

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, March 21, 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, Dave Jones, John Valdes, Annette O’Leary, Lynne Yost and David Armand.

Public Present: Mitch Dion, Jim DeHart, William Eubanks, Avery Wiseman, Brenda Davis, Alex MacDonald, Rodney Fricke and Paul Stanbrough.

Announcements

- A corrected Item 11 was at the dais.
- Sacramento Taxpayers Association Annual Banquet flyer.
- The District’s new website announcement.
- Attempt to schedule a Finance and Audit meeting for the first week in May.
- Attempt to schedule an Ad Hoc Water Banking and Transfer meeting.
- Form 700’s due by April 1, 2016.

Dan Bills (Mr. Bills) recommended scheduling a Finance and Audit meeting on Friday, April 29, 2016 at 3:00 p.m. President Thomas and Director Schild agreed to the date and time.

Public Comment

None.

Consent Items

1. Minutes of the February 19, 2016 Strategic Plan Workshop
2. Minutes of the February 22, 2016 Regular Board Meeting
3. Resolution No. 16-03 Accepting Grant of Easement and Right of Way for Cottage Park, APN 279-0101-024

4. Resolution No. 16-04 and 16-05 Accepting Two Grants of Easement and Rights of Way for 3932 Dudley Boulevard – United States Cold Storage, Inc.
5. Resolution No. 16-06 Accepting Grant of Easement and Right of Way for 4850 Antelope Road – Ejl Homes LLC
6. Reasonable Accommodation and Interactive Process Policy (PL - HR 014)

Director Wichert moved to approve all Consent Items; Director Locke seconded. The motion carried by unanimous vote.

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

Items for Discussion and Action

7. **Arc Flash Hazard Assessment and Mitigation Update**

General Manager Robert Roscoe (GM Roscoe) introduced Jim DeHart (Mr. DeHart) from Affinity Engineering who presented a PowerPoint presentation on Arc Flash. Mr. DeHart explained what Arc Flash is, why it is a safety hazard, and what work has been performed by the District over the past few years to reduce or eliminate these hazards.

8. **Groundwater Monitoring Wells Project**

GM Roscoe presented the staff report.

John Valdes (Mr. Valdes) informed the Board that the Department of Water Resources (DWR) would not give a definitive answer on what would happen if the District decided to drill only one monitoring well. He further noted that DWR prefers to wait until the Board takes formal action before they make a final decision on grant funding. However, they did promise to be flexible and they will not necessarily reduce the District’s grant amount if a decision is made to drill only one well.

GM Roscoe introduced Alex MacDonald (Mr. MacDonald) a Senior Engineer from the Central Valley Regional Water Quality Control Board (CVRWQCB) who presented a PowerPoint presentation with background on Aerojet and their historical operations, the current status of any groundwater contamination plumes, and the cleanup and monitoring efforts to date.

Director Gayle inquired if anyone from Aerojet was going to Cap-to-Cap and further commented about mutual benefits of working together.

Mr. MacDonald showed where four recent groundwater monitoring wells have been constructed by Aerojet. He added that two groundwater extraction wells are scheduled to be drilled later this year.

Director Wichert inquired about further information on the groundwater monitoring wells.

Director Locke suggested positioning the District's groundwater monitoring wells further out from the District boundary to monitor if/when contaminate plumes get closer to the District.

GM Roscoe explained that there are additional benefits to the proposed wells other than just monitoring the Aerojet contamination plume. He stated that these monitoring wells can be added to the Sacramento Groundwater Authority (SGA) groundwater monitoring network to provide water level information and other data for regional groundwater management.

Director Locke inquired if other surrounding providers received grant funding.

President Thomas inquired if Aerojet is willing to share data from their groundwater monitoring wells with surrounding providers.

Mr. MacDonald replied that they are, they just ask that surrounding purveyors to also share their data.

Further discussion ensued on groundwater modeling.

Director Wichert recommended that Mr. MacDonald periodically present updates to the Board when available. Mr. MacDonald commented that when he has updated information, he will contact staff to decide if a presentation is needed.

