

Minutes

Sacramento Suburban Water District

Regular Board Meeting

Monday, October 17, 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, David Espinoza, Annette O'Leary, Lynne Yost, John Valdes, David Jones, Mitch Dion, Matt Underwood and Todd Artrip.

Public Present: Avery Wiseman, William Eubanks, Shelley Artrip, Kathy Medley, Steve Medley, Anthony Chacon and Ted Costa.

Public Comment

Avery Wiseman (Mr. Wiseman) inquired about division representation. He was wondering if it was possible to elect Board Members on a District wide basis (at large) versus limiting to divisions. He was curious if there was a way to change the procedure.

Director Gayle commented that he believed that you could get more quality candidates if you open up elections to the entire District at large versus each geographic division.

General Manager Robert Roscoe (GM Roscoe) stated that the process for changing electoral methods would need to go through LAFCo, and gave a further explanation of how that process works. He identified the three most common methods used throughout the industry of electing officials and noted that at merger, both District's Board's agreed to the method of determining representation would be "residency by division, elected by division."

President Thomas requested that the discussion come back to the full Board as an agenda item including further information from LAFCo regarding what options the District has.

Mr. Wiseman also commented that he had a desire to communicate with fellow ratepayers through the District's newsletter.

Announcements

GM Roscoe announced:

- Sacramento Water Treatment Plant Ribbon Cutting Ceremony Saturday, October 29, 2016 at 10:00am – Flier at dais.
- American River Pipeline Conveyance Project Dedication Celebration on October 24, 2016 at 10:00am - info at dais.
- Replacement for page 5 on agenda Item 11.
- Certificate of Completion for Director Locke for CEQA – CA Environmental Quality Act.

Consent Items

- 1. Minutes of the September 16, 2016 Special Board Workshop**
- 2. Minutes of the September 19, 2016 Regular Board Meeting**
- 3. Facility Development Charge Setting Policy (PL – Fin 010)**
- 4. Employment Rules and Procedures Policy (PL – HR 001)**
- 5. Setting the Dates for January and February 2017 Regular Board Meetings**
- 6. Resolution No. 16-22 Amending District Conflict of Interest Code**

President Thomas requested to pull Item 6 and Director Schild requested to pull Item 2.

Director Locke requested to table Item 5 until the November regular Board meeting. The Board agreed to table Item 5.

President Thomas moved to approve Items 1, 3 and 4; Director Locke seconded. The motion passed by a unanimous vote.

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

Regarding Item 2, Director Schild commented that he disagreed with the verbiage from the September 19, 2016 regular Board meeting minutes, referring to page 113. He commented that his point had always been that San Juan Water District (SJWD) was not charging near enough for the treated water that was being delivered to the north service area of the District. He wanted to change the language to state, “Has been unreasonably low for years.”

Director Schild further noted that in the same Minutes, on page 118, he disagreed with the way the motion was stated with the no vote.

GM Roscoe clarified that there was never a vote called from the motion, only a consensus of the Board, which was why it was stated as a consensus of the Board.

Director Locke suggested stating it as a vote not a consensus.

Director Schild further commented that Director comments are usually pretty well recorded in minutes, however, he felt that the staff comments were not always as thorough.

GM Roscoe clarified that much of staff's position is written in the staff report which is why not all of staff comments are recorded in minutes.

President Thomas moved to approve Item 2 with the amended language; Director Locke seconded. The motion passed by unanimous vote.

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

Regarding Item 6, William Eubanks (Mr. Eubanks) expressed his opinion of the Conflict of Interest Code (COI), stating that it had been made more complicated. He suggested simplifying it to one page and request that everyone on the list fill out the FPPC form as directed.

Director Schild recommended to not send it to legal for review as it would be more costly.

President Thomas moved to table the Item to allow staff to attempt to shorten the COI; Director Wichert seconded. The motion passed by unanimous vote.

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

Items for Discussion and Action

7. A Week in the Life of Field Services

GM Roscoe introduced Todd Artrip (Mr. Artrip) who presented a PowerPoint presentation.

President Thomas inquired how Mr. Artrip felt about the equipment provided by the District.

Mr. Artrip expressed that he is happy with the new technology.

GM Roscoe added that staff does a great job and are up against a lot of challenges, and further commented that he thought that the application of the technology has saved staff lots of time.

Mr. Eubanks inquired about the locking devices placed at properties during lock off's and the fee's associated with that service.

GM Roscoe explained of the process for locking off and fees associated.

8. Master Services Agreement 1 Year Extension For Main Replacements - Service Line Installation

Dave Jones (Mr. Jones) presented the staff report. He introduced Kathy and Steve Medley from GM Construction, who presented the PowerPoint presentation.

