

Minutes

Sacramento Suburban Water District Special Board Meeting Monday, April 23, 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 and Kevin Thomas.

Directors Absent: Robert Wichert.

Staff Present: General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Dana Dean, Matt Underwood, Jim Arenz, David Morrow, David Armand, Annette O'Leary, Greg Bundesen, Lynne Yost, Cody Scott, Michelle Hirt, David Espinoza and Legal Counsel Josh Horowitz.

Public Present: William Eubanks, Avery Wiseman, Ingrid Sheipline, Ted Costa and Mike Huot.

Announcements

General Manager Dan York (GM York) announced:

- Director Wichert would not be attending the Board meeting due to an out of state emergency issue related to his employer, and;
- A final settlement regarding Municipal Bond Insurance Litigation had been reached and while the entire process took over 9 years to resolve, the outcome was favorable for the District and ratepayers. The net proceeds were approximately \$215,897 after all costs were accounted, and;
- Standard & Poors assigned the District a stand-alone credit rating of AA+ for the new debt issuance (Series 2018A) and reaffirmed the rating of AA+ for the two remaining debt issuances, and;
- The passing of Board Member Neil Schild on April 15, 2018.

President Locke noted that a resolution would be presented on behalf of Director Schild at the next regular meeting of the Board of Directors, including an invitation for his family to attend the meeting.

Public Comment

William Eubanks (Mr. Eubanks) complimented staff on the Water Matters Newsletter. He expressed that it was well written and very informative.

Board Vacancy

a. Board to Discuss Filling Vacancy Resulting from Director Schild’s Passing

Legal Counsel Josh Horowitz (Mr. Horowitz) presented the staff report. He noted that the two qualifications of a potential candidate were that the candidate must be a registered voter, and that they must reside in the District’s Division 2.

The Board unanimously agreed to appoint a new Director rather than go through the County Board of Supervisors process.

President Locke provided a draft schedule of the process as a suggestion to the Board.

The Board unanimously agreed with the schedule provided, noting to try to have something posted to the District website by Friday, April 27, 2018.

Discussion ensued regarding the cost of sending a mailer to each customer in Division 2. It was estimated to cost approximately \$10,000.

Director Thomas was in favor of sending out a direct mailer to the registered voters in that division.

Mr. Eubanks suggested to look at anyone that has ever run in that division.

Avery Wiseman (Mr. Wiseman) inquired if it would require an approval by LAFCo to elect at large, and he also inquired if anyone’s expressed interest to serve. He additionally inquired what the plan was if no one showed any interest.

The Board unanimously agreed to try to distribute a direct mailer out to the registered voters by April 26, 2018.

The Board unanimously agreed to allow President Locke to work with GM York to draft the language for the mailer and set the letter-of-interest due date.

b. Election of a Vice President

Director Thomas nominated Director Jones to be the District’s Vice President; President Locke seconded. The vote passed unanimously.

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

c. Board President to Make Appointments to Fill Director Schild’s Committee and Liaison Appointments.

President Locke made the following appointments:

Finance and Audit Committee..... Kevin Thomas, Chair
 Dave Jones

ACWA/JPIA..... Director Position: Vacant

ACWA General Election Voting Delegate..... Craig Locke

Sacramento Groundwater Authority..... Kevin Thomas

Consent Items

1. **Minutes of the March 19, 2018 Regular Board Meeting**
2. **Resolution No. 18-06 Calling for the November 6, 2018 District Election**
3. **Resolution No. 18-07 Honoring Robert S. Roscoe, P.E., on His Upcoming Retirement**
4. **Surplus Vehicles #02, #11, #14, #47, and #48**
5. **Disposing of Surplus District Real Property, Vehicles and Large Equipment and Other Personal Property Policy (PL – Adm 003)**

President Locke requested to pull Item 5, then he moved to approve Items 1-4; Director Thomas seconded. The motion passed by unanimous vote.

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

Regarding Item 5, President Locke suggested to increase the limit in the Policy under section 400.00, 3. , Disposal of Vehicles and Large Equipment. He suggested to raise the limit from \$4,000 to \$15,000.

GM York noted that any vehicles or large equipment that would be sold as surplus goes to a public auctioneer.

Director Thomas moved to approve the Item including the change to \$15,000 in section 400, 3; Director Jones seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

6. 2017 Comprehensive Annual Financial Report and Annual Audit

Finance Director Dan Bills (Mr. Bills) provided a brief summary of the staff report and introduced Ingrid Sheipline (Ms. Sheipline) with Richardson and Company, LLP.

Ms. Sheipline provided an outline of her presentation and reviewed the 2017 Comprehensive Annual Financial Report (CAFR) and Audit results.

President Locke moved to accept the staff recommendation; Director Thomas seconded. The motion passed by unanimous vote.

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

7. 2018 Water Conservation Program and Stage Declaration

Greg Bundesen (Mr. Bundesen) presented the staff report.