William Eubanks (Mr. Eubanks) commented.

GM Roscoe stated that staff's recommendation was to approve awarding a contract to Roadrunner Drilling & Pump Company for the construction of two groundwater monitoring wells consistent with the project definition and the District's Local Groundwater Assistance (LSA) grant.

Director Schild commented that he didn't think that there was a need for two groundwater monitoring wells, and suggested drilling only one well.

Director Gayle expressed concern over funding. He further recommended exploring the options of a joint effort with the other purveyors in this area.

GM Roscoe further explained what Superfund was and specified who was involved with paying for the clean-up.

GM Roscoe further stated that he was concerned with the unknown direction and never-ending string of surprises with the groundwater contamination plume. He further stated that he didn't believe that the leading edge has been identified yet.

Director Wichert believed the presentation identified where the leading edge of the plumes were.

Director Locke further explained his interpretation of the unknown direction of the plume.

President Thomas echoed Director Lock stating that there is continually new information being provided by Aerojet.

Director Locke expressed his support for the two groundwater monitoring wells further noting that the Board should focus on creating a more systematic and regional approach to this type of effort in the future. He supported the idea of getting a break in cost for the two groundwater monitoring wells.

Director Wichert commented that he did not agree with spending additional money just because some funds have already been expended and there is a partial grant. He did not support the idea of drilling two groundwater monitoring wells and rather suggested that staff attempt to work with Carmichael Water District on groundwater monitoring.

GM Roscoe reminded the Board that SGA recommended and supports the two monitoring wells.

The Board requested color copies of Mr. MacDonald's PowerPoint presentation. Director Locke requested his color copy electronically.

Director Schild moved to authorize one groundwater monitoring well at the Winston Churchill Middle School location.

Director Thomas inquired if there was a significant maintenance cost associated with these wells. Mr. Valdes expressed that the maintenance costs are minimal.

Director Locke moved to approve staff's recommendation with the recommendation that staff attempt to work regionally when applying for future grants; Director Gayle seconded. The motion carried by 3/2 vote.

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

9. **Facility Development Charges**

Mr. Bills presented the staff report.

Avery Wiseman (Mr. Wiseman) expressed his displeasure with HDR Engineering and further stated that the Board should not consider their data which provided the basis for the proposed change in Facility Development Charges (FDC).

Director Wichert requested further detail.

Mr. Bills explained what the primary purpose of FDC charges was and further clarified why the FDC charges were reviewed annually.

GM Roscoe echoed Mr. Bills stating that the existing system infrastructure assets have increased in value over the prior year, therefore, the charges have increased.

Director Wichert expressed that he did not feel comfortable with an indexed rate increase without the background information, further noting that he didn't believe that the ENR number was appropriate.

Mr. Bills expressed that it is standard throughout the industry.

Director Wichert moved not accept the update on the FDC and not support an increase; Director Schild Seconded. The motion failed on a 2/3 vote.

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

Director Locke expressed his interpretation further supporting that this is an equitable charge for the investment existing District customers have made in the District's system.

David Espinoza (Mr. Espinoza) expressed his support and further clarified that the increase to the FDC was for new developers to buy-in to the District's existing system capacity.

President Thomas moved to accept staff's recommendation; Director Locke seconded. The motion carried by a 3/2 vote.

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

10. Board Member Out of State Travel Request

GM Roscoe presented the staff report.

Director Wichert moved to approve the staff recommendation, President Thomas seconded. The motion carried by unanimous vote.

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

11. Strategic Plan (PL - BOD 001)

GM Roscoe presented the staff report.

Director Wichert commented that he did not agree with Director Schild's suggestion to strikeout "Manage the District's water supplies to ensure their quality and quantity" under 1. Water Supply, letter D. He suggested leaving that sentence in. The Board agreed.

Director Wichert also suggested inserting the word "that" between "connection fees" and "reflect the cost..." on 4. Finance, letter B, to make it a complete sentence. The Board agreed.

Director Locke commented that he did not agree with Director Schild's suggestion to strikeout "and physical system assets" in 3. Customer Service, letter D. He suggested leaving that phrase in. The Board agreed.

