

## Minutes

### Sacramento Suburban Water District **Special Board Meeting** Monday, April 25, 2016

#### **Call to Order**

President Thomas called the meeting to order at 10:02 a.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, Dan Bills, Heather Hernandez-Fort, Dave Jones, Annette O'Leary, Lynne Yost and Josh Horowitz.

Public Present: William Eubanks, Avery Wiseman, Paul Stanbrough, Ted Costa and Brenda Davis.

#### **Public Comment**

William Eubanks (Mr. Eubanks) stated that at a previous Board meeting, he requested for his comments to be excluded from the minutes however, he would now like them reinstated. He further noted that he will be making a request in writing for a copy of the audio recording of each of the Board meetings.

Mr. Eubanks also noted that it is difficult to identify who is speaking when listening to the recording, and suggested that the Board consider using a method of identifying the speaker.

General Manager Robert Roscoe (GM Roscoe) acknowledged that he preferred to include Mr. Eubanks comments, as that would accurately reflect the nature of the public comment.

#### **Items for Discussion and Action**

1. **Strategic Plan (PL - BOD 001)**  
GM Roscoe presented the staff report.

Director Locke commented on the term "lowest responsible water rate" in the Strategic Plan. He noted that at the previous Board meeting, David Jones (Mr. Jones) commented that the District is about more than just lowest cost, and that the District is also about having a good system with high quality water. He inquired if there was support to take out the term "lowest".

Director Schild asked if Director Locke had a verbiage replacement.

Director Locke noted that he believed that the term “reasonable” was better.

Director Wichert stated that he believed that the language was fine as stated, and moved to approve the redline strikethrough as presented in the staff report; Director Gayle seconded.

President Thomas commented that he did not like the term “reasonable” or the term “lowest responsible,” but that he didn’t know what the proper wording should be.

Director Schild commented that the term “responsible” puts the ownership on the Board and the staff. He further noted that everyone has a different interpretation of what “a reasonable price” means. He commented that he was still in favor of the lowest responsible water rate.

President Thomas restated the motion to adopt the Strategic Plan as submitted in Exhibit 1. The motion carried by a 4/1 vote.

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

2. **General Manager Employment Agreement**

Avery Wiseman (Mr. Wiseman) commented on the overall organizational structure of the District. He noted that GM Roscoe is highly qualified and could be operating above this small water district. He further commented that the Board should consider replacing him with a less expensive administrator.

Mr. Wiseman commented that the Board should consider consolidation discussions with Del Paso Manor Water District which he believed could focus the District on a customer-based structure.

Mr. Wiseman also suggested that the ratepayers should have a means to communicate with one another, such as access to monthly bill inserts or other ways of outreach through the District.

Director Wichert moved to approve the staff recommendation; Director Locke seconded. The motion carried by unanimous vote.

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

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

Mr. Eubanks inquired if there was to be another 2x2 Water Management Ad Hoc Committee formed, would the meetings from that Committee be made public.

President Thomas answered yes.

Mr. Eubanks inquired what the objective of a 2x2 Water Management Ad Hoc Committee would be. He further suggested that the Board should take a vote to proceed, or not to proceed with a merger with the San Juan Water District (SJWD). He commented that if the District did decide to proceed with a 2x2 Committee, the District would need to hire a legitimate business consultant that is not involved in the water industry. He further inquired who the Committee would be made up of.

President Thomas commented that he was hoping for a Committee of Board members that are open to the option of a merger.

Mr. Eubanks commented that Mr. Stanbrough previously raised two major points, water quality and regional reliability. Mr. Eubanks further commented that he is uninterested in the District becoming a regional powerhouse, and rather he is interested in knowing that the District will provide reliable water supply at a reasonable price.

Director Gayle agreed with Mr. Eubanks.

Mr. Eubanks commented that if the District is going to pursue a merger, that they should consider increasing the allotted funds to roughly \$300,000.00 dollars and suggested to do it right.

Mr. Jones commented that the District's Strategic Plan states, "The Sacramento Suburban Water District Board of Directors is committed to the long term development of the District and its ability to serve its customers now and into the future." He expressed that the Board has a responsibility to the ratepayers to get all of the information they can about a merger, and have all of the questions answered, before making a decision. He further commented that this opportunity may not come along again, and urged the Board to continue on with the 2x2 Committee to get answers.

Director Wichert moved to report to SJWD that the District is not interested in pursuing additional consolidation discussions at this time; Director Schild seconded.

