

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, July 16, 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, Assistant General Manager Mike Huot, Dana Dean, Matt Underwood, Jim Arenz, Annette O'Leary, Lynne Yost, Dave Morrow, Greg Bundesen and David Armand.

Public Present: William Eubanks, Avery Wiseman and Gregory Glavinovich.

Announcements

General Manager Dan York (GM York) announced:

- Mike Huot, the District's new Assistant General Manager;
- Save the Date for Sacramento Groundwater Authority's 20th Anniversary October 18, 2018;
- Main Replacement Public Forum Meeting on August 2, 2018, at 6:00 pm at the District's Marconi Office, and
- Form 470 – Financial Disclosure Statement for 2018 is at the dais for each Director.

Public Comment

Avery Wiseman (Mr. Wiseman) expressed that he was in favor of keeping printed handouts of the Board packet available for attendees at each Board meeting. He further provided a handout of an "SSWD History at a Glance," referencing past District rate increases, budget and a fiscal summary.

Consent Items

1. **Minutes of the June 18, 2018 Regular Board Meeting**
2. **Employment Rules & Procedures Policy (PL – HR 001)**

3. **Driver Record and Insurance Review Policy (PL – HR 006)**
4. **Employee Recruitment, Hiring and Promotion Policy (PL – HR 009)**
5. **Sustainability Policy (PL – Adm 005)**
6. **Budget Policy (PL – Fin 012)**
7. **Workplace Violence Policy (PL – HR 013)**
8. **Resolution No. 18-10 A Resolution of the Board of Directors of the Sacramento Suburban Water District Authorizing Bank Account Signatories**
9. **Resolution No. 18-11 Amending Regulation No. 11 of the Regulations Governing Water Service**

President Locke noted that there was public comment for Item 2.

President Locke moved to approve the consent Items except Item 2; Director Thomas seconded. The motion passed by unanimous vote.

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

Regarding Item 2, a customer requested to pull the Item for further discussion.

Gregory Glavinovich (Mr. Glavinovich) commented that he believed that companies should ensure customer service representatives were available to answer the phone when customers call in. He further commented in regards to water conservation, stating that Sacramento has enough water, but he believed there are just too many people here.

President Locke moved to approve Item 2; Director Thomas seconded. The motion passed by unanimous vote.

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

Item 9 was reopened at the end of the meeting. Please see Director’s Comments/Staff Statements and Requests below.

Items for Discussion and/or Action

10. **Resolution No. 18-12 Fixing the 2018 Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act**

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

Lynne Yost (Ms. Yost) provided additional clarification on the staff report.

Director Wichert inquired how the District was in the position of fully funding employee's medical benefits.

Mr. Bills clarified that the District is fully funding the higher of the lowest PPO or HMO plans as determined by Board Policy established in 2007. He expressed that the two predecessor districts (Arcade and Northridge) offered free medical plans. He explained that when LAFCo approved the merging of the two districts, there was language placed in the LAFCo resolution that there would be no loss of employee benefits when the merger happened. He further noted that in 2010 District legal counsel reviewed the resolution and its requirements relating to employee benefits and provided the Board with their findings.

Mr. Bills provided clarification on the "100/90 formula" as well as the CalPERS, JPIA and CSDA plans and rates, noting that presently costs would be higher if the District moved away from CalPERS. He further stated that due to CalPERS not allowing agencies to return for five years, other providers typically increased pricing in years two through five (after having provided a very attractive first-year price structure).

Director Wichert requested further clarification of District health care benefits and costs.

Director McPherson commented that the Board could possibly set a cap for how much the District was going to contribute to medical benefits, and the employee would be responsible for whatever was remaining above the cap, in an effort to avoid going through the same presentation each year.

Mr. Bills reminded the Board they would have to consider the LAFCo resolution requirements.

Director McPherson expressed she believed LAFCo was possibly ensuring that the employees received health benefits, as they had been receiving them with each of the two predecessor districts. She further noted that getting an amount toward the cost of health benefits was a benefit in itself.

Mr. Bills expressed legal counsel would need to provide an answer to that question.

Ms. Yost stated the decision to go with CalPERS would need to be made before August 20, 2018.

Director Wichert expressed that he felt a little pressured on the item.

Director Thomas suggested staff provide the Board with the legal opinion of the LAFCo resolution.

Director Wichert stated he wanted further clarification on the 100/90 formula. He further expressed that he was interested in hearing all of the options that were available to the District.

William Eubanks (Mr. Eubanks) expressed he was unhappy that the Board didn't consult with staff before tonight's meeting regarding the topic. He expressed that if the Board didn't like CalPERS, then they should make a decision on it.

