

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, June 19, 2017

Call to Order

President Wichert called the meeting to order at 6:30 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, David Espinoza, James Arenz, Dana Dean and John Valdes.

Public Present: District Legal Counsel Ryan Bezerra, Avery Wiseman, Mitch Dion, Jeff Nelson and Audie Foster.

Announcements

General Manager Robert Roscoe (GM Roscoe) announced:

- The El Dorado County Water Agency Application for WaterSMART Water Marketing Strategy Grant status;
- And that the Form 470's were at the dais for each Board member to fill out and turn in;
- That the Association of California Water Agencies (ACWA) highlighted the District's Ribbon Cutting Event in their publication;
- And that staff requested to pull Agenda Item number 9, as there were updates to the Item. He noted that staff would bring the Item back at a future Board meeting.

Public Comment

None.

Consent Items

1. **Minutes of the May 15, 2017 Regular Board Meeting**
2. **Resolution No. 17-07 Placing in Nomination Assistant General Manager Dan York for Association of California Water Agencies Region 4 Board Member**

Director Schild requested to pull Item 2.

Director Locke moved to approve Item 1; Director Thomas seconded.

Director Schild expressed that he had one comment for Item 1.

GM Roscoe clarified that the Board should then pull Item 1 for correction.

President Wichert pulled agenda Item 1.

Regarding agenda Item 1, Director Schild noted that on page 58 the minutes stated that he “attended” the FISH Working Group Meeting, however, he corrected that he “monitored the webinar.” He requested for the minutes to reflect that correction.

GM Roscoe noted that it would be corrected.

Director Thomas moved to approve Item 1 with the noted change; Director Locke seconded. The motion passed by unanimous vote.

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

Regarding agenda Item 2, Director Thomas moved to approve agenda Item 2; Director Jones seconded.

Director Schild commented that the District rate payers had been paying for someone to serve on the Board, but that the District really didn’t get much out of it. He further commented that other districts should step up and represent their district. He also stated that he didn’t believe that staff had much time to commit to this Board.

President Wichert commented that he didn’t want to seem like the District was pulling back as a result of the General Manager’s retirement. He noted that he was in favor of staff’s recommendation.

Director Thomas noted that he also supported staff’s recommendation.

GM Roscoe explained the benefit to the District by being involved and active with ACWA.

Director Schild commented that the Directors should be the ones representing the District with ACWA.

Director Thomas inquired if Director Schild was interested in running; Director Schild commented that it was too late.

GM Roscoe expressed that the staff report reflected the recommendation from the Board at the May regular Board meeting. He further explained ACWA’s nominating process.

President Wichert inquired if Director Schild was interested in being nominated, he responded that he was.

President Wichert moved to nominate Director Schild.

GM Roscoe reminded the Board that there was already a motion and a second to support the staff recommendation.

Director Jones noted that he believed that Assistant General Manager Dan York (AGM York) would be a better candidate. He stated that there would be a new General Manager coming onboard soon, and that AGM York could provide information to that new General Manager.

Director Jones was recognized as the maker of the motion. He stated that he wanted the President to call the question. President Wichert restated the initial motion to support the staff recommendation. The motion passed on a 4/1 vote. Director Schild opposed.

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

Items for Discussion and Action

3. Update on Website Redesign

Annette O’Leary (Ms. O’Leary) presented an overview on the progress of the new redesigned website.

Director Thomas inquired about Vision Internet, the web designer that staff chose to rebuild the District’s website, inquiring if staff looked into any additional companies.

GM Roscoe provided further explanation as to why staff selected Vision Internet.

AGM York informed the Board that staff did obtain a proposal from one other web designer and staff generated a memorandum of recommendation to the General Manager to contract with Vision Internet.

President Wichert expressed that he felt that it was equitable to go with Vision Internet.

Director Thomas inquired if there were any statistics on how many District customers viewed the District website via wireless device.

Ms. O’Leary expressed that staff would get that information and report back to the Board.

Director Schild requested for further updates in the future.

4. **Budget Policy (PL – Fin 012)**

Dan Bills (Mr. Bills) presented the staff report.

