

Minutes

Sacramento Suburban Water District

Regular Board Meeting

Monday, September 19, 2016

Call to Order

President Thomas called the meeting to order at 6:34 p.m.

Roll Call

Directors Present: Frederick Gayle, Craig Locke, Neil Schild, Kevin Thomas and Robert Wichert (via teleconference).

Directors Absent: None.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, David Espinoza, Dave Jones, John Valdes, Annette O’Leary, Lynne Yost, James Arenz, Mitch Dion and Hannah Dunrud.

Public Present: Avery Wiseman, Shelley Andersen, William Eubanks, Jennifer Harder with several students and Brenda Davis.

Public Comment

None.

Announcements

General Manager Robert Roscoe (GM Roscoe) announced:

- Director Wichert was present via teleconference.
- Update regarding the Cal WaterFix hearing.

Consent Items

1. **Minutes of the August 15, 2016 Regular Board Meeting**
2. **Water Service Charges and Rate Setting Policy (PL – Fin 009)**
3. **Driver Record and Insurance Review Policy – (PL – HR 006)**

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

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

Items for Discussion and Action

4. 2016 Compensation Study

GM Roscoe announced the staff report and introduced Shellie Anderson (Ms. Anderson) with Bryce Consulting, who presented the PowerPoint presentation.

Ms. Anderson explained the regions that were surveyed for the study.

Director Schild suggested that the District try to work together with some of the surrounding purveyors to conduct a joint survey collectively so that the salaries are similar among regional purveyors.

GM Roscoe noted that he has advocated a regional compensation study through Regional Water Authority, and there has been no significant interest by other purveyors.

Director Wichert noted that the General Manager has taken the position of paying above the median, which could drive up the rates and in turn could drive up salaries in the region. He further recommended the median, commenting that if it goes above that, there is a higher potential for increased water rates.

Ms. Anderson clarified that the report was based on her recommendation.

Discussion ensued regarding Y-rating salaries, which has been done in the past.

Director Gayle moved to approve the staff report; Director Locke seconded. The motion passed by 4/1 vote, Director Schild opposed.

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

5. Update and Demonstration on Website Improvements

GM Roscoe introduced Annette O’Leary (Ms. O’Leary) who presented the staff report.

William Eubanks (Mr. Eubanks) complimented staff by stating that the District’s website was by far the most superior compared to other water districts websites. He further noted its quality in transparency.

President Thomas echoed Mr. Eubanks’ comments regarding the website, and added that he was interested in keeping the website online after the expiration of the current platform.

GM Roscoe explained that the current platform will no longer be supported from the vender.

Director Wichert suggested staff do a request for proposals for the new website. President Thomas agreed.

Ms. O’Leary expressed that staff has received proposals.

President Thomas noted that he would like to do some research as well. Director Schild suggested staff do the research.

Director Locke noted that the District’s website is how the ratepayers see the District and that he supported a quality product.

President Thomas requested for this item to come back for discussion at a future Board meeting.

6. California Special Districts Association 2017 Committee & Expert Feedback Team Participation

GM Roscoe presented the staff report.

President Thomas inquired if there were any Board members interested. Director Gayle expressed interest, however withdrew.

No action was taken.

7. 2016 Operations and Maintenance Expense Forecast

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

Director Wichert requested to receive the handout from San Juan Water District (SJWD) on their proposed new wholesale rate plan.

Director Wichert suggested for staff to monitor the rates being charged by SJWD to other purveyors in comparison to the rate being charged to the District to be sure the District is being treated equitably.

Director Schild noted that the rate to the District has been unreasonably low for years.

GM Roscoe commented that the report just came out and that staff will review it.

8. Resolution No. 16-21 Delegate Authority to Accept Easements – General Manager Mitch Dion (Mr. Dion) presented the staff report.

Director Schild noted that the verbiage should read “up to” \$5,000. Mr. Dion stated that the verbiage would be adjusted.

Director Schild also noted that the easements would need to meet District Policy and that if any didn’t, the easement would need to come before the full Board. Staff agreed.

Director Locke moved to approve the staff report with the modification of changing the wording from “ceiling of \$5,000” to state “up to \$5,000.” Director Gayle seconded. President Thomas clarified that easement updates will be placed in the GM Report for future reference.

