

Minutes

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

Directors Absent: None.

Staff Present: General Manager Dan York, Finance Director Dan Bills, Assistant General Manager Mike Huot, Heather Hernandez-Fort, Robert Ames, Dana Dean, Matt Underwood, Jim Arenz, Annette O'Leary, David Morrow, Greg Bundesen, Cody Scott, Mike Jenner, Paul Johnson, David Armand, Hannah Dunrud, Hector Segoviano, Sarah Dains, Shawn Shedenhelm, Chance Wick, Tom Fox, Mitchell McCarthy, Vicki Sprague, Tom Dickinson, Kyle Jividen, and Michelle Hirt.

Public Present: William Eubanks, Avery Wiseman, Doug Johnson, Norma Ames, Lisa Troshinsky.

Announcements

General Manager Dan York (GM York) announced:

- The District's 2017 Comprehensive Annual Financial Report received the Government Finance Office Association's Certificate of Achievement for Excellence in Financial Reporting;
- The General Manager would be attending the November 26-29, 2018 ACWA Conference;
- Happy Thanksgiving.

Public Comment

Avery Wiseman (Mr. Wiseman) commented that his water bill was higher than normal due to a billing error. Annette O'Leary (Ms. O'Leary), Customer Service Manager reassured that staff was reviewing for any potential issues with additional accounts. GM York expressed that he would report back on the findings.

Consent Items

1. **Minutes of the October 15, 2018, Regular Board Meeting**

2. **Minutes of the October 30, 2018, Special Board Meeting**
3. **Debt Obligation Continuing Disclosure Policy (PL – Fin 013)**
4. **Resolution No. 18-17 Rescinding Resolution No. 18-15 and Further Amending District Conflict of Interest Code to Require Mandatory E-filing**
5. **Federal WaterSmart Marketing Strategy Plan Memorandum of Agreement**

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

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

Public Hearings

6. **Public Hearing on Initial Study and Proposed Mitigated Negative Declaration for Well 79 Verner/Panorama Production Well Project**

President Locke opened the Public Hearing.

President Locke opened the floor for public comment.

Director Jones inquired why the CEQA was performed by a consultant and not in-house.

Dana Dean (Mr. Dean) expressed we do not have staff familiar enough with the CEQA process.

Director Wichert suggested for staff to brief the Board on why it’s necessary if a consultant is needed in the future.

Assistant General Manager Mike Huot (Mr. Huot) explained that there are many steps in a CEQA process, and in an effort to ensure that all criteria was met, it was beneficial to have a consultant that was familiar with the process.

President Locke suggested to present a future CEQA to the Facilities and Operations Committee.

President Locke closed the Public Hearing.

Items for Discussion and/or Action

7. **Adoption of an Initial Study/Mitigated Negative Declaration for Well 79 Verner/Panorama Production Well and Pumping Station**

Mr. Dean presented the staff report.

President Locke suggested to review the downhole valve for failure percentage.

Director Jones suggested to review the location for previous vandalism issues and to assess the need for a sound wall.

Director Thomas inquired about iron manganese exposure.

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

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

8. Communications Site Lease Agreement – Auburn Yard

Mr. Dean presented the staff report.

Legal Counsel Josh Horowitz (Mr. Horowitz) provided an update to the contract.

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

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

9. 2018 Employee Compensation Study

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

Mr. Bills introduced Doug Johnson (Mr. Johnson) with Ralph Andersen and Associates, who presented the PowerPoint presentation.

Mr. Johnson clarified the changes from the original presentation at the October 15, 2018, regular Board meeting.

Mr. Johnson explained that there are 17 employees on PEPRA plan, 13 employees on the Classic plan and 37 employees on the 3% at 60 plan.

Director Wichert expressed that the District should get credit for the fact that 8% of the retirement is paid. He explained that it encourages the employees that are in the non-PEPRA tiers to stay with the District because that percent of their retirement is paid every month.

Mr. Bills expressed that the other surrounding agencies have increased salaries to offset the 8% EPMC for Tier 1 retirement plan employees.

