

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, January 23, 2017

Swearing in Newly Elected Director

Secretary Roscoe administered the oath of office to Dave Jones.

Call to Order

President Wichert called the meeting to order at 6:35 p.m.

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones, 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, Annette O'Leary, John Valdes, Mitch Dion, Lynne Yost, James Arenz, Mitch Dion, Mitchell McCarthy, David Espinoza and David Armand.

Public Present: William Eubanks, Avery Wiseman, Ted Costa, Keith Durkin, Anthony Chacon, Diane Jones and Brenda Davis

Announcements

General Manager Robert Roscoe (GM Roscoe) announced:

- The California Special Districts Association (CSDA) Board Member Handbook was at the dais.
- GM Roscoe noted that the District was purchasing PCWA surface water according to the take-or-pay agreement. He further clarified that the District paid roughly \$75.00 per acre foot. President Wichert inquired what the breaking point was where staff decided to take advantage of surface water. GM Roscoe clarified that the Board adopted an annual budget which included an estimated budget for purchasing surface water. He further stated that the General Manager has the responsibility to operate the system within the adopted budget. GM Roscoe noted that there was a take-or-pay obligation, so he did not want to risk purchasing the Section 215 water, when there was already an obligation to take or pay PCWA water.
- GM Roscoe further announced that Director Locke had a conflict and would not be able to attend the March regular Board meeting. Director Schild noted that he may not be available for that meeting either. President Wichert requested for staff to place on the February regular Board meeting agenda to review the date of the March regular Board meeting.

Public Comment

Frederick Gayle (Mr. Gayle) inquired how the District was compensated for the use of the water by Government Agencies at McClellan Business Park, as well as the use of the water by the fire district.

GM Roscoe clarified that if there was a meter service at the property, the District would charge accordingly. He further clarified that the fire district was not charged for the water that is used through the fire hydrant.

President Wichert requested for staff to bring back an informational item regarding how other District’s handle firefighting water use.

Consent Items

- 1. Minutes of the December 19, 2016 Regular Board Meeting**
- 2. Agreement to Grant Easement to SMUD for Palm Well N6A Project**
- 3. Drug and Alcohol Program Policy (PL – HR 010)**

Director Schild requested to pull Item 3.

Director Thomas moved to approve Items 1 and 2; Director Locke seconded. The motion passed by unanimous vote.

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

Regarding Item 3, Director Schild commented that the policy can mention marijuana, but that it needed to be careful when noting limits, as there has not been a legal limit determined for testing for marijuana yet. He further noted that he felt ok with the Policy as written.

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

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

Items for Discussion and Action

- 4. Presentation Regarding Resolution No. 16-28 Honoring Frederick A. Gayle as District Board Member**

President Wichert recited the Resolution to Mr. Gayle.

Mr. Gayle accepted the Resolution and commented that of all of the organizations that he had been a part of, this has been one of the finest he has served on.

William Eubanks (Mr. Eubanks) wanted to extend his personal appreciation to Mr. Gayle noting that he has always recognized to the value of public opinion and he wanted to congratulate him on his election to the Fire District Board.

5. Committee and Liaison Appointments for 2017

President Wichert introduced the staff report. He recommended establishing a Committee called the Water Quality Committee, which he suggested would focus on the quality of water as it related to the chemical species, taste, color and the perception of the public regarding the quality of the water.

Director Jones inquired what kind of issues President Wichert thought would come from that Committee.

President Wichert expressed that he was hopeful that the Committee would focus on the way that the District sampled for chemical species, how the District dealt with the species, what levels of action were in place, and how they were tracked. He noted that he was disappointed in the presentation that staff gave regarding the chemical contaminates, and that he wanted to work towards getting a program to improve the process.

Director Jones agreed to be on the Committee; President Wichert concurred, appointed Director Jones, and appointed himself Chair of the Committee and noted that it will be a standing Committee.

