

Agenda Item: 1

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, September 21, 2009

Call to Order

President Schild called the meeting to order at 6:30 p.m.

Roll Call

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

Directors Absent: None.

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

Public Present: Mario DeSouza, William Eubanks, Skip Maggiora and Randall Wiseman.

Announcements

The following items were announced:

- Director Hanson has taken an assignment in Fresno, which started the end of August and is expected to last until the end of November this year.
- As Director Hanson is participating in this meeting by teleconference, it was noted that the agenda was posted in Fresno per the Brown Act.
- Upcoming Community Outreach Days include participating in Carmichael Founder's Day on September 26 and the North Highlands Jubilee on October 17.

Public Comment

Randall Wiseman provided comments on the tiered consumption rates, cost of metered services and the cost differences regarding different sized service lines. Fixed costs are too high.

Consent Item

1. Minutes of the August 17, 2009 Regular Board Meeting
2. Minutes of the August 25, 2009 Special Board Meeting
3. Setting Dates for January and February 2010 Regular Board Meetings
4. Resolution No. 09-15 Accepting a Grant of Easement and Right of Way for 2961 Fulton Avenue
5. Resolution No. 09-16 Accepting a Grant of Easement and Right of Way for 2433 Marconi Avenue

Director Schild pulled Item 3 for discussion.

MSC¹ (Fellenz/Decio) that the Board of Directors approve Consent Items 1, 2, 4 and 5 by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	aye

Regarding Item 3, Director Schild does not agree with the last sentence under the Strategic Plan Alignment that moving a Board meeting off of a national holiday may increase public involvement.

MSC (Fellenz/Gayle) that the Board of Directors approve Consent Item 3 with striking the last sentence in the Strategic Plan Alignment section, by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	aye

Items for Discussion and Action

6. **Property Lease Agreement for 2736 Auburn Boulevard**

General Manger Roscoe presented the staff report. Skip's Music has been a tenant of the District since 1993. This lease agreement was reconfigured and renewed in 2004. The agreement includes renewal and rental rate increase provisions. The last rental rate increase interval was applied on August 1, 2008.

Skip Maggiora, owner of Skip's Music, contacted staff regarding the latest rate increase, the state of the economy and its affect on the loss of business. Mr. Maggiora requested that the District look at several issues related to the lease agreement including the rental rate in comparison with the current market for commercial property and reconsider applying the terms of the rate provisions of the contract.

Mr. Maggiora was present and answered questions from the Board.

Discussion ensued and included:

- The three options provided in the staff report.
- Having Skip's Music lease continue at a slight reduction is better than the property being vacant.
- Option B amends the lease for the period of October 1, 2009 through June 30, 2010.

¹Motion, Second, Carried.

- This might set a precedent for other District tenants to request a reduction in rental rates.

MSC (Hanson/Decio) that the Board of Directors freeze the lease rate for Skip's Music at the June 2008 level of \$5,300 per month until July 2010. Apply the cost-of-living index, as specified by the contract, to the lease rate on July 2010 for the previous 12 month period, by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	aye

7. **San Juan Unified School District's Property Damage Claim**

General Manager Roscoe presented the staff report. The District's insurance carrier, Association of California Water Agencies (ACWA) JPIA, was notified of this property damage claim. Staff believes the claim is a reasonable request.

Discussion ensued and included:

- Only school district labor costs are being requested for reimbursement. There is no property damage claim.
- The District should forward the claim to ACWA/JPIA and not pay the claim directly.
- The claim is under the District's deductible.
- There were four school rooms affected by the leak.

MSC (Hanson/Decio) that the Board of Directors approve the reimbursement claim submitted by San Juan Unified School District, by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	no

8. **ACWA Committee Nomination Support**

General Manager Roscoe presented the staff report. The District received a call for ACWA committee appointment nominees for the 2010-11 term. Currently Director Schild is serving on the Federal Affairs Committee, Director Fellenz serves on the Water Management Committee and General Manager Roscoe is serving on the Groundwater Committee. Legal Counsel Paul Bartkiewicz is on the State Legislative Committee and Legal Affairs Committee.