Mr. Bills explained the net pay effect for employees in each retirement tier.

Director Wichert inquired if staff could come up with a way to move the subsidy of the Tier 1 plan (3% at 60 plan) into salary and spread it across all staff in an equitable manner.

Mr. Bills expressed that staff could review the options again.

Mr. Huot expressed that it was very difficult to make it equitable, and that the best way is to have things phase out over time.

Discussion ensued regarding the inequity between PEPRA and Classic plans.

Mr. Johnson and Mr. Bills explained different employee contribution scenarios. Mr. Bills expressed that the salary band decision is a gross pay issue while retirement is a net pay issue and the two issues are separate.

President Locke expressed that he was in favor of the 75th percentile to attract the best employees, but that he was also in favor of it being equitable for all employees.

Mr. Bills inquired if the Board wanted to bring in equity discussion as part of the compensation study, and if so, he would need to model it.

Discussion ensued regarding multiple salary bands depending on retirement benefits and it was determined that was not an option to review.

President Locke was in favor of reviewing employee contribution options.

Director Jones expressed that they were two different topics and should be discussed separately. He expressed that raising employee salaries to pay their retirement benefit could make things equitable, but that he would need more information about it.

Director Wichert pointed out that if they raise the salary bands by 12.8% to get to the 62.5 percentile, and require the legacy employees to pay the 8%, then the employees get a raise. He also expressed that he was only in favor of the median.

President Locke suggested for staff to present an option with a marginal pickup for legacy employees so that it's equitable, but it needs to be equitable for PEPRA as well. Possibly even one that phases out the pick up over time.

Director Thomas agreed to bring back the item with further information and options.

The Board agreed to hold a separate Special Board meeting on this item.

10. **Employee Compensation Policy (PL – HR 002)**

GM York presented the staff report noting that staff was recommending to set the policy to the middle of the third quartile based on past practices.

William Eubanks (Mr. Eubanks) withdrew his comment.

Director Thomas expressed that he was sort of in-between and that he was interested in seeing the numbers associated with the quartiles.

President Locke stated that he was comfortable with the top of the third quartile.

Director Jones expressed that he was comfortable with the midpoint of the third quartile.

Director McPherson expressed that the wording in the policy should be very specific so there is not an opportunity for misinterpretation later. She additionally expressed that she was concerned that the Board would be put in a position to have to do compensation studies at least every 5 years. She noted that she was not in favor of doing that, as once the salaries were set, they should not need to be reevaluated again.

Mr. Bills expressed that it was important to reevaluate the employee compensation position in the market from time to time to ensure it is where the Board set it.

Director McPherson expressed that the language should specify how often they would do a compensation study, and additionally include a methodology on how the compensation study would be conducted. She further expressed that she was concerned that continuing to raise our salary bands would result in the surrounding purveyors doing the same, causing constant increases.

GM York expressed that going forward, there will be a procedure for conducting a compensation study.

President Locke reminded the Board that they can change policies at any time.

Director Wichert reiterated that he was happy with the median and he was in favor of moving to the median immediately.

Director Jones moved the staff recommendation, President Locke seconded.

GM York expressed that it was his job to put the best person in each position and noted the importance of health and safety in the water industry.

Director Thomas expressed that he was concerned with constantly increasing salaries to compare with the market.

Director McPherson expressed that if this was the direction that it was going, that they use language stating somewhere between the median and the 62.5 percentile, not just the 62.5 percentile.

President Locke requested to amend the original motion to change the range to the 50 to 65th percentile; Director Jones seconded. The motion failed on a 3/2 vote.

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

Director Thomas moved to strike the language in the policy under 200. A. “the midpoint of the third quartile” and insert the language “will target a range from market median to mid-point of the third quartile;” Director Wichert seconded. The motion passed by a 4/1 vote.

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

President Locke noted that staff would provide the Board with the procedure including frequency of compensation studies.

11. Budget 2019 – 3rd Draft

Mr. Bills presented the staff report and PowerPoint presentation.

Director Wichert expressed that he was in favor of increasing salaries to the median as of January 1, 2019.

