

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, February 26, 2018

Call to Order

President Locke called the meeting to order at 6:02 p.m.

Pledge of Allegiance

President Locke led the Pledge of Allegiance.

Roll Call

Directors Present: Craig Locke, Neil Schild, Kevin Thomas and Robert Wichert.

Directors Absent: Dave Jones.

Staff Present: General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Robert Roscoe, Dana Dean, Matt Underwood, Jim Arenz, Annette O’Leary and David Espinoza.

Public Present: William Eubanks, Avery Wiseman, Jim DeHart, Ken Payne, Robert Porr, Doug Brown and Jonathan Ash.

Announcements

General Manager Dan York (GM York) announced:

- Director Jones had a family matter to attend out of town and was unable to participate at the Board meeting;
- Facilities and Operations Committee Meeting on Tuesday, March 6, 2018 at 3:00 pm;
- ACWA 2018 Spring Conference is May 8 through 11, 2018 in Sacramento, and that April 20th is the registration and cancellation deadline;
- A request to pull Consent Item 7 – 2018 Water Transfer Program.

Public Comment

Ken Payne introduced himself as the Chairman of the Auburn Dam Council. He wanted to provide the Board with some documents and also note that they were considering having an advisory vote on whether or not the dam was a good idea.

Election of District Officers

1. Appointment of District Officers – Secretary and Treasurer

GM York introduced the Item.

He noted that currently the General Manager was the Secretary, per the current General Manager contract, and the Finance Director was the Treasurer. He expressed that the

Board could either make a change to those officers, or take no action and leave it as it is.

The Board agreed to take no action and leave the officers as they are.

Consent Items

2. **Minutes of the January 22, 2018 Regular Board Meeting**
3. **Minutes of the February 14, 2018 Special Board Meeting**
4. **Reasonable Accommodations and Interactive Process Policy (PL – HR 014)**
5. **Proposed Revisions to Debt Management Policy (PL – Fin 011)**
6. **Main Replacement Program – Master Service Contract for Service Lines**
7. **2018 Water Transfer Program**

Director Wichert moved the Consent Items except Item 7 which was pulled; Director Schild seconded. The motion passed by unanimous vote.

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

Regarding Item 7, GM York presented the staff report.

Director Schild expressed the he was not comfortable with the \$250 per acre foot. He expressed that if we had to pump groundwater, \$250 would not cover the cost. He noted that the District would be losing money.

GM York expressed that we have transferred surface water before at \$190 and \$230 per acre foot.

GM York further expressed that the price was still being negotiated, but that the starting point was \$250 per acre foot from the State Water Contractors.

Director Schild commented that he still didn't believe that \$250 per acre foot was enough to cover the District's cost.

Director Wichert inquired what the actual cost was to pump groundwater and transfer it through our system. He further inquired if staff would include the infrastructure cost and reinvestment in the Capital Improvement.

Dan Bills (Mr. Bills) expressed that staff would calculate that and report back.

Director Schild moved to table the Item and bring it back with additional information; Director Wichert seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

- 8. **Potential Refunding Opportunity – 2009B Certificate of Participation (COP)**
 Mr. Bills presented the staff report and introduced the financing team; Doug Brown (Mr. Brown) of Stradling, Yocca, Carlson & Rauth, Robert Porr (Mr. Porr) Senior Vice President of Feldman, Rollap and Associates, and Jonathan Ash (Mr. Ash) of Citigroup Global Markets.

Mr. Bills presented the PowerPoint presentation.

Mr. Poor expressed that the financing team looked at 4 different scenarios to structure the debt service and that each scenario produced between 1 and 1.2 million dollars of net present value savings. He further expressed that the recommendation to the Board was to prepare all of the documents so that once the rates dropped and the market was more acceptable, the District could move quickly to execute the transaction.

Director Wichert expressed that he supported refinancing the 2009B COP.

Mr. Ash further expressed the advantages of the refunding opportunity.

Mr. Brown spoke about the preparation of the legal documents and stated staff would most likely be back in March for document approval.

Mr. Bills noted that the reserve fund was always targeted for roughly \$40 million dollars, and reminded the Board that the transaction would draw it down by \$3.5 million to roughly \$36.5 million.

William Eubanks (Mr. Eubanks) commented on the annual savings, interest rate and net present value. He further expressed that he didn't believe it was as an attractive deal as originally presented in the Finance & Audit Committee meeting.

Mr. Brown expressed that the reason that staff was asking to be prepared in advance was if interest rates dropped, the District would be in a position to make the refunding happen quickly.

Director Wichert moved to approve the staff report and to have staff report back to the Board when it's ready; Director Thomas seconded. The motion passed by unanimous vote.

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

9. April Regular Board Meeting Date

GM York presented the staff report. He noted that if the Board agreed with the staff recommendation, staff would treat the Special meeting as it would for a regular Board meeting and the changes would be noted on the District website.

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

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

10. Resolution No. 18-02 Approving a Temporary Short Term Warren Act Contract For a Period of Up to Five Years (2018 - 2023) Between the Sacramento Suburban Water District and the United States Bureau of Reclamation

Robert Roscoe (Mr. Roscoe) presented the staff report.

Director Schild expressed that he didn't see any problem with the staff recommendation, however, he noted that a long term contract would need to represent the entire boundary of the District, not just the North Service Area.

Mr. Roscoe expressed that the contract only covered moving PCWA middle fork water and that the place of use of that water was only designated for the North Service Area according to the State Water Resources Control Board Water Act of 1914.