GM Roscoe noted that the staff recommendation was to extend the contract by one year.

Director Wichert inquired about the future plans of the contract.

Mr. Jones clarified that after the year extension there would be a competitive bid for the next 5 years of the Master Services Contract.

Mr. Eubanks withdrew his comment.

Director Schild commented that he believed that the Master Services Agreement should be going out for a competitive bid as GM Construction had already reached its 5 year contract limit.

Director Wichert moved to approve the staff recommendation; Director Locke seconded. The motion passed on a 4/1 vote.

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

9. Resolution No. 16-23 Opposition to Proposed Changes to County Paving Program

President Thomas moved to approve the staff recommendation; Director Wichert seconded. The motion passed by a unanimous vote.

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

10. Resolution No. 16-24 Accepting Grant of Easement and Right of Way for 2701 – 2709 El Camino Avenue, APN 268-0280-056

GM Roscoe introduced the staff report noting that at the present time the District did not have the benefit of an easement, so the proposed easement would give the District an easement.

Director Locke suggested putting the check valve at the property line, noting that if it were there, the District wouldn't need an easement at all. GM Roscoe stated that the more feasible solution would be to approve the easement.

Director Wichert inquired what the estimated cost of condemnation of the adjacent property would be. GM Roscoe noted it would be significant due to legal fees.

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

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

11. Project Agreement with RWA for Grant Management Services for 2016 Prop 84 Sacramento Regional Water Efficiency Regional Water Conservation Measures Project

GM Roscoe introduced the staff report.

President Thomas moved to approve the staff recommendation; Director Locke seconded. The motion passed by unanimous vote.

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

12. 2017 Budget and 2018 Forecast – Third Draft & Reserve Policy (PL – Fin 004)

Dan Bills (Mr. Bills) presented the PowerPoint presentation of the 2017 Budget.

GM Roscoe further explained the staff recommendation.

Mr. Eubanks expressed that originally he thought it was not wise to include the 2 million dollars for water transfers into the budget, however, he believed there was recent activity relative to a water transfer, and was hopeful that there would be water transfers next year. He clarified that if the transfer did not materialize, that the difference would come out of the reserve balance.

GM Roscoe concurred with Mr. Eubanks, that it would come out of the reserve balance.

President Thomas moved to approve the staff recommendation; Director Gayle seconded. The motion passed by a unanimous vote.

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

Mr. Eubanks noted that Director Schild often does not vocalize his response to the call for a vote. President Thomas clarified that it was a unanimous vote.

Director Schild left the meeting.

Information Items

13. District Activity Report

A written report was provided.

a. Water Operations and Exceptions Report

A written report was provided.

b. Water Conservation and Regional Water Efficiency Program Report

A written report was provided.

c. Customer Service Report

A written report was provided.

d. Community Outreach Report

A written report was provided.

14. Engineering Report

President Thomas inquired about the Verner well site status.

John Valdes (Mr. Valdes) gave a brief explanation of the process of manganese treatment. He further announced that they will be breaking ground on another well at that site in the near future.

Director Wichert inquired about the TCE status at well N15.

Mitch Dion (Mr. Dion) expressed that staff was further investigating if it was possible to identify where the TCE levels were coming from, and if it could be isolated.

Mr. Dion expressed that staff did a reconnaissance level review of the area and checked the state database to see if there were any potential responsible parties documented. There weren't any identified and no written report was available.

Director Wichert asked for a copy of the reconnaissance report.

Mr. Dion stated a formal report was not prepared, and expressed that a solvent like TCE would commonly be in either electronic or metal cleaning products.

Director Wichert suggested staff look at business licensees associated with those products in the area.

Mr. Dion clarified that the well was currently off line.

President Thomas inquired about the status of the Palm well.

Mr. Dion expressed that the well drilling was currently taking place and that staff has met with all of the surrounding neighbors.

Director Wichert requested copies of the failed pipe analysis. Mr. Valdes provided the copies.

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. Planning Studies

A written report was provided.

g. Other

15. Financial Report

Mr. Bills presented the staff report.

Mr. Eubanks commented that the District may want to consider severing ties with Wells Fargo given their current criminal allegations.

President Thomas inquired if it was possible to explore other options with regards to financial banking needs, and if it was economically feasible for the District to consider alternatives.

Mr. Bills expressed that staff had already been looking at some operational complications with Wells Fargo, and that staff was exploring other alternatives as far as the District's general banking needs.

President Thomas agreed with Mr. Bills to explore options and further suggested to present the topic to the Finance and Audit Committee at the next meeting.

Mr. Eubanks inquired about the Culligan water charge for the walnut facility.

Assistant General Manager York (AGM York). AGM York stated that the fee was for a water softener for washing the District's vehicles.

