

# Minutes

## Sacramento Suburban Water District Regular Board Meeting Monday, March 19, 2018

### Call to Order

President Locke called the meeting to order at 6:00 p.m.

### Pledge of Allegiance

President Locke 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 Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Robert Roscoe, Dana Dean, Matt Underwood, Jim Arenz, David Morrow, David Armand and David Espinoza.

Public Present: William Eubanks, Avery Wiseman, Ted Costa, Ken Miller, Rosario Kapeller, Spenser Short, Robert Porr, Doug Brown and Ryan Bezerra.

### Announcements

General Manager Dan York (GM York) announced:

- A reminder that the 2018 ACWA Spring Conference deadline was approaching;
- The PowerPoint presentation for Item 3, printed and available to all;
- Condolences to Dan Bills (Mr. Bills) for the passing of his mother.

### Public Comment

None.

### Consent Items

1. **Minutes of the February 26, 2018 Regular Board Meeting**
2. **Resolution No. 18-03 Amending Regulations Nos. 1, 7 and 9 of the Regulations Governing Water Service**

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

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

**Items for Discussion and/or Action**

- 3. **Resolution No. 18-04 Authorizing the Issuance of Not to Exceed \$22,000,000 Refunding Revenue Bonds and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters**

Mr. Bills presented the staff report.

Mr. Bills introduced Robert Porr, Senior Vice President of Feldman, Rollap and Associates, who presented the PowerPoint presentation.

Director Wichert moved the staff recommendation; Director Jones seconded. The motion passed by unanimous vote.

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

- 4. **Review of Debt Obligation Continuing Disclosure Policy (PL – Fin 013)**

Mr. Bills presented the staff report.

Doug Brown, with Stradling, Yocca, Carlson & Rauth, presented the Power Point presentation.

- 5. **2018 Water Transfer Program**

GM York presented the staff report. He noted that staff planned on bringing the Item with further detail as part of the water rate analysis to the Finance and Audit Committee (F&A Committee) meeting.

Director Schild expressed the he wasn't convinced that the water transfers made as much of a profit as anticipated based on all of the costs that the District incurs.

Director Wichert inquired about a more thorough accounting for the overall cost of providing water to the District's rate payers.

GM York expressed that staff was planning on providing those figures at the upcoming F&A Committee meeting.

President Locke expressed that any money from a water transfer would just be additional money that could be used towards other expenses such as CIP or Debt Service. He expressed that he was worried that by the time staff did an analysis on an overall cost of a water transfer, that the opportunity to do a water transfer would pass.

Director Wichert noted that the District paid surface water rates to bank the groundwater, and inquired about how much it cost the District for the in-lieu banking of the groundwater. He wanted to know how much that was worth on an acre foot basis.

GM York expressed that staff would get that figure.

President Locke expressed that all of those costs were already incorporated in the overall budget, and that those figures were not germane to a water transfer. He expressed that the water that the District already sold covered the fixed cost. He further noted that this Item was an opportunity to make more money for the District and even get the water back in surface water.

Mr. Bills expressed that the pricing decision is based on the marginal cost of water, that is, what the next acre foot costs the District to produce.

Director Schild expressed that a transfer was still deteriorating the system.

Director Schild expressed that he was working with GM York on the water transfers for a while and that he believed that GM York had laid some good groundwork. He further noted that staff just needed to use some good discretion. He suggested not to go less than \$300 per acre foot.

Director Wichert noted that he would not vote for any transfers to Southern California. He clarified that he was opposed to any water transfer below the Tehachapi's, but that he was flexible otherwise.

Director Thomas moved the staff recommendation.

Director Jones expressed that the District should maximize how much we could get. He further expressed that he agreed with Director Wichert to not sell south of the Tehachapi's, but that he didn't mind anything north of that. He additionally stated that \$250 sounded too low and that he would be comfortable with \$300 or above.

Director Jones offered an amendment to Director Thomas's motion, to exclude any transfers south of the Tehachapi's.

Director Schild expressed that if you remove anything south of the Tehachapi's, then you take out about 80% of the market.

Director Thomas expressed that he was ok with Director Jones' suggested amendment.

GM York expressed that the motion would take the District out of the regional effort noted in the staff report.

Director Thomas rejected the amendment.

Director Thomas moved the staff recommendation as it was presented, Director Locke seconded. The motion failed by a 2/3 vote.

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

Director Jones moved to accept the staff recommendation except to not do any water transfers south of the Tehachapi's; Director Wichert seconded. The motion passed by a 3/2 vote.

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

**6. Status of the San Juan Water District Merger Discussion**

GM York presented the staff report.