Dave Jones (Mr. Jones) commented that the predecessor District's had negative ramifications from using the term "lowest" and encouraged the Board to reconsider that term.

Director Wichert suggested combining all of the changes from both exhibits into one document, including the changes suggested today and also using the Mission Statement agreed on at the Board workshop.

The Board agreed and President Thomas recommended staff bring back the item as a Consent Item.

12. **2016 Water Transfer Program**

AGM York presented the staff report and PowerPoint presentation.

Director Wichert expressed concern that the funding was not adequate.

Discussion ensued regarding the details of the 4 different options.

Director Wichert commented that he didn't want to get rushed into a bargain and that he didn't want to sell water for less than its worth.

GM Roscoe expressed that timing is important with potential transfers.

Director Gayle requested block diagram of all the transfers.

William Eubanks (Mr. Eubanks) commented.

GM Roscoe stated that staff recommendation is to authorize the General Manager to execute all agreements necessary to implement the Temporary Water Transfer Program for 2016.

Director Schild expressed his concern with the options and further suggested not to enter into any agreements at this time.

GM Roscoe informed the Board that the contract with PCWA is in draft.

Director Locke inquired if the Board would see any contracts before agreed upon. GM Roscoe stated they could come back if that was the desire of the Board.

Director Wichert noted that he is not in favor of selling water to Southern California.

Director Schild moved to not enter into any agreements for water transfer for the remainder of the year; Director Wichert seconded. The motion carried by 3/2 vote.

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

Mr. Bills requested clarification on the direction for the budget, and inquired if the Board wanted him to present an amended budget.

President Thomas recommended that staff bring the budget to the Finance and Audit Committee.

Later in the meeting, Director Wichert requested to reopen this item. See discussion following Agenda Item 31.

13. **Long Term Warren Act Contract**
AGM York presented the staff report.

Director Schild expressed his concerns with the estimated cost, and further explained that he was also concerned that the environmental agencies may not support it.

GM Roscoe explained the lengthy analysis prepared by the recently retired Area Manager for the Bureau of Reclamation (Reclamation), looking at risks and cost of continuing with short term or continuing with long term included with the staff report.

GM Roscoe reported that Reclamation staff informed District staff that temperatures in the American River was a major concern that a temperature model would be required.

Director Locke moved to support staff's recommendation; Director Gayle seconded. The motion passed by a 4/1 vote.

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

Information Items

14. **Water Conservation and Regional Water Efficiency Program Report**

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

Director Schild verified that the District's conservation requirement goal was 29%.

Mr. Bundesen concurred that the conservation requirement was 29%.

Director Schild suggested keeping up conservation efforts.

a. Drought Report

A written report was provided.

b. Summary of Activities During February 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.

15. **District Activity Reports**

A written report was provided.

a. Water Operations and Exceptions Report

A written report was provided.

b. Customer Service Report

A written report was provided.

c. Community Outreach Report

A written report was provided.

16. **Engineering Report**

A written report was provided.

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*
A written report was provided.

17. **Financial Report**

A written report was provided.

- a. *Draft Financial Statements – February 2016*
A written report was provided.
- b. *Draft Investments Outstanding and Activity – February 2016*
A written report was provided.
- c. *Draft Cash Expenditures – February 2016*
A written report was provided.
- d. *Draft Purchasing Card Expenditures – February 2016*
A written report was provided.
- e. *Draft Directors Compensation and Expense Accounting – February 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 Fund Balances – February 2016*
A written report was provided.
- h. *Information Required by Bond Agreement*
A written report was provided.

18. **2015 Annual Audit Status**

Mr. Bills presented the staff report.

19. **3941 Madison Avenue Water Main Leak**

Director Wichert asked how the leak occurred.

GM Roscoe explained that the type of pipe was PVC, which can become brittle if improperly stored prior to installation. It was speculated that the pipe segment may have been over inserted which stressed the pipe. He explained that staff reported there was an indication of lighter color suggesting possibly ultraviolet damage done to the pipe before it was installed.

Director Schild requested more detail on potential causes in any future water main leaks.

