

## **Minutes**

### **Sacramento Suburban Water District Regular Board Meeting Monday, June 18, 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: Craig Locke, Dave Jones, Kevin Thomas, Kathleen McPherson and Robert Wichert.

Directors Absent: None.

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

Public Present: William Eubanks, Avery Wiseman, John Woodling, Paul Helliker, Ryan Gunstream, Rex Meurer and David Gordon.

#### **Announcements**

General Manager Dan York (GM York) announced:

- The CSDA Governance Conference for Elected and Appointed Directors/Trustees is July 8-11, 2018 if any Directors are interested;
- An update on the Meter Madness Competition that took place at the AWWA National Conference.

#### **Public Comment**

None.

#### **Consent Items**

1. **Minutes of the May 21, 2018 Regular Board Meeting**
2. **Minutes of the May 30, 2018 Special Board Meeting**
3. **Minutes of the June 4, 2018 Special Board Meeting**
4. **Budget Policy (PL – Fin 012)**
5. **Workplace Violence Policy (PL – HR 013)**

Director Wichert requested to pull Items 3, 4 and 5.

Director Thomas moved to approve Items 1 and 2; Director Jones seconded. The motion passed by unanimous vote.

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

Regarding Item 3, Director Wichert questioned how William Eubanks (Mr. Eubanks) comments were to be presented in the minutes of Board meetings.

Mr. Eubanks commented he didn't feel his comments in meetings have never been reflected properly in the minutes, therefore he was not concerned with how they were presented.

President Locke expressed there was a correction that needed to be made to the vote under Item 2, noting that Director Wichert voted "no" instead of it reflecting that he was "absent."

With the correction to Item 3, Director Wichert moved to approve the Item, President Locke seconded. The motion passed by unanimous vote.

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

Regarding Item 4, Director Wichert had suggestions about some of the language in the Policy. He expressed that he was not in favor of striking out number 5. Under 200.00 I.

Dan Bills (Mr. Bills) noted the statement under 200.00 I. 5. was redundant, as it was a repeat of the Mission Statement.

Director Wichert noted he believed that it was a good reminder, and should stay.

Director Jones expressed he wanted to keep redundancy to a minimum.

Director McPherson stated the language added to 200.00 I. 5. could possibly strengthen the message, if that was something that the Board wanted to emphasize.

Director Thomas commented the Policy could just reference the Mission Statement in that particular section, so that the language would not need to be updated, should the Mission Statement ever be changed.

President Locke stated he agreed with Director Jones to keep redundancy to a minimum.

Director Wichert further commented he was not in favor of referring back to the Asset Management Plans or the Strategic Plans (the plans) during budget time, as he didn't believe that they were fully understood when they are voted on by the Board. He noted he didn't think that the Board realized the budget implications of the plans, further stating that he believed that those two formed the basis of the budget, and he didn't agree that they should.

He additionally noted he believed that the first line under Policy (section 200.00), should be completely removed where it stated "The District's Strategic Plan will serve as a guide in the development of the District's annual Budget."

He also suggested to remove Section 200.00 B. Prioritization, where it states: "In concert with the adopted District's Strategic Plan, Asset Management Plans, Urban Water Management Plan and all other District planning documents and as recommended by staff, the Board will prioritize projects and expenditures within the constraint of expected revenues."

Director Wichert explained when the Board reviewed the plans, the ramifications of those plans were never discussed in detail.

President Locke expressed he had no concerns with discussing the ramification of the plans, but that he believed the plans should be the foundation of the budget.

Director Thomas suggested to use a word other than "guide."

Mr. Bills expressed each of the planning documents were intended to help guide staff and were brought before the Board for analysis and approval. He further explained that if the Board desired, staff could include a 5 year expectation of what projects would actually get done in the Water System Master Plan, including how much staff expects them to cost.

Director Wichert commented he didn't have a problem with acknowledging that the plans exist, but he believed that the current language made it seem like everything that was in the plans, was going to be accomplished by the budget.

Director Jones noted the plans are prepared for 5 years out, and that it is the responsibility of the Board to define what the priorities are, noting that the plans are tools to use.

Avery Wiseman (Mr. Wiseman) supported Director Wichert's comments on the topic noting that he believed that the Board should decide how much they plan on spending on the plans, and then prioritize them accordingly.

Director McPherson inquired about section 200.00 I. noting there was no deadline, which she believed was a little vague.

Mr. Bills expressed that the Board previously agreed to remove the time set for rate studies.