Ms. Yost reminded the Board the cost analysis between SDRMA and JPIA rates were much higher than CalPERS.

Ms. Yost further expressed if the Board decided to opt out of CalPERS that CalPERS would need to receive a resolution from the Board, and process the resolution by August 20, 2018.

Mr. Eubanks stated his displeasure that the Board was spending time in a public meeting on what he believed the Directors could have done with staff separately.

Director Wichert requested a detailed explanation of why the rates were decreasing, yet the District had to pay a higher premium.

President Locke requested staff bring back an information item to the August regular Board meeting on the details including all of the options that CalPERS offers, and legal counsel's opinion of the LAFCo resolution.

Mr. Bills expressed he would additionally confirm that the numbers presented in Resolution 18-12 were accurate.

President Locke moved to approve the staff recommendation; Director Thomas seconded. The motion passed by a 4/1 vote; Director Jones abstained, citing a possible conflict of interest.

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

President Locke added that he would like to receive the Board packet earlier in the month if possible, so there is more time to review the material.

11. **2019 Budget Assumptions**

Mr. Bills presented the staff report.

Director Wichert inquired about the City of Sacramento's water rates.

GM York expressed staff was still working with the City of Sacramento (the City) and that staff didn't plan on taking water if the City's rates were not lowered.

Director Wichert suggested to budget for the amount that staff wanted to pay, then estimate how much surface water staff thought we would take at that price.

GM York expressed staff informed the City that if they dropped their price, that we would increase our take.

Director Thomas suggested to leave the cost where it was, and reevaluate when staff got a better price from the City.

President Locke noted that the District was working on other cooperative projects with the City, and that he was confident that staff could negotiate reasonably with the City. He further noted that he was in favor of leaving the amounts in the budget, and if staff was able to negotiate a lower price, then he suggested to take more water.

Mr. Bills clarified the 5 new proposed positions and the merit process.

Director Wichert expressed he was in favor of a 3% merit increase, instead of a 4% increase.

Avery Wiseman (Mr. Wiseman) expressed he believed that a 3.7% COLA increase was a little high, and that a 2% COLA was more appropriate. He further expressed he disagreed with the whole merit pay system.

President Locke explained that if the COLA continued to increase, the whole range would move up. He stated as a result, it would take longer to get to the top of the salary range, and that the range was still competitive with the rest of the market. He further expressed that he was more interested in increasing the COLA.

Director Jones explained the increase in the construction inflation numbers.

Director Wichert expressed that he was ok with the 5 proposed positions, and that he would like further justification on the construction inflation.

Director Wichert moved the staff recommendation with changing the merit from a 4% increase to a 3% increase; Director Thomas seconded. The motion passed by unanimous vote.

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

12. 2018 Water Rate Study Consultant Selection

Mr. Bills presented the staff report.

Director McPherson expressed she was in favor of Raftelis, as they had strong language in their proposal about sticking to their price, which also happened to be the lowest price of all of the proposals. She expressed she contacted some of their references and they came back great. She noted that the Finance and Audit Committee agreed that Raftelis was the most qualified, and recommended to select Raftelis.

President Locke noted he believed the Board selecting consultants was not a Policy decision, therefore not in the purview of a Director. He noted that he was uncomfortable with reviewing proposals, and that he was in favor of directing the General Manager to allow staff make those decisions.

Director McPherson expressed staff provided the proposals along with staff’s ratings on each one, and that the Finance and Audit Committee was asked to select a consultant.

Mr. Bills explained that although it was rare for staff to request the Board to select a consultant, staff’s reasoning was that the Board would want to select a rate consultant similar to the reason they select the District’s auditor.

President Locke expressed he was not in favor of the Board selecting consultants.

Mr. Wiseman expressed he was under the impression that the Board was not planning to do a rate study for 2019. He further expressed he was not in favor of a rate study or a rate increase and suggested to control costs instead.

Mr. Eubanks expressed he was in favor of staff making a recommendation of the rate consultant to the Board rather than allow the Board to do it. He further noted that it is good to know where rates should be, based on where the District was going.

Director Wichert inquired if the Board agreed to do a rate study.

President Locke agreed that it was established when the 2018 Budget was approved.

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

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

13. **Annual Fraud Prevention Presentation**

Mr. Bills presented the staff report and PowerPoint presentation.

President Locke commented that staff does an excellent job with fraud prevention.