President Wichert made the following appointments for 2017:

Committees

Facilities and Operations Committee.....Neil Schild, Chair
.....Dave Jones
.....Staff Contact: Dan York

Finance and Audit CommitteeKevin Thomas, Chair
.....Neil Schild
.....Staff Contact: Dan Bills

Ad Hoc General Manager Performance Review Committee.....Craig Locke, Chair
.....Kevin Thomas

Ad Hoc Water Banking and Transfer Committee.....Neil Schild, Chair
.....Craig Locke
.....Staff Contact: Rob Roscoe

Government Affairs CommitteeCraig Locke, Chair
Kevin Thomas
Staff Contact: Rob Roscoe

Liaison Assignments

ACWA/JPIADirector Position: Neil Schild
Staff Position: Roscoe

ACWA/JPIA Workers Compensation Committee.....Neil Schild

ACWA Federal Affairs CommitteeNeil Schild

ACWA General Election Voting DelegateNeil Schild

ACWA Groundwater CommitteeDave Jones
Neil Schild
Kevin Thomas
Craig Locke
Bob Wichert
Robert Roscoe

ACWA Local Government & Outreach CommitteesKevin Thomas

ACWA Water Management Committee.....Dave Jones
Craig Locke
Kevin Thomas
Robert Roscoe

California Special Districts AssociationKevin Thomas
Dave Jones

CSDA Transparency and Formation Expert Feedback Teams....Kevin Thomas

CSDA Fiscal and Education CommitteesDave Jones

Regional Water Authority.....Kevin Thomas
Robert Roscoe
Neil Schild, Alternate
Bob Wichert, Alternate
Craig Locke, Alternate
Dave Jones, Alternate

Sacramento Groundwater Authority recommendations.....Board Rep. Neil Schild
.....Staff Rep. Robert Roscoe
.....Kevin Thomas, Alternate
.....Bob Wichert, Alternate
.....Craig Locke, Alternate
.....Dave Jones, Alternate

Sacramento Water Forum Successor Effort.....Staff Rep: Robert Roscoe
.....Neil Schild
.....Craig Locke, Alternate
.....Kevin Thomas, Alternate
.....Bob Wichert, Alternate
.....Dave Jones, Alternate

President Wichert noted that they would address the LAFCo Special District’s Advisory Committee in agenda Item 7.

President Wichert noted that the 2x2 Water Management Ad Hoc Committee and the Ad Hoc Water Right Review Committee both have been dissolved.

6. Catastrophic Leave Policy – (PL – HR 008)

GM Roscoe presented the staff report.

President Wichert inquired why so much of the Policy was removed.

GM Roscoe stated that after reviewing the policy, staff determined that there was a significant amount of administrative language, which would be more appropriate as part of the administrative Procedure instead the Policy.

President Wichert agreed that a lot of the language was below the level of the Board, however, he was unsure why the donation restrictions would be removed from the Policy.

GM Roscoe clarified that most of the language recommended to come out of the Policy would be placed in the administrative Procedures document.

Director Locke commented that he believed having the language in the Policy rather than the Procedure was more of a hindrance to management staff. He further expressed that the General Manager should have the latitude to make those Procedure decisions.

President Wichert noted that the policy was to allow this kind of leave transfer, and that the policy was put into place to allow the General Manager to administer the procedure.

Director Schild commented that he wanted to see the restrictions left in the Policy.

Director Jones suggested that the Policy state the current restriction language be placed in the procedure.

Director Jones moved to accept staff recommendation with the proviso that the section stating “all donations will be subject to the following...” would be a part of the procedure; Director Locke seconded. The motion passed by a 4/1 vote.

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

7. Sacramento LAFCo Call for Recommendations for Membership on Special District Advisory Committee (SDAC)

President Wichert introduced the staff report, and volunteered to serve on the Committee for seat “B”.

Director Thomas moved to nominate President Wichert; Director Jones seconded. The motion passed by unanimous vote.

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

Information Items

8. Update on District Actions to Address Chromium 6 Contamination of Groundwater Wells

GM Roscoe presented the staff report.

President Wichert read the statement that was provided in the Board packet.

Mr. Eubanks asked the following questions:

1. Who was the District suing
2. What was the likelihood of success; and
3. What persuaded the Board to sign the contract to enter into litigation

President Wichert noted that the Board will follow up with responses to the questions at the February regular Board meeting.