President Wichert expressed that he was not comfortable with the policy, as he believed it did not highlight keeping the rates low. He further commented that the policy noted the District's Master and Asset Plans, which were not supported by the current budget amounts, stating that it could be used as leverage to increase the budget/rates in the future.

Director Jones pointed out that rates were identified in the District's Mission Statement.

Director Schild pointed out a few sections which noted to stabilize and minimize rates over time.

President Wichert expressed that he wanted to try to maintain rates equal to inflation noting that he was not in favor of having rate increases based on Capital Improvement Projects (CIP) that may or may not be necessary.

Mr. Bills reminded the Board that there was a separate policy that was established for setting rates, PL – Fin 009 Water Service Charges and Rate Setting Policy. He passed out that policy to the Board and public.

Director Locke expressed that he felt that linking the budget to the expenses was more important than linking it to the rate. He suggested that perhaps the two policies should be reviewed together. He further commented that it was universal throughout the industry that infrastructure needs were not being addressed as the cost of water increased. He additionally commented that if the District raised rates incrementally, it would still allow for maintaining and improving the District's assets, which would be the more responsible course of action to take. He finally stated that he believed to underfund maintenance and operations could result in the District having massive rate increases, which was not responsible.

Director Schild commented that the District's CIP has been maintained, and that he believed that the District has made a lot of good investments in CIP.

Director Locke expressed that the District had a CIP plan and that studies have been conducted showing that we are not funding it to the degree that is necessary.

Avery Wiseman (Mr. Wiseman) commented that he believed that the District had a grossly overinflated CIP. He expressed that he believed the cost of water was not increasing, and that the ratepayers were being taken advantage of, and that the District had a huge reserve. He expressed that the Board should be talking about economizing.

President Wichert requested to review the Budget Policy and the Water Service Charges and Rate Setting Policy together at the July 2017 regular Board meeting.

Mr. Bills explained that Directors had until July 3, 2017 to provide any comments they have on either or both of the policies.

5. 2018/19 Budget Preparation Timeline

Mr. Bills presented the staff report.

Director Schild suggested having an additional Finance and Audit Committee (F&A Committee) Meeting before the Board workshop and for that committee to review the budget before it was presented to the Board.

President Wichert moved to support the staff report with the inclusion of an additional F&A Committee Meeting before the Board workshop; Director Thomas seconded. The motion passed by unanimous vote.

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

6. Claim – 2925 Mission Avenue

John Valdes (Mr. Valdes) presented the staff report.

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

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

7. California Special Districts Association Board Elections – Seat C

Director Schild recommended casting the vote for Scott Holbrook.

Director Thomas moved to cast the vote for Scott R. Holbrook with the Auburn Area Recreations & Park District; Director Schild seconded. The motion passed by unanimous vote.

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

8. General Manager Recruitment Salary Range

Director Schild presented the staff report. He noted that the committee recommended the starting point of \$14,000 – \$16,250 per month, for the General Manager recruitment salary range.

Mr. Wiseman commented that he believed that GM Roscoe was very highly qualified and that he should be performing at a much higher level. He further expressed that the District didn't need a professional engineer as a General Manager, but rather a person

that can make good financial and personnel decisions. He commented that the region had grossly inflated salary ranges, and that the District should hire appropriately. Lastly, he suggested seeking retired military officers as potential replacements.

President Wichert inquired what the highest paid salary position at the District was, plus 10 percent.

Mr. Bills answered the figure would be \$160,000 per year.

President Wichert noted that he had no problem with offering a range of \$160,000 – \$195,000 per year.

Director Jones moved to set the General Manager recruitment salary range to \$160,000 – \$195,000 per year; Director Thomas seconded. The motion passed by a 4/1 vote, Director Locke abstained and Director Schild opposed.

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

9. **Verizon Wireless Lease at Auburn Yard**

This item was pulled and will be brought back at a future meeting.

Information Items

10. **District Activity Report**

A written report was provided.

Director Schild inquired about the preventative maintenance program in the Exception Report.

Director Locke recommended that staff list the number of main line valves the District has in order to show a comparison on how many have been completed.

AGM York noted that the information provided to the Board was to notify that there was significantly less preventative maintenance work completed due to staffing issues.

Director Schild inquired why we were not taking more surface water.

