

## **Minutes**

### **Sacramento Suburban Water District Regular Board Meeting Monday, January 28, 2019**

#### **Call to Order**

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

#### **Pledge of Allegiance**

President Jones led the Pledge of Allegiance.

#### **Roll Call**

Directors Present: Dave Jones, Kathleen McPherson, Kevin Thomas, and Robert Wichert.

Directors Absent: Craig Locke.

Staff Present: General Manager Dan York, Director of Finance and Administration Dan Bills, Assistant General Manager Mike Huot, Heather Hernandez-Fort, Michelle Hirt, Annette O'Leary, Cassie Crittenden, Matt Underwood, David Espinoza, and Todd Artrip.

Public Present: William Eubanks, Avery Wiseman, Shelley Artrip, and Ryan Bezerra.

#### **Announcements**

President Jones announced there was a new 3 minute timer for public comment; and announced the new monitors and boardroom layout.

General Manager Dan York (GM York) announced:

- Director Locke was absent as he was on vacation;
- RWA publicized the District as a recipient of the National WaterSense Award in their newsletter, publication at the dais;
- Greg Bundesen was accepted to Water Education Foundation's 2019 Water Leaders class;
- The General Manager was voted to the RWA Executive Committee for 2019;
- The District was holding a Jonas Main Replacement Project Open House on February 21, 2019 at 6pm in the boardroom;
- Administrative Services Manager Annette O'Leary announced her retirement after 33 years with the District.

#### **Public Comment**

None.

#### **Consent Items**

1. **Minutes of the December 17, 2018 Regular Board Meeting**

2. **Employee Recognition and Retention Expense Policy (PL – Adm 008)**
3. **Resolution No. 18–19 Honoring Robert Ames on His Retirement**
4. **Resolution No. 19–01 Honoring John Seltzer on His Retirement**

President Jones requested to pull Item 2, as there was a public comment.

Director Thomas moved to approve all Consent Items except Item 2; Director McPherson seconded. The motion passed by unanimous vote.

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

Regarding Item 2, William Eubanks (Mr. Eubanks) requested to pull the item.

Assistant General Manager Mike Huot (AGM Huot) presented the staff report.

Mr. Eubanks provided his disapproval of the Employee Morale Budget expressing that he believed it was a gift of public funds.

GM York explained the budget and spending plan was reviewed and accepted by the District’s legal counsel.

Director Wichert expressed employee bonding functions were valuable, but that he was in favor of reducing the budget amount. He noted that the money should be used for everyone.

GM York reminded the Board that the budget was already approved for 2019. He suggested to allow the plans for 2019 to remain, which include all staff functions, and for the Board to review the budget and spending plan in the future.

Director Thomas noted it would be nice to allow functions for the two offices to come together.

President Jones supported the budget.

Director McPherson supported lowering the budget in an effort to be fiscally responsible, and suggested to change the Policy to reflect morale building get-togethers versus individual job performances.

Dan Bills (Mr. Bills) expressed the budget was comprised of \$250 per employee to create the fund.

Director McPherson suggested to just have a fund and an amount, not a per person amount, then the Board would review the budget annually.

Director Wichert moved to decrease the budget to \$10,000 and label it “communication meetings.”

AGM Huot reminded the Board the funds were allocated to different planned events throughout the year, and suggested to look at the details that were already planned for the budget to suggest any edits.

GM York included that staff made adjustments to ensure it was not viewed as a gift of public funds, and to include all staff participation as best as possible at each planned event.

Director Wichert stated that he was not in favor of providing staff with a monetary acknowledgement for reaching an anniversary with the District.

Director McPherson seconded the motion, and requested to amend the motion to include “team building” in the language.

President Jones suggested to amend the motion further to include \$12,000 instead of the proposed \$10,000; \$1,000 for each year.

Director Wichert accepted the amendments to his original motion, to cut the budget to \$12,000 per year. He added to make the adjustment to the budget retroactive, starting in 2019, and requested staff bring back a revised Policy to support the idea of teamwork, communication, bonding and/or parties, instead of individual exemplary performance; Director McPherson seconded. The motion passed by unanimous vote.

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

Mr. Bills inquired how the Board wanted to see the revisions to the budget.

Director Wichert suggested to place it in the Financial Report.

**Items for Discussion and/or Action**

**5. 2019 Water Transfer Program**

AGM Huot Presented the staff report.

Director Thomas suggested to either leave the price out completely, or use the language “market price.”

Director Wichert inquired what the pumping cost was.

AGM Huot stated the pumping cost was approximately \$45 - \$65 per acre foot.

Director Wichert expressed he was ok with staff’s proposal, however, he was not in favor of selling water to any agencies south of the Tehachapi’s. He further noted that his campaign has always been in support of not selling water south of the Tehachapi’s. President Jones expressed he was in favor of making money for the District’s ratepayers regardless of where it came from.

Discussion ensued regarding what to set the price at. Director Wichert noted that he trusted staff to make a good decision.

Mr. Eubanks expressed he was not in favor of selling water out of Sacramento. He further questioned the pumping cost to the District for pumping groundwater, noting it was inconsistent with previously stated figures.

Director McPherson expressed she was in support of the District’s ratepayers benefitting by cost savings and potential lower rates from selling surplus water to other areas in the state that desperately need it.

President Jones agreed with Director McPherson.

Director Thomas moved to a fair market rate for water transfers state wide, and for staff to bring any offers back to the Board for approval.