20. **California Special Districts Association Call for Nominations for Seat B**

GM Roscoe presented the staff report requesting that any Board member that is interested in being considered for nomination contact staff before April 4, 2016.

21. **Sacramento Metro Chamber of Commerce Cap-to-Cap Event 2016**

A written report was provided.

22. **Sacramento River Water Reliability Study Update**

A written report was provided.

23. **2015 Surface Water Sources and Costs**

GM Roscoe gave a brief summary of the staff report.

24. **General Manager's Report**

A written report was provided. GM Roscoe gave a brief summary of each item.

a. *Website Payment Portal*

A written report was provided.

b. *Paperless vs. Paper Billing Cost*

A written report was provided.

c. *Merchant Bank Change Information*

A written report was provided.

Director Schild requested this item come back with further details and a presentation on the process.

d. *Acquisition of Property on Antelope North Road*

A written report was provided.

e. *McClellan Business Park Update*

A written report was provided.

Director Gayle requested to continue to provide further detail on McClellan.

- f. *Placer County Water Agency (PCWA) Agreement*
A written report was provided.

25. **Legislative and Regulatory Update**

A written report was provided.

26. **Upcoming Policy Review**

A written report was provided.

- a. *Disposing of Surplus District Real Property, Vehicles and Large Equipment and Other Personal Property Policy (PL - Adm 003)*

A written report was provided. Directors' comments are due by April 4, 2016.

- b. *Employee Recruitment, Hiring and Promotion Policy (PL - HR 009)*

A written report was provided. Directors' comments are due by April 4, 2016.

27. **Upcoming Water Industry Events**

A written report was provided.

Committee Reports

- 28. a. Facilities and Operations Committee (Director Locke)

No report.

- 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.

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

- 29. a. Regional Water Authority (Director Thomas)

Agenda from the March 10, 2016 meeting was provided.

Regional Water Authority Executive Committee (General Manager Roscoe)

No report.

- b. Sacramento Groundwater Authority (Director Schild)

No report.

- c. Water Forum Successor Effort (General Manager Roscoe)
Agenda from the March 10, 2016 meeting was provided.

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 oral reports regarding the February 8, 2016 meeting at Carmichael Water District; February 10, 2016 ACWA Groundwater Committee Meeting; February 11, 2016 SGA Board Meeting; February 19, 2016 Planning Meeting; and the February 23, 2016 Challenge of Water Operations Meeting. Director Locke provided an oral report regarding the February 5, 2016 Meeting with AGM York.

Miscellaneous Correspondence and General Information

- 30. Certain correspondence received by the District was provided.
- 31. General Information related to District business was provided.

Director Wichert requested to revisit an earlier agenda item on water transfers. President Thomas agreed to revisit Item 12. There was no dissent. Agenda Item 12 was reopened for discussion.

2016 Water Transfer Program

Director Wichert directed staff to bring back more specific information that showed advantages to District customers. He further noted that he would consider water transfer agreements as far as Santa Clara.

Director Locke moved to give authority to the Ad Hoc Water Banking and Transfer Committee to approve contract terms and, if appropriate, authorize the General Manager to execute the contracts. President Thomas seconded. The motion passed on a 3/2 vote.

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

Further discussion ensued regarding scheduling an Ad Hoc Water Banking and Transfer Committee meeting. The meeting was scheduled for Friday, March 25, 2016 at 10:00 a.m.

Director's Comments/Staff Statements and Requests

Director Gayle requested to bring back the merger discussion to the April Board meeting. GM Roscoe acknowledged his request.

Director Wichert asked how many Directors were required to agendaize a future item. GM Roscoe indicated one unless there was dissent or an action was taken to not bring it back.

Director Locke requested to review the time period in which Directors receive their Board packets. He commented that currently there is not enough time to review the whole packet. He recommended bringing back an item to the May regular Board meeting to discuss all available options.

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

The Board convened in closed session at 9:58 p.m. to discuss the following:

32. 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 10:21 p.m. There was no reportable action.

Adjournment

President Thomas adjourned the meeting at 10:22 p.m.

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