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

Director Schild suggested that staff request a signed document from the wholesale entities that noting that they support the merger discussions.

GM York reviewed the three options with the Board.

President Locke noted that he was in favor of option 2, appoint Directors to a 2x2 Committee and reinitiate merger discussions with San Juan Water District (SJWD.)

Director Wichert noted that nothing had changed since the last discussion with SJWD.

Director Jones suggested continuing to move forward to complete the Phase 2B process to have all of the questions answered.

Director Wichert expressed that he was opposed to a 2x2 Committee noting that he believed that it disenfranchised the rest of the Board.

Director Jones further expressed that he was interested in completing the Phase 2B, noting that he was interested in forming a 2x2 Committee.

Director Wichert expressed that he wanted to be sure that this was not a political movement rather than what was best for the District as a business decision.

Discussion ensued regarding the scope if a committee was to be assigned.

Director Thomas moved to approve option 2, to appoint Directors to a 2x2 Committee where the Committee would decide whether to meet with staff or SJWD first; Director Jones seconded.

GM York suggested to have the 2x2 Committee first meet with the General Manager for an overall discussion and then bring back to the full Board what was discussed at a future Board meeting.

Director Thomas accepted the amendment.

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

President Locke appointed himself and Director Jones to be on the 2x2 Committee.

7. **Directors Out of State Travel Request**

GM York presented the staff report.

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

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

8. **California Special Districts Association Call for Nominations for Seat A**

GM York presented the staff report.

No action was taken by the Board.

9. **Resolution No. 18-05 Authorizing Application for Funding Assistance through the Bay-Delta Restoration Program: CalFed Water Use Efficiency Grant Program**

Dana Dean (Mr. Dean) presented the staff report.

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

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

**Department/Staff Reports**

10. **General Manager's Report**

GM York presented the staff report.

a. *McClellan Business Park Successor Agreement Update*

A written report was provided.

b. *Assistant General Manager Recruitment*

A written report was provided.

c. *Antelope Transmission Pipeline Update*

A written report was provided.

- d. *Long Term Warren Act Contract Update*  
A written report was provided.

11. **Financial Report**

A written report was provided.

- a. *DRAFT - Financial Statements – February 2018*  
A written report was provided.
- b. *Cash Expenditures – February 2018*  
A written report was provided.
- c. *Credit Card Expenditures – February 2018*  
A written report was provided.
- d. *DRAFT - District Reserve Balances – February 2018*  
A written report was provided.
- e. *DRAFT - Information Required by Bond Agreement*  
A written report was provided.

12. **District Activity Report**

A written report was provided.

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

David Armand provided an update to the report on 123 TCP.

GM York expressed that staff would report on any updates.

- 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.

13. **Engineering Report**

A written report was provided.

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

b. *Other*  
A written report was provided.

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

14. a. Regional Water Authority (Director Wichert)  
The agenda from the March 8, 2018 Meeting was provided.

Director Thomas provided an oral report of the meeting.

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

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

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

d. Water Forum Successor Effort (General Manager York)  
No report.

e. Other Reports

Director Schild provided an oral report on the ACWA Groundwater Committee Meeting that he attended on February 21, 2018.

President Locke provided an oral report on the ACWA Fall Conference that he attended November 27 – December 1, 2017.

Director Jones provided an oral report on the meeting he had with the General Manager on February 7, 2018; and the SGA meeting that he attended on February 8, 2018.

Director Thomas provided oral reports on the State Water Resource Control Board meeting that he attended on February 20, 2018; the meeting he had with the Finance Director on March 6, 2018; and the meeting he had with the General Manager on March 14, 2018.

**Committee Reports**

15. a. Facilities and Operations Committee (Director Jones)  
The draft Minutes from the March 6, 2018 Meeting were provided.

Director Jones provided an oral report on the meeting.

- b. Finance and Audit Committee (Director Schild)  
None.

### **Information Items**

- 16. **Legislative and Regulatory Update**  
Ryan Bezerra (Mr. Bezerra) with Bartkiewicz, Kronick and Shanahan provided an update to the report.
- 17. **Upcoming Water Industry Events**  
A written report was provided.
- 18. **Upcoming Policy Review**  
A written report was provided.
  - a. *Disposing of Surplus District Real Property, Vehicles and Large Equipment and Other Personal Property Policy (PL – Adm 003)*  
A written report was provided, Director comments are due by April 2, 2018.

### **Miscellaneous Correspondence and General Information**

- 19. **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 7:25 p.m. to discuss the following:

- 20. 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 7:27 p.m. There was no reportable action.

### **Adjournment**

President Locke adjourned the meeting at 7:47 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District