the District is not interested in pursuing additional consolidation discussions at this time; Director Schild seconded.

Director Thomas commented that the districts have come very far in these discussions, and that there are still a lot of important questions to look at, further noting that this opportunity would be beneficial to the District. He supported further discussions stating that there would be more accessibility to surface water for the District and more savings in the long run.

Director Schild commented that SJWD has been exploring a lot of different options, and to hold out to see what those discussions and other studies present. He also stated that if the discussion did come back, that the District would need legal representation.

Director Gayle commented that eventually a merger will happen and that the District had an opportunity to achieve common goals with SJWD.

GM Roscoe advocated that discussions with SJWD are not only good for the region, but also good for the ratepayers. He adversely expressed that these discussions are challenging when not all Board members support it.

Director Locke stated that he believed this could be beneficial to the whole region, but that he didn't feel that there was enough involvement with the wholesale entities. He also didn't believe it would be beneficial to stop communicating about it, but he hesitated spending more money on the efforts.

Director Wichert noted that his concern was not political but rather economical, and that he would be interested in staff presenting an economic benefit to a merger.

Director Wichert additionally expressed concern for rushing into a merger. He recommended engaging into buying and selling water with SJWD to normalize a relationship with them.

Director Locke expressed that purchasing water and coming to other agreements with SJWD didn't necessarily require a consolidation. He encouraged continuing those efforts. He further stated that the most economic opportunity is pumping groundwater.

Director Locke noted that it's about the bigger picture and that merger discussions are the districts acting proactively in guaranteeing water supply reliability.

President Thomas stated that the motion was to direct staff to report to SJWD that the District is not interested in pursuing additional consolidation discussions at this time. The motion carried by 3/2 vote.

AYES:	Gayle, Schild and Wichert.	ABSTAINED:	
NOES:	Locke and Thomas	RECUSED:	
ABSENT:			

## Information Items

### 6. **Water Conservation and Regional Water Efficiency Program Report**

A written report was provided. Greg Bundesen (Mr. Bundesen) presented the staff report.

Director Schild asked if there was an update on how many leaks were found from the ultrasonic leak detection project.

Mr. Bundesen explained that the consultant was finishing up the report and that he complimented the District's Preventative Maintenance Program stating that due to the condition in which the system is in, there were very few leaks detected. Mr. Bundesen explained that he will be presenting the consultant's report as soon as it is complete.

Director Schild suggested including that information in the Asset Management Plan.

#### *a. Drought Report*

A written report was provided.

#### *b. Summary of Activities During January 2016*

A written report was provided.

#### *c. Water Conservation Program and Results*

A written report was provided.

#### *d. Upcoming Events*

A written report was provided.

### 7. **District Activity Reports**

Assistant General Manager Dan York (AGM York) presented the staff report.

GM Roscoe noted that the manner in which customer's pay their bills has been shifting from mail-in payments to online bill pay.

Director Schild suggested staff look into options for rewarding customers who have online bill pay.

Director Wichert inquired if there was a savings for the District for paperless billing.

GM Roscoe explained that staff will report back with answers to those questions.

Director Wichert inquired about water transfers with SJWD. Mr. Arenz explained that there is currently a net zero balance with transfers to SJWD.

a. *Water Operations and Exception Report*

A written report was provided.

b. *Customer Service Report*

A written report was provided.

c. *Community Outreach Report*

A written report was provided.

8. **Engineering Report**

A written report was provided.

Director Schild requested that Jim DeHart give a short presentation to the full Board on Arc Flash at a future Board meeting.

a. *Major Capital Improvement Projects*

A written report was provided.

b. *County and City Projects/Coordination*

A written report was provided.

c. *McClellan Business Park*

A written report was provided.

d. *Groundwater Quality Projects*

A written report was provided.

e. *Developer Projects*

A written report was provided.

f. *Water System Master Plan Update and 2015 Urban Water Management Plan*

A written report was provided.

g. *Other*

9. **Financial Report**

Mr. Bills presented the staff report.

a. *Draft Financial Statements – January 2016*

A written report was provided.

- b. *Draft Investments Outstanding and Activity – January 2016*  
A written report was provided.
  - c. *Draft Cash Expenditures – January 2016*  
A written report was provided.
  - d. *Draft Credit Card Expenditures – January 2016*  
A written report was provided.
  - e. *Draft Directors Compensation and Expense Accounting – Through January 2016*  
A written report was provided.
  - f. *Draft Market Report Yields – January 2010 through January 2016*  
A written report was provided.
  - g. *Draft District Reserve Balances – January 2016*  
A written report was provided.
  - h. *Information Required by Bond Agreement*  
A written report was provided.
10. **General Manager’s Report**  
GM Roscoe presented the staff report.
- a. *Cal WaterFix Update*  
A written report was provided.
  - b. *2016 Resumption of Placer County Water Agency Delivery of Surface Water*  
A written report was provided.
  - c. *McClellan Cleanup Activities*  
A written report was provided.
  - d. *Regional Water Authority Status of Grant Awards*  
A written report was provided.
11. **Legislative and Regulatory Update**  
AGM York presented staff report.
12. **Long Term Warren Act Contract**  
AGM York presented the staff report.