MSC (Fellenz/Gayle) that the Board of Directors authorize the General Manager to complete the necessary forms for SSWD Board of Directors supported individuals and submit these forms to ACWA by September 30, 2009. The supported individuals include the following:

1. Director Fellenz' nomination as a member of the ACWA Water Management Committee;
2. Director Schild's nomination as a member of the ACWA Federal Affairs Committee;
3. General Manager Roscoe's nomination as a member of the ACWA Groundwater Committee;
4. Legal Counsel Bartkiewicz' nomination as a member of the ACWA State Legislative and Legal Affairs Committees;

by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	aye

9. **Return to Work Policy (PL - HR 007) Review**

General Manager Roscoe presented the staff report. The revised policy includes model language recommended in ACWA/JPIA's "Guide for Creating a Return to Work Program" as revised in July 2009. If the Board approves the updated policy, the General Manager will approve a new Return to Work Program Manual (Agenda Item 21) to replace the District's written procedure (former Human Resources PR - HR 004). The new manual closely follows model program language recommended by ACWA/JPIA.

Discussion ensued and included:

- A doctor's release is required which would indicate any employee limitations.
- The procedures in Item 21 align with this policy and provide detail on the implementation of the policy.

MSC (Fellenz/Decio) that the Board of Directors approve the revised Return to Work Policy (PL - HR 007) as presented, by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	aye

10. **Revenue Plan and Facility Development Charge Analysis**

Dan Bills presented the staff report. The Reed Group has prepared the revenue plan analysis, water rate study, and Facility Development Charge (FDC) calculations over the past 10 years, with the most recent study completed in November 2006. Presently the District needs to update its five-year financial plan and FDC calculations. The current revenue plan is stale and the recently completed Water Master Plan with a capital needs assessment has not been included.

The five-year financial plan is expected to be complete by late November with the new FDC charges being presented at a public hearing no later than January 2010.

Discussion ensued and included:

- This did not go out to bid as it was a revenue plan update only. The Reed Group has the District's financial model and is familiar with the numbers that go into the model.
- An item needs to go out for bid if over \$100,000.
- A full rate study should be included to look at fixed and usage charges. Evaluate the rate design as related to consumption charges.
- The cost to add a full rate study is approximately an additional \$25,000.
- The Finance and Audit Committee will review the material before it comes before the Board.

MSC (Decio/Fellenz) that the Board of Directors direct the General Manager to enter into an agreement with The Reed Group to prepare a five-year Revenue Plan and Facility Development Charge Study and negotiate a fee agreement and proceed with a full rate study, by the following roll call vote:

Decio	aye
Fellenz	aye
Gayle	aye
Hanson	aye
Schild	aye

Information Items

Treasurer's Report

11. Financial Report

Mr. Bills reviewed the balance sheet, the cash expenditures and arbitrage payment.

- a. *Financial Statements – August 2009*
A written report was provided.
- b. *Investments Outstanding and Activity – August 2009*
A written report was provided.
- c. *Cash Expenditures – August 2009*
A written report was provided.
- d. *Credit Card Expenditures – August 2009*
A written report was provided.
- e. *Directors Compensation and Expense Accounting – through August 2009*
A written report was provided.
- f. *Hedging Report – Yield to Rates – December 2004 through August 2009*
A written report was provided.

- g. *Market Report Yields – September 2005 through July 2009*
A written report was provided.
 - h. *Information Required by Bond Agreement*
A written report was provided.
12. **Operating Capital Budget (OCB) Reallocation**
Mr. Bills noted the budget transfers in the written report.
13. **CY 2010 Budget Process**
Mr. Bills stated that the budget process proceeding as planned. There is a Finance and Audit Committee meeting scheduled for September 30, 2009.
14. **Series 2004 Arbitrage Rebate Liability**
Mr. Bills reviewed the written report.

General Manager's Report

15. **District Activity Reports**
- a. *Water Operations and Exception Report*
A written report was provided. For August, the District's surface water went into the drought water bank. Water production remains below the five year average.
 - b. *Customer Service Report*
A written report was provided. The beginning of the week is the heaviest call volume. The number of customers who use Direct Payment Service (DPS) is steadily increasing and is currently at 13.2%. DPS is the District's most cost effective way to process bill payments.
 - c. *Water Conservation and Regional Water Efficiency Program Report*
A written report was provided.
 - d. *Human Resources Report*
A written report was provided.
 - e. *Community Outreach Report*
A written report was provided. The District's Sustainability Project entry in CSDA's Exception Public Outreach placed in the top 3 (out of 15 entries).
16. **American Recovery and Reinvestment Act (ARRA) of 2009 – Bureau of Reclamation's Challenge Grant Program**
A written report was provided and reviewed by General Manager Roscoe. SSWD will receive about \$1.1 million from this nearly \$5 million grant. These funds will be used to accelerate the water meter retrofit program.