9. 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.

10. Engineering Report

A written report was provided. Mitch Dion (Mr. Dion) provided an oral summary.

President Wichert requested for staff to list out the names of the firms that have bid for District projects in future reports.

Director Thomas inquired about taking a tour of District facilities; Director Locke expressed interest as well. Mr. Dion expressed that he would coordinate a tour with the Directors.

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. General
A written report was provided.

f. Planning Studies
A written report was provided.

g. Other
A written report was provided.

11. Financial Report

A written report was provided.

Mr. Eubanks commented that he attended the rate workshop and suggested that staff establish a minimum floor at which the reserve balance should be kept. He commented

that staff previously expressed the opinion that it shouldn't go below 40 million dollars, but that there was not an established number.

Director Schild commented that Mr. Eubanks' suggestion could precipitate either a rate increase, or cutbacks.

President Wichert requested for staff to bring the Reserve Policy for first review to the March regular Board meeting for further review and discussion.

Director Schild requested for staff to list the investment information quarterly rather than monthly.

a. DRAFT - Financial Statements – December 2016

A written report was provided.

b. Investments Outstanding and Activity – December 2016

A written report was provided.

c. Cash Expenditures – December 2016

A written report was provided.

d. Credit Card Expenditures – December 2016

A written report was provided.

e. Directors Compensation and Expense Accounting – Through December 2016

A written report was provided.

f. Market Report Yields – January 2010 through December 2016

A written report was provided.

g. DRAFT - District Reserve Balances – December 2016

A written report was provided.

h. DRAFT - Information Required by Bond Agreement

A written report was provided.

12. 2016 Budget Reallocations

A written report was provided.

13. Financial Markets Quarterly Report

A written report was provided.

14. DRAFT -Year-to-Date Interest Expense Quarterly Report

A written report was provided.

15. San Juan Water District Wholesale Water

A written report was provided. President Wichert inquired what the next steps were.

Dan Bills (Mr. Bills) expressed that San Juan Water District (SJWD) staff had been working with District staff on coming to an agreement on the language for the contract.

President Wichert stated that the District has been paying more, while the contract has been in negotiations, expressing that there is urgency to getting the contract finalized.

Director Schild commented that the important part was to interpret and administer the existing contract.

GM Roscoe expressed that staff would propose language to SJWD staff by the following week.

Keith Durkin, Interim General Manager of SJWD (Mr. Durkin) expressed that SJWD was happy to work with the District on coming to an agreement regarding the contract language. He further noted the value of the cost of treating and delivering the water from SJWD compared to the cost from other local purveyors. He also noted that SJWD had not updated the charges to the District on a regular basis; therefore, the charges were artificially low for several years. He expressed that although SJWD was not going to go back and charge the District the rate that it should have been; there were adjustments made to charge the District a more accurate rate going forward. He ended by stating that it was important for SJWD to get the contract updated to a fair and equitable agreement with the District as quickly as possible.

Director Schild expressed that it appeared that SJWD was attempting to recover for undercharging the District for years by raising the rate.

Mr. Durkin clarified that SJWD was not trying to make up for undercharging the District; rather SJWD was adjusting the rate to today's rate for treating and delivering water.

President Wichert requested clarification on Placer County Water Agency (PCWA) "take-or-pay" water. Mr. Bills further explained the "take-or-pay" contract.

President Wichert requested that staff bring back an estimate of the budgetary cost for 2017 of the rate increase. Mr. Bills expressed that staff would bring back a detailed explanation to a future board meeting.

Director Schild commented that he believed that there could be a conflict with the same legal firm representing both district's during the contract discussions.

Mr. Durkin expressed that he was hopeful that the contract discussions could be resolved through staff, and that they would address if there was a legal firm conflict at the time the document was prepared for legal review.

GM Roscoe expressed that the District and SJWD have worked together for a number of years and he was optimistic that any contract issues would be resolved. He further noted that staff would have a report on the status of the contract by the February regular Board meeting.

16. California Water Fix Update

A written report was provided; GM Roscoe provided a brief summary.