General Manager's Report

14. **General Manager's Report**

GM York presented the staff report.

a. *McClellan Business Park Successor Agreement Update*

GM York presented the staff report and provided an update.

The Board requested for the Item to be brought to the Facilities and Operations Committee.

b. *City of Sacramento Wholesale Agreement*

GM York presented the staff report.

c. *Open House*

GM York presented the staff report.

d. *Antelope Transmission Pipeline Total Repair Cost*

GM York presented the staff report.

Director Wichert inquired how staff was going to ensure that it would not happen again.

GM York expressed that on all new installations, staff would ensure that the material was installed to District standards.

e. *Statewide Water Tax Update*

GM York presented the staff report.

f. *Regional Water Transfer*

GM York presented the staff report.

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

15. a. Regional Water Authority (Director Wichert)

The Agenda from the July 12, 2018 Meeting was provided.

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

- b. Sacramento Groundwater Authority (Director Thomas)
No report.
- c. Water Caucus Meeting (General Manager York)
No report.
- d. Water Forum Successor Effort (General Manager York)
The Agenda from the June 28, 2018 Meeting was provided.
- e. Other Reports
President Locke provided oral reports on the meetings he had with the General Manager on March 9, 2018, and March 21, 2018.

Director Thomas provided oral reports on the meetings he had with the General Manager on June 8, 2018, June 19, 2018, July 5, 2018, July 6, 2018 and July 12, 2018.

Director Jones provided an oral report on the CSDA Conference that he attended July 8 – 11, 2018.

Committee Reports

- 16. a. Facilities and Operations Committee (Director Jones)
No report.
- b. Finance and Audit Committee (Director Thomas)
The Draft Minutes from the July 10, 2018, meeting were provided.

Director Wichert inquired about the question from the July 10, 2018 F&A Committee meeting regarding how much steel pipe was left from last year's purchase.

Dana Dean (Mr. Dean) expressed that we have on hand about 2/3 of the pipe required for the 2019 Main Replacement project.

Information Items

- 17. **Water Management Planning - SB 606 and AB 1668**
Greg Bundesen (Mr. Bundesen) presented the staff report.
- 18. **Human Resources and Succession Plan Biannual Report**
A written report was provided.
- 19. **2018 Semi-Annual Budget Update**
A written report was provided.

20. **New OPEB Report Under GASB 75**
A written report was provided.
21. **Legislative and Regulatory Update**
A written report was provided.
22. **Upcoming Water Industry Events**
A written report was provided.
23. **Upcoming Policy Review**
A written report was provided.
 - a. Return to Work Policy (PL – HR 007)
A written report was provided. Director comments are due by August 6, 2018.
 - b. Investment Policy (PL – Fin 003)
A written report was provided. Director comments are due by August 6, 2018.
 - c. Reserve Policy (PL – Fin 004)
A written report was provided. Director comments are due by August 6, 2018.

Department/Staff Reports

24. **Financial Report**
A written report was provided.
 - a. *Financial Highlights – June 2018*
A written report was provided.
 - b. *Financial Statements – June 2018*
A written report was provided.
 - c. *Investments Outstanding and Activity - Second Quarter 2018*
A written report was provided.
 - d. *Cash Expenditures – June 2018*
A written report was provided.
 - e. *Credit Card Expenditures – June 2018*
A written report was provided.
 - f. *Directors Compensation and Expense Accounting – Second Quarter 2018*
A written report was provided.
 - g. *District Reserve Balances – June 2018*
A written report was provided.

h. Information Required by Bond Agreement
A written report was provided.

i. Financial Markets Quarterly Report
A written report was provided.

25. 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 (Mr. Armand) provided an update to the Total Coliform and E. coli report.

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.

26. Engineering Report

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

b. Other
A written report was provided.

Director's Comments/Staff Statements and Requests

Director Jones requested to reopen Item 9. President Locke agreed to reopen Item 9.

Director Jones noted that the change in resolution was to provide clarity that the District does not charge public fire protection agencies for water utilized exclusively for fire protection and suppression purposes for the protection of the public.

Director Jones moved for staff to use language similar to "water is at no cost as long as it is used for fire protection inside the District's boundaries," to clarify that the free water would remain within District boundaries; Director Thomas seconded. The motion passed by unanimous vote.

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

Director Wichert requested to have a meeting with the Water Quality staff to discuss the Consumer Confidence Report (CCR).

President Locke directed staff to place an item on the next F&O Committee regarding the CCR.

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

None.

Adjournment

President Locke adjourned the meeting at 8:22 p.m.

Dan York
 General Manager/Secretary
 Sacramento Suburban Water District