Jim Arenz (Mr. Arenz) noted that we were right on target for the 12,000 acre feet that was budgeted.

GM Roscoe noted that the budget assumed roughly 2 million dollars in revenue from a water transfer which was unlikely to occur.

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.

11. Engineering Report

A written report was provided.

Director Schild inquired about the cost of the manganese treatment at the Palm Well.

John Valdes (Mr. Valdes) commented that staff was currently getting quotes.

Director Schild further inquired about who was responsible for the refurbished well casing failure at the N8 Well.

Mr. Valdes expressed that staff will look into it and report back.

a. Major Capital Improvement Projects
A written report was provided.

b. County and City Projects/Coordination
A written report was provided.

c. Groundwater Quality Projects
A written report was provided.

d. Developer Projects
A written report was provided.

e. Planning Studies
A written report was provided.

f. Other
A written report was provided.

12. Financial Report

A written report was provided.

a. Financial Statements – May 2017
A written report was provided.

- b. *Cash Expenditures – May 2017*
A written report was provided.
- c. *Credit Card Expenditures – May 2017*
A written report was provided.
- d. *District Reserve Balances – May 2017*
A written report was provided.
- e. *Information Required by Bond Agreement*
A written report was provided.

13. **McClellan Business Park and Operations Agreement Update**
AGM York presented the staff report.

Director Jones inquired if there would be any additional costs if the District had to excavate and discard the dirt at the McClellan site.

AGM York expressed that he would get the answer and report back.

14. **Closeout of Groundwater Monitoring Wells Project**
A written report was provided.

Director Schild inquired what the total cost of the project was.

Mr. Valdes noted that he would get that answer and report back.

15. **Conjunctive Use and Drought Response**
A written report was provided.

16. **Legislative and Regulatory Update**
A written report was provided.

17. **General Manager's Report**
A written report was provided.

- a. *Long Term Warren Act Contract Update*
A written report was provided.
- b. *California WaterFix Update*
A written report was provided.
- c. *Joint Purchasing Opportunities*
A written report was provided.

d. Letter-of-Credit Extension

A written report was provided.

e. Water/Sewer Separation Issue with Department of Drinking Water

A written report was provided.

18. Upcoming Water Industry Events

A written report was provided.

Director Locke requested for meetings such as the Kennedy Jenks meetings to be included in the staff report.

Committee Reports

19. a. Facilities and Operations Committee (Director Schild)

No report.

b. Finance and Audit Committee (Director Thomas)

No report.

c. Water Quality Committee (Director Wichert)

No report.

d. Government Affairs Committee (Director Locke)

No report.

e. Ad Hoc Water Banking and Transfer Committee (Director Schild)

No report.

f. Ad Hoc Selection Committee (Director Wichert)

No report.

g. Ad Hoc Process Committee (Director Wichert)

No report.

h. Ad Hoc Compensation Committee (Director Schild)

Provided in agenda item 8.

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

20. a. Regional Water Authority (Director Thomas)

The agenda from the May 18, 2017 Meeting was provided. Director Schild provided an oral report on the meeting.

Regional Water Authority Executive Committee (General Manager Roscoe)

The agenda from the May 24, 2017 Meeting was provided.

- b. Sacramento Groundwater Authority (Director Schild)
The agenda from the June 8, 2017 Meeting was provided. Director Schild provided an oral report on the meeting.
- c. Water Caucus Meeting
No report.
- d. Water Forum Successor Effort (General Manager Roscoe)
The agenda from the June 8, 2017 Meeting was provided.
- e. Other Reports
Director Thomas provided oral reports regarding his meetings with the General Manager on May 31, 2017; the Assistant General Manager on June 9, 2017; the Ethics Training that he took on June 17, 2017; the Sexual Harassment Training that he took on June 18, 2017; and the Water Forum Meeting that he attended on June 8, 2017.

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 7:54 p.m. to discuss the following:

- 23. Conference with legal counsel – potential litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving the State Water Resources Control Board's proceedings related to the California Water Fix and the Bay-Delta Water Quality Control Plan Update.

Return to Open Session

The Board convened in open session at 8:22 p.m. There was no reportable action.

Adjournment

President Wichert adjourned the meeting at 8:23 p.m.

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