President Thomas stated that his motivation was not to create a powerhouse, but rather to focus on the long-term reliability, high quality water and cost savings. He further commented that the Board stopped short of finding out all of the answers.

Director Schild briefed the Board on the history of the consolidation study. He noted that votes had been cast to discontinue consolidation discussions and that things have not changed. He expressed his dissatisfaction in the process. He further stated that there needs to be something substantial for the ratepayers.

Director Gayle stated that there are other entities that have resources that the District can use and vice versa.

Director Wichert requested Director Locke's opinion.

Director Locke noted that he was not on the Board when the consolidation process took place, and that regardless of what form it takes, he thinks a regional approach to managing the water resources is essential. He commented that the regional Districts should work together and communicate, further noting that he is in favor of a 2x2 to open up discussions. He commented that the Board is too fractured, and they need to be working together cohesively.

Director Wichert commented that sharing resources is a possibility, and that the work by the Davis Law Group established that a merger is not required to do so. He further noted that the District should pursue cooperative work with neighboring water purveyors. He commented that he has not seen any information that proves that a merger has economic benefits to the District's ratepayers, and suggested that District staff is capable of forming resources sharing opportunities.

Director Gayle echoed Director Wichert's opinion, and noted that the District needs to have relationships with other water purveyors.

President Thomas stated to Director Gayle that the motion was to stop talking with SJWD.

Director Wichert corrected President Thomas stating that his motion was to notify SJWD that we are not interested in consolidation discussions at this time.

President Thomas commented that he was concerned that without a merger, the District cannot use SJWD's CVP Contract water, and that is what they need to show use of, or there is a potential they will lose their rights to it.

Director Schild noted that the pre 1914 water could be moved around, but it would have to be supplemented or replaced with the CVP Contract water. He further noted that if President Thomas's goal was to use the CVP Contract water, then it can be done regardless of a merger.

President Thomas noted that the SJWD Wholesale Agencies want the pre 1914 water delivered to them first.

Director Gayle commented that the District needs to negotiate with SJWD, not the SJWD Wholesale Agencies.

Director Schild commented that he recollects directing staff to talk to the SJWD Wholesale Agencies.

GM Roscoe noted that staff did speak with the SJWD Wholesale Agencies, and has provided the SJWD Wholesale Agencies comment letters on the consolidation discussion to the Board at a previous meeting.

Director Locke stated that he thought it would be beneficial to start a 2x2 Committee to continue cooperative discussions.

Director Wichert stated that he was not in favor of a 2x2 Committee, but that he was in favor of cooperative resources sharing, noting that there were more options than just a 2x2 Committee, such as Board workshops.

Director Locke agreed, commenting that he was not in favor of taking all of the merger discussions off the table, but that he was interested in opening discussions of resource management.

President Thomas stated 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:			

Director Locke moved to open discussions to talk about how the District can utilize the use of the resources in the region, by working together, either a workshop or other options.

Director Wichert offered an amendment to the motion to direct staff to come back with options at the next meeting.

President Thomas commented that he was in favor of the idea of having a resource sharing discussion with the full Board.

Director Schild recommended inviting any interested parties.

President Thomas noted that he didn't want to send SJWD the message that the District was not interested in taking with them at all, but rather that we are interested in talking to them about shared resources.

Director Wichert moved to direct staff to bring back a collaborative approach to sharing regional resources with the neighboring water districts, and those possibilities could include workshops, staff-to-staff discussions, and/or joint Board meetings, etc.; Director Schild seconded. The motion passed by unanimous vote.

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

## **Information Items**

### **4. 2016 Water Transfer Program Update**

GM Roscoe presented the staff report.

Discussion ensued regarding the impact of the capacity at the Jones and Banks Pumping Plants.

Director Wichert inquired if there were any other water transfer opportunities regionally.

GM Roscoe expressed that there are very limited opportunities locally.

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

The Board convened in closed session at 11:08 a.m.

Director Schild left the meeting.

The Board convened to closed session to discuss the following:

5. Conference with Legal Counsel – Existing Litigation, Government Code sections 54954.5(c) and 54956.9(d)(1). In re Municipal Derivatives Antitrust Litigation, Master Docket No. 08-02516 VM-GWG, MDL 1950 (Sacramento Suburban Water District, et al.)

## **Return to Open Session**

The Board convened in open session at 11:20 a.m. There was no reportable action.

## **Adjournment**

President Thomas adjourned the meeting at 11:21 a.m.

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