Clarifying questions were asked.

Director Wichert suggested to reduce the CIP projects to a level that is consistent with what is expected to be spent in 2018.

President Locke expressed that the Board previously agreed to allocate funds toward the entire cost of a CIP project, in case it happens to carry over into the next year. He further expressed that he was not in favor of Director Wichert’s suggestion.

GM York expressed that staff was working on meeting the CIP target.

Mr. Wiseman expressed that he would like to see a balanced budget where the expenses match the revenues, and he further supported reducing the CIP projects.

Director Wichert stated that he wanted to be fiscally responsible with a balanced budget and avoid needless rate increases.

The Board requested for the item to be brought back for approval after the Special Board Meeting on the compensation study.

General Manager's Report

12. General Manager's Report

GM York presented the staff report.

- a. *City of Sacramento 9,023 Acre Feet Area D Water*
GM York presented the staff report and provided an update.
- b. *San Juan Water District/Sacramento Suburban Water District Water Management/Re-Organization Committee Update*
GM York presented the staff report and provided an update.
- c. *Regional Water Supply/Wheeling Opportunities*
GM York presented the staff report and provided an update.
- d. *Mueller Systems, LLC Contract Update*
GM York presented the staff report and provided an update.

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

13. a. Regional Water Authority (Director Wichert)

The agenda from the November 8, 2018, Meeting was provided.

Regional Water Authority Executive Committee (General Manager York)

The agenda from the October 24, 2018, Meeting was provided.

b. Sacramento Groundwater Authority (Director Thomas)

The agenda from the October 18, 2018, Meeting was provided.

c. Water Caucus Meeting (General Manager York)

None.

d. Water Forum Successor Effort (General Manager York)

None.

e. Other Reports – AB 1234

Director Jones provided an oral report on his meeting with the General Manager on October 9, 2018, and the SGA meeting that he attended on October 18, 2018.

Director McPherson provided an oral report on her meeting with the General Manager on October 10, 2018, the SGA meeting that she attended on October 18, 2018, and the Strategic Plan meeting on October 27, 2018.

Director Thomas provided an oral report on the SGA meeting that he attended on October 18, 2018, his meetings with the General Manager on October 24, 2018, October 31, 2018, November 9, 2018, the meeting he attended on Ocean Friendly Gardens on November 5, 2018, and the RWA meeting that he attended on November 8, 2018.

President Locke provided an oral report on his meeting with the General Manager on May 5, 2018, and his meeting with the Finance Director on May 11, 2018.

Committee Reports

14. a. Facilities and Operations Committee (Director Jones)
None.
- b. Finance and Audit Committee (Director Thomas)
None.
- c. San Juan Water District/Sacramento Suburban Water District Water Management/Re-Organization Committee (Director Locke and Director Jones)
None.

Information Items

15. **Biannual Groundwater Elevations Report**
A written report was provided.
16. **Legislative and Regulatory Update**
A written report was provided.

President Locke advised staff to keep the report updated.
17. **Upcoming Water Industry Events**
A written report was provided.
18. **Upcoming Policy Review**
A written report was provided.
 - a. Electronic Mail, Internet and Computer Use Policy (PL – IT 005)
A written report was provided.

Department/Staff Reports

19. **Financial Report**
A written report was provided.

- a. *Financial Highlights – October 2018*
A written report was provided.
- b. *Financial Statements – October 2018*
A written report was provided.
- c. *Investments Outstanding and Activity – October 2018*
A written report was provided.
- d. *Cash Expenditures – October 2018*
A written report was provided.
- e. *Credit Card Expenditures – October 2018*
A written report was provided.
- f. *District Reserve Balances – October 2018*
A written report was provided.
- g. *Information Required by Bond Agreement*
A written report was provided.
- h. *Financial Markets Report*
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

None.

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

The Board convened in Closed Session at 9:25 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 one case.
24. 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.
25. 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.
26. 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 9:45 p.m. There was no reportable action.

Adjournment

President Locke adjourned the meeting at 9:46 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District