

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, January 26, 2009

Call to Order

President Schild called the meeting to order at 6:31 p.m.

Roll Call

Directors Present: Ken Decio, Thomas Fellenz, Frederick Gayle, Stephen Hanson and Neil Schild.

Directors Absent: None.

Staff Present: General Manager Robert Roscoe, Dan Bills, Ed Formosa, Jan Gentry, Dave Jones, Warren Jung, Annette O'Leary, John Valdes, Dan York, Lynne Yost and Legal Counsel Joshua Horowitz.

Public Present: Bill Eubanks and Daniel Hayden.

Public Comment

Daniel Hayden just received a meter at his residence. He requested the Board consider a program that levels out a bill over a year similar to programs by PG&E and SMUD.

Bill Eubanks inquired about the Board packets being ready by a specific time on the Friday afternoon before the Monday meeting.

Announcements

The following items were announced:

- Employees who passed the T2 state treatment exam are Michelle Hirt, Mike Jenner, Rodney Lee, and Mike Raftery. Director Hanson and Jeremy Moody received a T1. Director Hanson thanked Doug Cater and Jim Arenz for providing a good program and wanted to recognize staff who run the education programs.
- Due to the Presidents' Day Holiday, the February regular Board meeting is scheduled for February 23rd.

Consent Items

1. Minutes of the December 15, 2008 Regular Board Meeting
2. Resolution No. 09-01 Accepting Grant of Easement and Right of Way for 4940 Watt Avenue – Golden Corral Restaurant
3. Performance Chevrolet's Property Damage Claim

MSC¹ (Decio/Fellenz) that the Board of Directors approve Consent Items 1, 2, and 3, by unanimous vote.

¹Motion, Second, Carried.

Items for Discussion and Action

4. **Groundwater Contamination Cleanup at the Former McClellan Air Force Base Presentation**

At the October regular Board meeting in 2008, the Board of Directors directed staff to schedule a presentation regarding the status of the groundwater cleanup at McClellan. Steve Mayer, McClellan Base Re-alignment and Closure Environmental Coordinator from the Air Force Real Property Agency, Ken Smarkle, Principle Engineer/Groundwater Programs Managers from Noblis, and Mary Hall, Community Relations Specialist from CH2M Hill were present.

Steve Mayer made the presentation on the status of groundwater contamination occurrence, migration and cleanup under the former Air Force Base which included:

- History and site background (aircraft overhaul and repair depot and supply base). Toxic substances in use daily.
- Contaminants present (volatile organic compounds (VOC) such as trichloroethylene and non-volatile organic compounds such as pesticides, metals, petroleum).
- Cleanup to EPA established MCLs. Modeling shows it will take 40-50 years to clean up the water.
- What if MCLs change (Federal or state lowers), then District can't serve water. Will there be an opportunity to revisit the ROD?
- Institutional controls that are in place, e.g. lease prohibits drilling a well, dig permit, and deed restrictions.
- There are 103 remediation extraction wells on base. Currently there are 13 systems pulling from 18 well fields.
- Non-VOC groundwater plumes are being treated.
- Hexavalent chromium cleanup uses an air stripper and ion exchange.

General Manager Roscoe stated that the clean-up appears to be working. Water is not migrating offsite, the plumes are shrinking, and the estimated times to complete cleanup activities is shortening.

There was no public comment.

The Board took no action.

5. **2009 Meter Retrofit Project**

Warren Jung presented the staff report. For 2009, approximately 1,325 services are planned for meter retrofits. Approximately 386 new water services will be installed with meters by the District's main replacement projects and the balance, 939, from retrofits of existing front yard water services. Three contractors provided sealed bid proposals for the 2009 Meter Retrofit Project. The proposals range from \$1,003,980.00 to \$1,258,885.00. The apparent low bid was from GM Construction. GM Construction has performed this same type of work for the District on previous meter retrofit projects, and staff is very comfortable with the quality of their work. GM Construction is knowledgeable of the District's specifications and requirements and has a track record of efficiently retrofitting water services with meters.

Director Hanson stated that the response from customers has been good with GM Construction.

There was no public comment.

MSC (Hanson/Fellenz) that the Board of Directors authorize the General Manager to accept the bid proposal from GM Construction & Developers, Inc. and execute a standard contract agreement on behalf of Sacramento Suburban Water District to construct and complete the 2009 Meter Retrofit Project, by unanimous vote.

6. **Groundwater Well Facility Asset Management Plan**

John Valdes made a PowerPoint presentation. The District has recently prepared different types of asset management plans that address key District capital assets. Wells are considered to be one of the District's most valuable and important assets. The Groundwater Well Facility Asset Management Plan was developed to allow staff to better manage this important asset. The Plan focuses primarily on the actual drilled production well and well casing (the below ground components).

The Plan uses a "scoring" matrix constructed of several types of criteria to prepare a relative ranking of well condition and need for rehabilitation/replacement. It is intended to be used as a tool regarding replacement of aging groundwater wells and associated assets.

This Plan is perpetual in that all active groundwater wells are ranked in order of priority for replacement and it is designed to be updated in response to new and additional information. Review and assessment of the Plan is recommended in roughly 3-year intervals, or as significant additional information becomes available.

Discussion ensued and included:

- In general, newer wells are run more often and are more efficient than older wells.
- The criteria for well replacement, e.g. age, type of construction, performance.
- The Facilities and Operations Committee unanimously approved the plan.

There was no public comment.

MSC (Hanson/Gayle) that the Board of Directors that the Board: 1) adopt the Groundwater Well Facility Asset Management Plan ("Plan"), 2) direct staff to periodically update this Plan as additional information becomes available, and 3) use the Plan during annual capital budget discussions with the Board regarding well rehabilitation and/or replacement, by unanimous vote.