The motion passed by unanimous vote.

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

Information Items

9. District Activity Report

A written report was provided.

President Thomas suggested staff notify customers about any wellsite ribbon cutting events. He further suggested that staff notify customers about the Carmichael Founders Day with a flier in the Customer Service area.

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.

Director Wichert inquired about the capacity at Well 59A. John Valdes (Mr. Valdes) gave a brief explanation.

Director Wichert inquired about the water quality, specifically TCE at Well N15. Mr. Dion gave a brief explanation.

Director Wichert suggested staff solicit proposals to identify the source of the TCE. He requested for staff to periodically report back to the Board on the status of this.

Director Wichert inquired about water born soil from the PVC pipe analysis. He further inquired about the fractured sample that was sent for analysis. Mr. Valdes gave a brief explanation.

- 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*
A written report was provided.

11. Financial Report

A written report was provided.

- a. *Financial Statements – August 2016*
A written report was provided.
- b. *Investments Outstanding and Activity – August 2016*
A written report was provided.
- c. *Cash Expenditures – August 2016*
A written report was provided.
- d. *Credit Card Expenditures – August 2016*
A written report was provided.
- e. *Directors Compensation and Expense Accounting – Through August 2016*
A written report was provided.
- f. *Market Report Yields – January 2010 through August 2016*
A written report was provided.
- g. *District Reserve Balances – August 2016*
A written report was provided.

h. Information Required by Bond Agreement

A written report was provided.

12. 2017/18 Budget Status

Mr. Bills presented the staff report. He noted that currently there was an imbalance and staff was requesting direction on the three options that would assist in creating a balanced budget.

Director Wichert requested staff to further explain why there was an increase to the budget. GM Roscoe explained the general increases in the budget.

Avery Wiseman (Mr. Wiseman) suggested that staff should make some overall cutbacks, but that the District didn't need to make substantial changes to the budget including not proceeding with a rate increase.

Director Schild recommended using the cash reserves to cover any deficit if expected revenue is not met and suggested leaving the water transfer amount in the budget as an incentive.

Director Schild also suggested staff review the O&M budget and the OCB budget for any additional cuts.

Director Wichert supported the rate stabilization fund and suggested purchasing less surface water.

Director Locke expressed his support for the 4% rate increase.

Discussion ensued regarding where there could be additional savings in the budget.

GM Roscoe expressed that the presentation at the Special Board Workshop went over the details of the budget and that many potential savings were already included.

President Thomas expressed support for the rate increase and was interested to see if there was anything additional that can be reduced from the O&M budget.

Director Locke noted that the Board wanted to keep the reserves above \$40 million, and that he was not in favor of going below that.

Mr. Eubanks stated that the management staff was asking for direction and that the Board was not providing adequate direction. He noted that if the Board had anything specific to cut from the budget, they should direct it to staff, however if not, then he suggested the Board give direction on what to do. He further noted that he didn't believe that there would be \$2 million in water transfers and to not include that in the budget.

President Thomas moved to include Option 2, including the pre-approved 4% rate increase in the budget; Director Gayle seconded.
 Director Schild commented that staff is not working to save money for the ratepayers.

Director Gayle interjected with his opposition to Director Schild's comments.

The motion passed by a 3/2 vote.

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

Mr. Bills presented some specific topics from the budget, starting with the proposed staffing positions.

Director Gayle moved to include the proposed positions in the budget presentation for October's regular Board meeting; Director Locke seconded.

Director Schild stated that he supported the Administrative Position and the Cross Connection Position, and suggested deferring the other two proposed positions.

President Thomas noted that he trusted the management staff's opinion of this proposal.

The motion passed by a 3/2 vote.

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

Mr. Bills presented the proposed revisions to the District's website.

President Thomas recommended putting this topic off for a year.

GM Roscoe explained staff's position regarding the website, expressing that the present website platform will no longer be supported by the vendor after 2016.

No direction was given regarding this topic.

Mr. Bills presented the proposed revisions to the District's employee morale fund including incorporating that fund with the merit fund.