President Jones noted that the staff report requested to give authority for the General Manager to execute, based on how quickly the water transfers are allocated.

Director Thomas amended his motion to approve the staff recommendation with further amendments to read as follows; “to authorize the General Manager to execute and sign agreements necessary to implement the District’s 2019 Water Transfer Program at fair market price statewide, subject to approval by District legal counsel of any non-substantive changes to such agreements. Director McPherson seconded. The motion passed by 3/1 vote. Director Wichert opposed.

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

**6. Mueller Systems, LLC Contract**

AGM Huot presented the staff report.

Matt Underwood (Mr. Underwood) provided additional updates to the staff report.

Clarifying questions were asked.

GM York expressed staff would keep the Board updated until a recommendation was provided.

## General Manager's Report

7. General Manager's Report  
GM York presented the staff report.
  - a. *Strategic Plan Update*  
GM York presented the staff report and provided an update.
  - b. *Regional Water Supply/Wheeling Opportunities*  
GM York presented the staff report and provided an update.
  - c. *City of Sacramento Wholesale Water Rate Update*  
GM York presented the staff report and provided an update.
  - d. *McClellan Business Park Successor Agreement Update*  
GM York presented the staff report and provided an update.
  - e. *Regional Water Authority – Executive Director Retirement*  
GM York presented the staff report and provided an update.

Mr. Eubanks inquired if the Strategic Plan Workshop was open to the public.

GM York expressed that it was a Board Meeting and therefore open to the public.

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

8. a. Regional Water Authority (Director Jones)  
The agenda from the January 10, 2019 Meeting was provided.  
  
Regional Water Authority Executive Committee (General Manager York)  
The agenda from the January 24, 2019 Meeting was provided.
- b. Sacramento Groundwater Authority (Director Thomas)  
None.
- 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 the Citrus Heights 218 Rate Hearing Meeting that he attended on December 5, 2018.

Director McPherson provided an oral report on the Strategic Plan meeting she had on November 1, 2018, and the meetings she had with the General Manager on November 7, 16 and December 5, 2018.

### **Committee Reports**

9. a. Facilities and Operations Committee (Director Jones)  
None.
- b. Finance and Audit Committee (Director Wichert)  
The agenda for the February 1, 2019 Meeting was provided.
- c. San Juan Water District/Sacramento Suburban Water District Water Management/Re-Organization Committee (Director Locke and Director Jones)  
The draft notes from the December 10, 2018 Meeting were provided.

### **Information Items**

10. **Water Fluoridation – South Service Area**  
AGM Huot presented the staff report.

Director McPherson suggested for staff request data from First 5 on pre and post effect of fluoridation to determine if it has been effective.

AGM Huot stated staff would report back on it.

Director Wichert inquired if any of the surrounding purveyors discontinued the use of fluoride.

GM York expressed that he was not aware of anyone that had discontinued the use of fluoride.

Mr. Eubanks stated there were benefits to fluoridation.

GM York expressed that staff would bring back an update once staff determines if there are any legal issues pertaining to the agreement with First 5, or regulatory with the State of California.

11. **ACWA/JPIA President’s Special Recognition Award**  
Mr. Underwood presented the staff report.
12. **2018 Budget Reallocations**  
A written report was provided.
13. **2018 Annual Environmental Compliance Activity Report**  
A written report was provided.

14. **Human Resources and Succession Plan Biannual Report**  
A written report was provided.
15. **Legislative and Regulatory Update**  
A written report was provided.
16. **Upcoming Water Industry Events**  
A written report was provided.
17. **Upcoming Policy Review**  
A written report was provided.
  - a. Catastrophic Leave Policy (PL – HR 008)  
A written report was provided.

#### **Department/Staff Reports**

18. **Financial Report**  
A written report was provided.
  - a. *Draft Financial Highlights – December 2018*  
A written report was provided.
  - b. *Draft Financial Statements – December 2018*  
A written report was provided.
  - c. *Investments Outstanding and Activity – December 2018*  
A written report was provided.
  - d. *Cash Expenditures – December 2018*  
A written report was provided.
  - e. *Credit Card Expenditures – December 2018*  
A written report was provided.
  - f. *Directors Compensation and Expense Accounting*  
A written report was provided.
  - g. *Draft District Reserve Balances – December 2018*  
A written report was provided.
  - h. *Information Required by LOC Agreement*  
A written report was provided.
  - i. *Financial Markets Report*  
A written report was provided.

19. **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.

20. **Engineering Report**

A written report was provided.

a. *Major Capital Improvement Program (CIP) Projects*

A written report was provided.

b. *Asset Management Plans*

A written report was provided.

c. *Other*

A written report was provided.

**Miscellaneous Correspondence and General Information**

21. **Correspondence received by the District**

A written report was provided.

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

The Board and District staff may ask questions for clarification, and make brief announcements and comments, and Board members may request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

Mr. Eubanks commented that he believed GM York was doing a great job.

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

The Board convened in Closed Session at 7:27 p.m. to discuss the following:



22. 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.
23. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.
24. Conference to provide District’s labor negotiator(s), Dave Jones and Craig Locke, with direction concerning changes to General Manager’s compensation and benefits; Government Code sections 54954.5(f) and 54957.6.

**Return to Open Session**

The Board convened in open session at 9:45 p.m. There was no reportable action.

**Adjournment**

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

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District