17. Human Resources Quarterly Report

A written report was provided.

18. CIP Projects Quarterly Report

A written report was provided.

Director Jones inquired if all of the detail in the CIP report was necessary.

GM Roscoe expressed that staff will make the report briefer for future meetings.

19. Annual Environmental Compliance Activity Report

A written report was provided.

20. Preventive Maintenance Annual Report

A written report was provided.

21. Lead and Copper Rule Monitoring and Lead Sampling in Schools

A written report was provided.

GM Roscoe provided an overview of the school lead sampling requirement.

22. 5220 Palm Avenue Water Main Failure

A written report was provided.

President Wichert inquired if there was an overpressure event that caused the failure.

Jim Arenz (Mr. Arenz) explained what happened, noting that it was not caused by an overpressure event.

23. Electric Vertical Turbine Well Pump Motor Failures

A written report was provided.

24. CEQA Exemptions for Water Facility Projects: Parkland Estates Main Replacement Project and Hurley Way - Jonas Avenue Water Main Extension Project

A written report was provided.

25. Comments on Making Conservation a California Way of Life Letter

A written report was provided.

26. State Water Resource Control Board Draft Executive Order Implementation Proposal

A written report was provided; GM Roscoe provided a brief summary.

Mr. Eubanks expressed that the District should not be subsidizing anything at McClellan Business Park (MBP) and further expressed that he believed that MBP should be responsible for upgrading their existing infrastructure as well as any new infrastructure.

Director Schild commented that the District should complete the projects on the list with MBP, then pursue MBP making their own improvements.

27. Legislative and Regulatory Update

A written report was provided.

28. General Manager's Report

A written report was provided.

a. McClellan Park Improvement Issues Update

A written report was provided; GM Roscoe provided a summary of the status.

b. Long Term Warren Act Contract Update

A written report was provided.

c. County of Sacramento Proposed Paving Requirements

A written report was provided.

d. City of Sacramento Wholesale Water Rates and 9,023af of Area D Water

A written report was provided.

e. McClellan Restoration Advisory Board (RAB) Meeting

A written report was provided.

f. RWA 2017 Executive Committee Elections

A written report was provided.

29. Upcoming Policy Review

A written report was provided.

a. Electronic Mail Management and Retention Policy (PL – IT 003)

A written report was provided. Directors' comments were due by February 13

b. Investment Policy (PL – Fin 003)

A written report was provided. Directors' comments were due by February 13

30. Upcoming Water Industry Events

A written report was provided.

Committee Reports

31. a. Facilities and Operations Committee (Director Locke)

The agenda for the January 20, 2017 meeting was 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)

32. a. Regional Water Authority (Director Thomas)

The agenda for the January 12, 2017 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)

The agenda from the December 15, 2016 Meeting was provided.

Carryover Storage Working Group Meetings

No report.

Water Forum Dry Year Conference Meeting

No report.

Water Caucus Meeting

The agenda from the December 14, 2016 Meeting was provided.

d. Other Reports

Director Locke provided an oral report regarding his meeting on October 11, 2016 with the Assistant General Manager; the SJWD Board Meeting on October 26,

2016; the Sacramento Water Treatment Plant Opening on October 29, 2016; the SJWD Board Meeting on November 9, 2016; his meeting with the General Manager on November 10, 2016; the ACWA Fall Conference November 28, 2016 through December 1, 2016; his meeting with the General Manager on December 22, 2016 and the Rate Study Workshop that he attended on January 11, 2017.

Director Thomas provided an oral report on the Garden on Eden Ribbon Cutting on December 14, 2016 and his meeting with the Assistant General Manager on January 17, 2017.

Miscellaneous Correspondence and General Information

- 33. Certain correspondence received by the District was provided.**
- 34. 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 8:36 p.m. to discuss the following:

- 35. Public Employee Performance Evaluation Involving the General Manager Under Government Code Section 54954.5(e) and 54957**

Return to Open Session

The Board convened in open session at 8:47 p.m.

The Board reported that President Wichert was selected as the General Manager's labor negotiator.

Adjournment

President Wichert adjourned the meeting at 8:48 p.m.

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