Director McPherson suggested to add language such as “at least every...,” or, “at a minimum of every so many years...” so that there are some parameters established.

GM York suggested to bring the Policy back including the language that was originally in the Policy, to the July Regular Board Meeting.

Director Wichert moved to have the language in the Policy as “A comprehensive rate study will be conducted at least every 5 years by an outside party as determined by the Board in order to assess the fairness of the rates to the District’s ratepayers and to verify that necessary revenue is available for the District’s operating and capital needs.”

Director McPherson seconded.

President Locke noted that the language stated in the motion, was almost identical to the language in section 200.00 I. 3.

President Locke requested for the Board to submit any suggested changes to staff, and have the Item come back to the July Regular Board Meeting, including suggested changes.

Director Wichert reiterated that he would like to remove the language in the first line under section 200.00, and further requested to remove all of the plans from section 200.00 and create a separate number for them under section 200.00, calling them references. He requested to get them out of the other parts so that they are not giving direction, but rather they are in for reference purposes.

President Locke disagreed with removing the language and noted that he thought that they should be left in and used as a guide.

Director Jones agreed to keep them in as a guide or tool.

Director McPherson suggested to change the order of the first sentence to, “The Budget Policy will refer to the District’s Strategic Plan when appropriate.”

Director Thomas suggested to either leave the word “guide” or add the word “tool.”

President Locke noted that he believed the plans were the foundation of the budget, noting that it is the discretion of the Board to implement what they wanted from the plans. He further noted that the plans show what the needs of the District are.

Director McPherson noted that it was challenging to decide which comes first between the Strategic Plan and the budget. She further expressed that a Strategic Plan was more like a wish list that we hoped to be able to accomplish, however, she explained if the financial realities didn't allow it to be accomplished, then the Board would need to set the priorities.

Mr. Bills expressed that the Asset Management Plans were prepared by the District staff, which served as the basis for the Water System Master Plan which is the basis for the CIP Budget.

Mr. Bills recommended for the Board to ask staff to look at the Master Plan from a practical funding level, and have that be the plan that is adopted. That would make for a 5 year plan that could serve as the basis for the rate study and for the budget, allowing for alternations as needed.

President Locke further suggested to add that the Strategic Plan would be a guide in determining project priority within the budget established for CIP.

President Locke requested for staff to bring this Item back with the additional edits.

Regarding Item 5, Director Wichert recommended staff define the language "dangerous weapons" under the proposed added language under section 200.00.

Legal Counsel Josh Horowitz (Mr. Horowitz) expressed that language could be better defined.

President Locke requested staff bring back the Policy including a list of dangerous weapons.

## **Items for Discussion and/or Action**

### **6. Review of Board Committee and Liaison Assignments**

GM York presented the staff report.

President Locke requested to replace Director Jones with Director McPherson on the Finance and Audit Committee.

Both Directors agreed.

President Locke requested to add Director McPherson as an alternate to the Sacramento Groundwater Authority.

Director McPherson agreed.

President Locke requested for the 2x2 Committee to be added to the list as well.

Director Wichert inquired if a resolution was needed to establish the 2x2 Committee.

Mr. Horowitz commented that a resolution was not needed.

7. **Regional Water Meter Replacement Program**

Matt Underwood (Mr. Underwood) presented the staff report.

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

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

John Woodling, Executive Director with the Regional Water Authority, commented that he was pleased about the project and happy that Golden State Water District, as an investment utility, joined as well.

David Gordon, Operations Manager with the Citrus Heights Water District commended District staff for their support with the project and further commented that the project was a step toward future regional collaborations.

Paul Helliker, General Manager with the San Juan Water District, expressed that he was happy to see the District join in the effort and was happy to be collaborating with local agencies.

GM York commended District staff on their work with the project.

8. **2019 Budget Preparation Timeline**

Mr. Bills presented the staff report.

The Board recommended for staff to follow the same timeline each year.

Director Wichert moved to approve the schedule, with the correction of the date of the July 16, 2018 Regular Board Meeting; Director Jones seconded. The motion passed by unanimous vote.

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

9. **Short Term Water Transfer Pilot Project – Sacramento County**

GM York presented the staff report, noting that the project would be more of a wheeling effort rather than a transfer.

Director Wichert inquired how staff was going to monitor the fluoride levels.

Mr. Underwood expressed that the District would actually be taking non-fluoridated water through the North Service Area, then delivering fluoridated water to Sacramento County from the District's South Service Area.