17. **Water Waste Violation – 4429 South Park Drive**
A written report was provided and briefly reviewed by General Manager Roscoe. Staff followed procedure and this property was switched to a metered rate.
18. **Jackson-Myrtle Main Failure**
A written report was provided and briefly reviewed by General Manager Roscoe.
19. **Verner Well Construction Discoveries**
A written report was provided and reviewed by General Manager Roscoe.
20. **Community Outreach Timing for Certain Printed Material**
A written report was provided and briefly reviewed by General Manager Roscoe.
21. **Return to Work Program Manual (former PR - HR 004)**
A written report was provided and briefly reviewed by General Manager Roscoe.
22. **Compensation Study Update**
A written report was provided and reviewed by General Manager Roscoe. The compensation study benchmarks total compensation. The study will be presented to the Facilities and Operations Committee.
23. **Emergency Generator Compliance Project Bid Results**
A written report was provided and reviewed by General Manager Roscoe. The generators were pre-ordered. They are compatible for both natural gas and propane. There is the option to install a propane tank at a later date. Natural gas burns cleaner.
24. **MJD Engineering – Back Charge Claims**
A written report was provided and reviewed by General Manager Roscoe. Mario DeSouza, owner of MJD Engineering, addressed the Board and answered questions regarding the two claims he submitted. He stated the construction time lost for the storm drain and the fire hydrant had a large impact on his small business. He offered to provide more data, video footage and information to the District. These claims are scheduled for the October regular Board meeting.
25. **Arden Arcade Incorporation Update**
A written report was provided and briefly reviewed by General Manager Roscoe. Staff will review and provide comments on the Notice of Preparation (NOP) as related to water issues and the District. There have been no recent meetings, but regular e-mail updates.
26. **ASCE/EWRI Water Resources White Paper to the Governor**
A written report was provided and briefly reviewed by General Manager Roscoe.
27. **Drought Water Bank Update**
A written report was provided and reviewed by General Manager Roscoe. The July and August invoices were submitted to the State for payment.

28. **Delta and Water Related Legislative Update**
A written report was provided and reviewed by General Manager Roscoe. An e-mail regarding the District's opposition position on SB 722 (now SB 68) was provided to the Board on September 11, 2009. SB 68 threatens senior water rights and adversely impacts water conservation targets.
29. **Legislative Update**
A written legislative report was provided and briefly reviewed by General Manager Roscoe.
30. **Miscellaneous District Issues – General Manger's Report**
A written report was provided. General Manager Roscoe noted the following:
 - There is a considerable amount of developer activity.
 - Staff met with representatives of the Sierra Oaks Vista Community Group to discuss fire protection for the area.

General Counsel's Report

None.

Committee Reports

31. a. *Facilities and Operations Committee*
No report.
- b. *Finance and Audit Committee*
No report.
- c. *Ad Hoc Conjunctive Use Planning Committee*
No report.
- d. *Ad Hoc CalPERS Committee*
No report.
- e. *General Manager Performance Review Committee*
No report.

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

32. a. *Regional Water Authority*
An agenda from the September 10, 2009 meeting was provided. Director Schild attended the meeting and provided an oral report.

Regional Water Authority Executive Committee
An agenda from the August 26, 2009 meeting was provided.
- 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

- 33. Certain correspondence received by the District was provided.
- 34. General information related to District business was provided.

Director's Comments/Staff Statements and Requests

Due to Director Hanson's special work assignment in Fresno, President Schild appointed Director Gayle as the second member of the Facilities and Operations Committee for the remainder of 2009. Director Decio will chair this committee.

Closed Session

The Board convened in closed session at 8:22 p.m. to discuss the following:

- 35. a. Conference with Legal Counsel – Existing Litigation
Government Code sections 54954.5(c) and 54956.9(a); Sacramento Suburban Water District v. California Public Employees Retirement System.
- b. Conference with Legal Counsel – Existing Litigation
Government Code sections 54954.5(c) and 54956.9(a). Butte Environmental Council, et al. v. California Department of Water Resources, et al.
- c. Conference with legal counsel – anticipated litigation;
Government Code sections 54954.5(c) and 54956.9(c); consideration of initiation of litigation involving one case.
- d. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.
Conference with Board negotiating committee (including Directors Schild and Decio) involving the General Manager under Government Code sections 54954.5(f) and 54957.6.

Return to Open Session

The Board reconvened in open session at 10:58 p.m. There was no reportable action.

Adjournment

President Schild adjourned the meeting at 10:59 p.m.

Robert S. Roscoe
General Manager/Secretary