Director Schild suggested the budget stay at \$150 per employee. Director Wichert agreed.

President Thomas moved to approve to include the morale fund as part of the merit pool, and increase that budget from \$150 per employee to \$250 per employee; Director Locke seconded.

The vote of the group was to approve the motion with Director's Gayle, Locke and Thomas agreeing to the motion.

Regarding the merit increase, the consensus of the Board was to have a 3% merit increase.

Mr. Bills presented the proposed upgrades to the District's boardroom equipment.

The vote of the Board was to postpone upgrades to the District's boardroom equipment until next year.

13. Internal Controls Update from Audit

A written report was provided.

14. Sacramento County Paving Requirements

Mr. Dion presented a PowerPoint presentation, noting the significant cost increases to District CIP projects that would result.

Mr. Eubanks provided his comments regarding the topic.

15. Cost Increase for Water Supply Agreement for Groundwater Stabilization

A written report was provided.

16. CEQA Exemptions for Miscellaneous Water Facility Projects

A written report was provided.

17. California WaterFix – Joint Group Submissions

A written report was provided.

18. Legislative and Regulatory Update

A written report was provided.

19. General Manager's Report

A written report was provided.

a. Regional Water Reliability Plan Update

A written report was provided.

b. Elections Status Report

A written report was provided.

- c. *Water Conservation Executive Order Update (EO B-37-16)*
A written report was provided.
- d. *Outreach Letter to Schools on Lead*
A written report was provided.
- e. *Division of Drinking Water Annual System Inspection*
A written report was provided.
- f. *Agreement Between Fulton El Camino Parks and Recreation*
A written report was provided.
- g. *2016 Premium Only Plan (POP) Discrimination Testing Results*
A written report was provided.
- h. *Long Term Warren Act Contract Update*
A written report was provided.
- i. *2017 Benefits Renewal Analysis for Dental, Vision and Life/Disability Insurance Plans*
A written report was provided.

20. Upcoming Policy Review

A written report was provided.

- a. *Facility Development Charge Setting Policy (PL – Fin 010)*
A written report was provided. Directors' comments are due by Monday, October 3, 2016
- b. *Employment Rules & Procedures Policy (PL – HR 01)*
A written report was provided. Directors' comments are due by Monday, October 3, 2016

21. Upcoming Water Industry Events

A written report was provided.

Committee Reports

- 22. a. Facilities and Operations Committee (Director Locke)
Notes from the September 1, 2016 Meeting were provided.
- b. Finance and Audit Committee (Director Thomas)
Notes from the August 12, 2016 Meeting were provided.
- 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)

- 23. a. Regional Water Authority (Director Thomas)
Agenda from the September 8, 2016 Meeting was provided.

Regional Water Authority Executive Committee (General Manager Roscoe)
Agenda from the August 24, 2016 Meeting was provided.

- b. Sacramento Groundwater Authority (Director Schild)
No report.

- c. Water Forum Successor Effort (General Manager Roscoe)
Agenda from the September 15, 2016 Meeting was provided.

Carryover Storage Working Group Meeting
No report.

Water Forum Dry Year Conference Meeting
No report.

Water Caucus Meeting
No report.

d. Other Meetings

Notice of the September 15, 2016 McClellan Restoration Advisory Board (RAB) Meeting was provided.

President Thomas provided an oral report regarding the RWA Executive Committee Meeting on September 8, 2016 and his meeting with Mr. Bills on September 19, 2016. He provided an oral report regarding his meeting with Dan York on September 6, 2016, the SGA meeting on August 11, 2016, and the Brown Bag Lunch on Global Warming on September 7, 2016.

Director Schild reported on the San Juan Water District Board Meeting on September 14, 2016.

Director Gayle reported on the McClellan RAB meeting on September 15, 2016.

President Thomas noted that there was an Aerojet CAG Meeting on September 21, 2016.

Miscellaneous Correspondence and General Information

24. Certain correspondence received by the District was provided.

25. General Information related to District business was provided.

Director's Comments/Staff Statements and Requests

None.

President Thomas noted that a closed session was not needed.

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

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

A closed session was not held.

Adjournment

President Thomas adjourned the meeting at 9:18 p.m.

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