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

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

8. Voluntary Contribution for the Opposition of SB 623

Mr. Bundesen presented the staff report and PowerPoint presentation.

Mr. Horowitz provided further explanation of the Bill.

Director Thomas noted that he felt more comfortable supporting a \$5,000 donation.

Director Jones moved the staff recommendation, President Locke seconded. The motion passed by unanimous vote.

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

9. 2018 Water Rate Study

Mr. Bills presented the staff report.

Mr. Wiseman commented that he didn't believe that the District needed a rate study at this time and that they could hold off another year.

Director Thomas commented that he was in favor of the rate study noting that it was just a study.

Director Jones commented that he believed it was a very useful tool and was also in favor of it. He further noted that costs have continued to raise and that he wanted to be sure to control the rates by doing smaller incremental increases over time versus larger increases down the road.

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

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

10. 2018 Employee Compensation Study

Mr. Bills presented the staff report.

Mr. Eubanks commented that he was opposed to the employee morale fund, noting that he didn't believe that it was legal. He additionally expressed his support of the compensation study noting that there was a 40 percent salary difference compared to other local water purveyors, and that he was in favor of taking care of your employees.

President Locke commented in favor of the compensation study.

GM York expressed that it is the General Managers responsibility to conduct compensation studies, but the intent was to include the Board in the compensation study process.

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

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

General Manager's Report

11. General Manager's Report

GM York presented the staff report and provided an update to the report.

a. Assistant General Manager Recruitment
A written report was provided.

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

c. *Regional Water Meter Replacement Program*
A written report was provided.

d. *2018 Water Transfer Program*
A written report was provided.

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

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

Regional Water Authority Executive Committee (General Manager York)
The agenda from the March 21, 2018 Meeting was provided.

b. Sacramento Groundwater Authority (Director Schild)
The agenda from the April 12, 2018 Meeting was provided.

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

d. Water Forum Successor Effort (General Manager York)
The agenda from the April 12, 2018 Meeting was provided.

e. Other Reports

Director Thomas provided an oral report regarding the AeroJet CAG Meeting that he attended on March 21, 2018 and the meeting that he had with Rob Roscoe on March 27, 2018.

President Locke provided an oral report on the meeting he had with the General Manager on December 8, 2017 and the meeting he had with the Assistant General Manger on December 13, 2017.

Director Jones provided an oral report on the ASCE Symposium that he attended on March 23, 2018, and the San Juan Water District Board Meeting that he attended on March 28, 2018.

Committee Reports

13. a. Facilities and Operations Committee (Director Jones)
No report.

b. Finance and Audit Committee (Director Thomas)
Draft Minutes from the April 10, 2018 Meeting were provided.

Information Items

14. **Financial Markets Quarterly Report**
A written report was provided.
15. **Year-to-Date Interest Expense Quarterly Report**
A written report was provided.
16. **Legislative and Regulatory Update**
A written report was provided.
17. **CIP Projects Quarterly Report**
A written report was provided.
18. **Upcoming Water Industry Events**
A written report was provided.
19. **Upcoming Policy Review**
A written report was provided.
 - a. Director Sexual Harassment Prevention Training Policy (PL – BOD 005)
A written report was provided, Director comments are due by May 7, 2018.
 - b. Discrimination and Harassment Prevention Policy (PL – HR 012)
A written report was provided, Director comments are due by May 7, 2018.
 - c. Information Technology/Disaster Recovery Policy (PL – IT 004)
A written report was provided, Director comments are due by May 7, 2018.

Department/Staff Reports

20. **Financial Report**
A written report was provided.
 - a. *Financial Statements – March 2018*
A written report was provided.
 - b. *Investments Outstanding and Activity Quarterly Report*
A written report was provided.
 - c. *Cash Expenditures – March 2018*
A written report was provided.
 - d. *Credit Card Expenditures – March 2018*
A written report was provided.

- e. *Directors Compensation and Expense Accounting Quarterly Report*
A written report was provided.
- f. *Market Report Yields*
A written report was provided.
- g. *District Reserve Balances – March 2018*
A written report was provided.
- h. *Information Required by Bond Agreement*
A written report was provided.

21. **District Activity Report**

A written report was provided.

Mr. Eubanks commented regarding the inquiry that Director Wichert had on the rusty bolts from the ATP pipeline, asking if the analysis came back yet.

Dana Dean (Mr. Dean) expressed that the report was still in draft form, and that staff would be bringing back a full report at the next regular Board meeting.

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

David Armand (Mr. Armand) provided an update on the presence of 1, 2, 3 - TCP in two District groundwater wells.

- 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.

22. **Engineering Report**

A written report was provided.

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

b. Other

A written report was provided.

Miscellaneous Correspondence and General Information

23. Correspondence received by the District

A written report was provided.

Director's Comments/Staff Statements and Requests

None.

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

None.

Adjournment

President Locke adjourned the meeting at 7:26 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District