7. **Resolution No. 09-02 Indemnifying Directors, Officers And Employees in Their Capacity As Directors, Officers and Employees of the Sacramento Suburban Water District Financing Corporation**

There was no public comment.

MSC (Hanson/Decio) that the Board of Directors adopt Resolution No. 09-02 Indemnifying Directors, Officers And Employees in Their Capacity As Directors, Officers and Employees of the Sacramento Suburban Water District Financing Corporation, by unanimous vote.

Information Items

Treasurer's Report

8. Financial Markets Update

Dan Bills presented the staff report. All the bank bonds sold last week. Rates are starting to go up.

9. Financial Report

Mr. Bills stated that the auditors were here on January 9th and will be back the end of February. The inventory audit for meter counts was correct.

a. *Draft Financial Statements – December 2008*

A written draft report was provided.

Bill Eubanks asked about being under budget for 2008. There was about \$8.3 million not spent in the 2008 budgets, so he believes rates should be reduced.

b. *Investments Outstanding – December 31, 2008*

A written report was provided.

c. *Cash Expenditures – December 2008*

A written report was provided.

d. *Credit Card Expenditures – December 2008*

A written report was provided.

e. *Directors Compensation and Expense Accounting – through December 2008*

A written report was provided.

f. *Investment Portfolios Yield Compared to LAIF Yield – through December 2008*

A written report was provided.

g. *Hedging Report – Yield to Rates – December 2004 through December 2008*

A written report was provided.

h. *Market Report Yields – September 2005 through November 2008*

A written report was provided.

10. 2008 Year-to-Date Interest Expense

Mr. Bills briefly discussed the debt service.

11. **Series 2004, Series 2005A, and 2008A-1 and A-2 Arbitrage Calculation**

Mr. Bills explained arbitrage and how it affects the District. If necessary, the District would pay arbitrage funds to the IRS every five years. December 2009 will be the first arbitrage calculations for the 2004 COPs.

General Manager's Report

12. **District Activity Reports**

a. *Water Operations Report*

A written report was provided. Water production for the full year of 2008 was provided.

b. *Customer Service Report*

A written report was provided.

c. *Regional Water Efficiency Program Report*

A written report was provided.

d. *Human Resources Report*

A written report was provided. The District has a full complement of employees with the hiring of the water conservation coordinator and environmental compliance coordinator.

e. *Community Outreach Report*

A written report was provided.

13. **Board Planning Workshop**

A written report was provided and reviewed by General Manager Roscoe. Directors are interested in an evening workshop during the week without a facilitator.

14. **Implementation of Cycle Billing**

A written report was provided and reviewed by General Manager Roscoe. There is considerable customer outreach associated with this new program.

15. **CIP Projects Quarterly Report**

A written report was provided.

16. **Auburn Boulevard Main Break**

A written report was provided.

17. **ACWA/JPIA President's Special Recognition Awards**

A written report was provided.

18. **Liability, Property, and Workers' Compensation Risk Assessment**

A written report was provided and briefly reviewed by General Manager Roscoe. All items noted in the risk assessment have been addressed. The General Manager

complimented Field Operations Manager Dan York for his continued vigilance in reducing operations risk.

19. **Preventative Maintenance Quarterly Report**
A written report was provided and reviewed by General Manager Roscoe.
20. **Meter Pilot Program Quarterly Report**
A written report was provided and reviewed by General Manager Roscoe.
21. **RWA Executive Committee Selection Results**
A written report was provided. General Manager Roscoe was re-elected to the Executive Committee and is the Vice Chair for 2009.
22. **McClellan Restoration Advisory Board Meeting**
A written report was provided.
23. **Proposition 50 Grant Funding Status**
A written report was provided.
24. **2009 Federal Economic Stimulus Package**
A written report was provided.
25. **Legislative Update**
A written report was provided and briefly reviewed by General Manager Roscoe. Comment letters for AB 28 are being requested. The District will send a letter of support.
26. **Miscellaneous District Issues – General Manger’s Report**
A written report was provided.

General Counsel’s Report

Legal Counsel Horowitz discussed mandatory water conservation in 2009 and the 20% by 2020 plan. A resolution may be on the February agenda regarding SSWD preserving conserved groundwater rights. AB 2175 relates to saving water equally in northern and southern California. No closed session is needed tonight.

Committee Reports

27. a. *Facilities and Operations Committee*
A written report from the January 14, 2009 meeting was provided. Director Hanson reported on this meeting.
- b. *Finance and Audit Committee*
A written report from the December 22, 2008 meeting was provided.
- c. *Ad Hoc Conjunctive Use Planning Committee*
Directors Fellenz and Schild provided an oral report from the January 13, 2009 meeting.

- d. *Ad Hoc CalPERS Committee*
No report.
- e. *Ad Hoc Water Master Plan Committee*
No report.

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

- 28. a. *Regional Water Authority*
An agenda from the January 8, 2009 meeting was provided. Director Schild provided an oral report on this meeting.

Regional Water Authority Executive Committee
No report.
- b. *Sacramento Groundwater Authority*
No report.
- c. *Water Forum Successor Effort*
No report.
- d. *San Juan Water District Executive Committee*
No report.
- e. *Sacramento River Water Reliability Study*
No report.
- f. *Other Reports*
No report.

Miscellaneous Correspondence and General Information

- 29. Certain correspondence received by the District was provided.
- 30. General information related to District business was provided.

Director's Comments/Staff Statements and Requests

No report.

Closed Session

None.

Adjournment

President Schild adjourned the meeting at 9:34 p.m.

Robert S. Roscoe
General Manager/Secretary