Mr. Eubanks further inquired about some of the Director reimbursements, noting that Director Schild had several of the reimbursements.

GM Roscoe clarified what the reimbursements were for.

a. Financial Statements – September 2016

A written report was provided.

b. Investments Outstanding and Activity – September 2016

A written report was provided.

c. Cash Expenditures – September 2016

A written report was provided.

d. Credit Card Expenditures – September 2016

A written report was provided.

e. Directors Compensation and Expense Accounting – Through September 2016

A written report was provided.

f. Market Report Yields – January 2010 through September 2016

A written report was provided.

g. District Reserve Balances – September 2016

A written report was provided.

h. Information Required by Bond Agreement

A written report was provided.

16. Financial Markets Quarterly Report

A written report was provided.

17. Year-to-Date Interest Expense Quarterly Report

A written report was provided.

18. 2016 Lead and Copper Sampling Program

A written report was provided.

AGM York reported that staff received a letter from the Division of Drinking Water that the District has complied. GM Roscoe was pleased to announce non-detects in all the lead samples.

19. Well Efficiency Testing Annual Report

A written report was provided.

20. Supplemental CIP Funding Report

A written report was provided.

21. Human Resources Quarterly Report

A written report was provided.

Mr. Eubanks inquired about the 4 staff members that resigned. GM Roscoe explained that there has been a significantly higher turnover rate than in the past, and that the common reason was better pay elsewhere.

22. CIP Projects Quarterly Report

A written report was provided.

23. Cal WaterFix Hearing Update

A written report was provided.

Discussion ensued regarding the Cal WaterFix status.

The Directors requested for the Cal WaterFix testimony date to be sent to them once determined.

24. Legislative and Regulatory Update

A written report was provided.

25. General Manager's Report

A written report was provided.

a. 2017 Benefits Renewal Analysis for Vision, Dental and Life/Disability Insurance Plans

A written report was provided.

b. Wholesale Customer Increases from San Juan Water District

A written report was provided.

c. McClellan Update

A written report was provided.

d. Water Transfer – Bureau of Reclamation Update

A written report was provided.

e. Long Term Warren Act Contract Update

A written report was provided.

- f. *Drinking Water Fee Regulations Update*
A written report was provided.
- g. *Local Agency Formation Commission (LAFCO) Application by SSWD and Carmichael Water District Report to Initiate Annexation/Detachment*
A written report was provided.

26. Upcoming Policy Review

- a. *Debt Management Policy (PL – Fin 011)*
A written report was provided. Directors' comments are due by Monday, November 1, 2016.

Director Wichert inquired if the policy included guidance for refinancing long term debt.

Mr. Bills expressed that there was no specific section on that in the policy.

Director Wichert suggested that it would be nice to have something in the policy regarding if and when it would be appropriate to refinance long term debt.

GM Roscoe expressed that staff will table the item and bring it back to the next regular Board meeting.

27. Upcoming Water Industry Events

Committee Reports

- 28. a. Facilities and Operations Committee (Director Locke)
Notes from the September 30, 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.

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

- 29. a. Regional Water Authority (Director Thomas)
No report.

Regional Water Authority Executive Committee (General Manager Roscoe)
No report.

- b. Sacramento Groundwater Authority (Director Schild)
Agenda from the October 13, 2016 Meeting was provided.
- c. Water Forum Successor Effort (General Manager Roscoe)
No report.

Carryover Storage Working Group Meetings
No report.

Water Forum Dry Year Conference Meeting
No report.

Water Caucus Meeting
Agenda from the October 12, 2016 Meeting was provided.

d. Other Reports

Director Locke provided an oral report regarding the CEQA training on September 21, 2016.

President Thomas provided oral reports regarding the Aerojet CAG Meeting on September 21, 2016; his meeting with the Assistant General Manager on September 22, 2016; and the Carmichael Founders Day that he attended on September 24, 2016.

Director Gayle provided an oral report regarding the CSDA Conference on October 10-13, 2016.

Miscellaneous Correspondence and General Information

30. Certain Correspondence received by the District was provided.

31. General Information related to District business was provided.

Director's Comments/Staff Statements and Requests

Mr. Eubanks inquired about the procedure if a Board member does not respond when calling for a vote, noting that the President of the Board should follow up with that Board member.

Director Wichert commented that Director Schild did voice some of the votes and abstained for others.

GM Roscoe quoted the rules on an abstained vote noting that it would be recoded as a yes vote.

Director Wichert requested to hold an Ad Hoc General Managers Performance Review Committee meeting with Director Gayle on October 27, 2016 at 3:00 p.m. at the Marconi office. Director Gayle agreed.

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

None.

Adjournment

President Thomas adjourned the meeting at 8:47 p.m.

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