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

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

Department/Staff Reports

11. General Manager's Report

GM York presented the staff report.

a. McClellan Business Park Successor Agreement Update

A written report was provided.

b. Cal WaterFix

A written report was provided.

c. *Assistant General Manager Recruitment*

A written report was provided.

d. *Rob Roscoe Retirement Event Update*

A written report was provided.

Mr. Eubanks expressed his displeasure with the Board for using public funds as a loan toward Mr. Roscoe's retirement event. He further expressed that public funds should only be used for services of the public.

12. **Financial Report**

Mr. Bills presented the staff report.

Mr. Eubanks inquired about the O&M projected expenses compared to the spending plan, noting that it didn't balance.

Mr. Bills expressed that staff typically straight lined expenses throughout the year.

Avery Wiseman (Mr. Wiseman) inquired about the reserve fund, noting that the current policy stated that it should stay at roughly 40 million dollars in reserves, however, if the Board agrees to draw it down for the potential refunding opportunity, he inquired if the policy would adjust accordingly.

Director Wichert expressed that Mr. Wiseman's idea was logical, but the Board had not addressed it yet.

a. *DRAFT - Financial Statements – January 2018*

A written report was provided.

b. *Cash Expenditures – January 2018*

A written report was provided.

c. *Credit Card Expenditures – January 2018*

A written report was provided.

d. *DRAFT - District Reserve Balances – January 2018*

A written report was provided.

e. *DRAFT - Information Required by Bond Agreement*

A written report was provided.

13. **District Activity Report**

A written report was provided.

Director Wichert inquired about the water quality report, noting that only one well was being reported on in the report.

Matt Underwood (Mr. Underwood) expressed that staff planned to only report on anything out of the ordinary.

Director Wichert expressed that the report was much smaller than he expected.

GM York expressed that staff could include any taste and odor complaints received into the report, and that staff was planning to do a more thorough report on a semiannual basis.

Director Wichert expressed that he would like to see more of a summary of the testing to note if there was an upward trend with anything.

Director Schild inquired on the status of Antelope Transmission Pipeline (ATP) and the PCWA water transfer.

Director Wichert clarified that Director Schild was disappointed that the ATP line was down, causing the District to lose out on surface water that could potentially have been purchased.

GM York expressed that he would bring back a report on the status of the item.

Director Wichert inquired when the ATP line was going to be back on line.

Dana Dean (Mr. Dean) expressed that the line was still down while staff assessed the extent of the corrosion further explaining that the District didn't have any water to take at this time anyway.

Jim Arenz (Mr. Arenz) explained the process of decontamination by super-chlorinating and bacteriological testing in order to restore the line.

Director Wichert inquired how much San Juan Water District (SJWD) was paying for the repairs to the ATP line.

Staff expressed that the ATP line belonged to the District, not SJWD.

Mr. Eubanks expressed his displeasure in the choice of the District's H2o Hero's, expressing that the H2o Hero's that were highlighted were wasting thousands of gallons of water prior to fixing their leaks.

GM York expressed that the H2o Hero's took immediate steps to allow District staff to preform Water Wise House Calls and offer options to repair any discovered leaks.

- a. *Water Operations and Exceptions Report*
A written report was provided.

- b. *Water Quality Report*
A written report was provided.
- c. *Water Conservation and Regional Water Efficiency Program Report*
A written report was provided.
- d. *Customer Service Report*
A written report was provided.
- e. *Community Outreach Report*
A written report was provided.

14. **Engineering Report**

A written report was provided.

- a. *Major Capital Improvement Projects*
A written report was provided.
- b. *Other*

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

15. a. Regional Water Authority (Director Wichert)
No report.

Regional Water Authority Executive Committee (General Manager York)
The Agendas for the January 24, 2018 and February 21, 2018 meetings were provided.

GM York provided an oral report of the meeting.

- b. Sacramento Groundwater Authority (Director Schild)
The Agenda for the February 8, 2018 meeting was provided.

Director Schild provided an oral report of the meeting.

- c. Water Caucus Meeting (General Manager York)
No report.

- d. Water Forum Successor Effort (General Manager York)
The Agenda for the February 8, 2018 meeting was provided.

- e. Other Reports

Director Locke reported on the ACWA Fall Conference that he attended and the meeting he had with GM York on November 9, 2017.

Committee Reports

16. a. **Facilities and Operations Committee (Director Jones)**
The Draft Minutes from the February 12, 2018 meeting was provided.

Director Wichert provided an oral report of the meeting.
- b. **Finance and Audit Committee (Director Schild)**
The Draft Minutes from the February 7, 2018 meeting was provided.

Director Schild provided an oral report of the meeting.

Information Items

17. **Meter Reading Systems Update Report**
Mr. Underwood presented the staff report, provided an update and answered questions.

Mr. Eubanks inquired on the impact that the additional work was having on staff.

Mr. Underwood expressed that the additional work was tremendously impacting staff's workload.
18. **Permanent Water Use Prohibitions**
A written report was provided.
19. **Legislative and Regulatory Update**
A written report was provided.
20. **Upcoming Water Industry Events**
A written report was provided.

Miscellaneous Correspondence and General Information

21. **Correspondence received by the District**
None.

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 7:58 p.m. to discuss the following:

22. Conference with Legal Counsel – Anticipated Litigation, Government Code sections 54954.5(c) and 54956.9(a) and (d)(2) and (3); significant exposure to litigation involving discrimination complaint filed by Brenda Davis, DFEH No. 964520-318001; EEOC No. 37A-2018-00815-C.

23. 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 8:03 p.m. There was no reportable action.

Adjournment

President Locke adjourned the meeting at 8:28 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District