Director Schild commented that he would feel more comfortable if the National Marine Fisheries Service (NMFS) expressed support for the contract. He suggested staff speak with the NMFS to get more information on if they will support this.

AGM York added that Bureau of Reclamation staff recommended that the District move forward with this contract as soon as possible.

Director Wichert inquired why this item was not presented as an action item.

AGM York expressed that staff is gathering further cost estimates and additional information and that it will be presented as an action item at the March regular Board meeting.

Director Schild commented that SJWD's Warren Act Contract will expire in 2021, and inquired if staff has considered the option of working with them.

Director Wichert stated he is looking forward to this item coming back in March, as he is in favor of continuing forward with the Contract.

13. **Water Statement Modifications**

Ms. O'Leary presented the staff report.

14. **Update on the Emergency Conservation Regulations State Water Resources Control Board**

Mr. Bundesen presented a PowerPoint presentation.

Mr. Eubanks Commented.

GM Roscoe noted that conservation messaging is going to be increasingly more difficult as time progresses, and that staff is working on new ways to promote conservation.

15. **Succession Plan Report**

A written report was provided.

Mr. Eubanks commented.

Director Wichert requested further details. GM Roscoe explained how he expects to fill the position.

Director Wichert expressed his support.

16. **Fulton/El Camino Recreation and Park District Easement Update**

AGM York presented the staff report.

Director Wichert noted that he does not support giving away any of the District's wells.

17. **Regional Water Transfer**

GM Roscoe presented the staff report.

18. **Upcoming Policy Review**

GM Roscoe presented the staff report.

- a. *Reasonable Accommodation & Interactive Process Policy (PL - HR 014)*  
A written report was provided. Directors' comments are due by March 7, 2016.

**Committee Reports**

- 19. a. *Facilities and Operations Committee (Director Locke)*  
Notes from the February 12, 2016 meeting were provided.
- b. *Finance and Audit Committee (Director Thomas)*  
No report.
- c. *Government Affairs Committee (Director Locke)*  
No report.
- d. *Ad Hoc Water Banking and Transfer Committee (Director Wichert)*  
No report.
- e. *Ad Hoc Water Rights Review Committee (Director Schild)*  
No report.

**Director's Reports (Per AB 1234, Directors will report on their meeting activities)**

- 20. a. *Regional Water Authority (Director Thomas)*  
No report.  
  
*Regional Water Authority Executive Committee (General Manager Roscoe)*  
Agendas from the January 27, 2016 meeting and the February 17, 2016 meeting were provided.
- b. *Sacramento Groundwater Authority (Director Schild)*  
Director Schild provided an oral report regarding the February 11, 2016 meeting.
- c. *Water Forum Successor Effort (Assistant General Manager York)*  
No report.  
  
*Carryover Storage Working Group Meetings*  
No report.  
  
*Water Forum Dry Year Conference Meeting*  
No report.  
  
*Water Caucus Meeting*  
No report.

d. *Other Reports*

Director Schild provided an oral report regarding: Lunch with Director Locke on February 5, 2016; the 100<sup>th</sup> anniversary for Carmichael Water District Luncheon on Feb 8, 2016; ACWA Groundwater Committee Meeting on February 10, 2016; the Planning meeting on February 19, 2016; a meeting with Tom Gray on February 9, 2016; and a meeting with Citrus Heights Water District Management staff on February 22, 2016.

Director Locke provided an oral report regarding his meeting with AGM York on February 5, 2016.

President Thomas provided an oral report regarding his lunch with the President of SJWD.

Director Wichert provided an oral report regarding his lunch with Dan Rich from the SJWD Board.

**Miscellaneous Correspondence and General Information**

21. Certain correspondence received by the District was provided.
22. General information related to District business was provided.

**Director's Comments/Staff Statements and Requests**

None.

**Closed Session (Closed Session Items are not opened to the public)**

The Board convened in closed session at 8:51 p.m. to discuss the following:

23. a. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957
- b. Conference with Board negotiating committee (including Director Thomas) involving the General Manager under Government Code sections 54954.5(f) and 54957.6.

**Return to Open Session**

The Board convened in open session at 9:02 p.m. There was no reportable action.

**Adjournment**

President Thomas adjourned the meeting at 9:03 p.m.

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Robert S. Roscoe  
General Manager/Secretary  
Sacramento Suburban Water District