Director Jones inquired if there was a higher cost to provide them with fluoridated water.

Director Wichert noted that the project could open future opportunities for additional income for the District.

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

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

### **General Manager's Report**

#### **10. General Manager's Report**

GM York presented the staff report.

*a. Grant of Easement and Right of Way at 3536 Watt Avenue*  
A written report was provided.

*b. 2018A Bond Closing*  
A written report was provided.

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

*d. McClellan Business Park Successor Agreement Update*  
A written report was provided.

*e. Hydrant Use Policy/Regulation*  
A written report was provided.

Director Wichert inquired about a policy for hydrant use and recommended for staff to bring a policy back in July that states that the District does not bill fire departments for the use of water during emergency services.

GM York expressed staff would report back in July after checking with ACWA/JPIA.

- f. *Discrimination Complaint - Brenda Davis*  
A written report was provided.

Mr. Horowitz expressed there was no update.

Director Wichert inquired if there was an update on the City of Sacramento Area D Water Rights.

GM York expressed he had a meeting with the City of Sacramento and that they verbally agreed to give the District the 9,000 acre feet Area D water. He noted they were still working on amending the agreement and addressing the wholesale water rates.

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

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

Regional Water Authority Executive Committee (General Manager York)  
The Agenda from the May 23, 2018 Meeting was provided.

- b. Sacramento Groundwater Authority (Director Thomas)  
The Agenda from the June 14, 2018 Meeting was provided.

Director Thomas provided an oral report regarding the June 14, 2018 meeting.

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

- d. Water Forum Successor Effort (General Manager York)  
The Agenda from the June 14, 2018 Meeting was provided.

- e. Other Reports

**Committee Reports**

12. a. Facilities and Operations Committee (Director Jones)  
The Draft Minutes from the May 30, 2018 Meeting were provided.

- b. Finance and Audit Committee (Director Thomas)  
The Draft Minutes from the May 22, 2018 Meeting were provided.

## Information Items

13. **Fixed Network Meter Reading Update**

Mr. Underwood provided an update noting that staff was optimistic that a resolution could be reached.

14. **General Elections Process and Dates**

A written report was provided.

15. **Legislative and Regulatory Update**

A written report was provided.

GM York expressed that there would be a full report at the July Regular Board Meeting regarding AB1668 and SB606.

16. **Upcoming Water Industry Events**

A written report was provided.

17. **Antelope Transmission Pipeline – Forensic Analysis Report**

A written report was provided.

Director Wichert noted that he was disappointed that the consultant did not provide any recommendations.

Dana Dean (Mr. Dean) expressed that staff requested recommendations, but that the company stated that they don't provide recommendations.

Director Wichert inquired what staff was doing to prevent future occurrences.

Mr. Dean explained that there was not much that staff could do as corrosion caused the failure, and that new pipelines are installed with plastic-wrapped as protection against corrosion.

Director Wichert inquired what the total cost was for the entire project, including staff time.

Director Jones inquired about the cost for emptying and refilling the pipeline.

Mr. Underwood expressed that staff will report those totals at the July Regular Board Meeting.

18. **Upcoming Policy Review**

A written report was provided.

a. **Employment Rules & Procedures Policy (PL – HR 001)**

A written report was provided. Director comments are due by July 2, 2018.

- b. Driver Record and Insurance Review Policy (PL – HR 006)  
A written report was provided. Director comments are due by July 2, 2018.
- c. Employee Recruitment, Hiring and Promotion Policy (PL – HR 009)  
A written report was provided. Director comments are due by July 2, 2018.
- d. Sustainability Policy (PL – Adm 005)  
A written report was provided. Director comments are due by July 2, 2018.

## **Department/Staff Reports**

### **19. Financial Report**

A written report was provided.

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

### **20. 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.
- 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.

21. **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**

22. **Correspondence received by the District**

A written report was provided.

**Director's Comments/Staff Statements and Requests**

Avery Wiseman (Mr. Wiseman) inquired about the missing public copies of agenda items, noting that he was most interested in the Financial Report.

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

The Board convened in Closed Session at 7:08 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.
24. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); *Sacramento Suburban Water District v. United States*, United States Court of Federal Claims case no. 1:17-cv-00860-RHH, and *Sacramento Suburban Water District v. United States, et al.*, United States District Court for the Eastern District of California, case no. 2:17-cv-01353-TLN-AC.
25. 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 8:18 p.m. There was no reportable action.

**Adjournment**

President Locke adjourned the meeting at 8:19 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District