

Agenda Item: 1

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, December 21, 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 and Lynne Yost.
Public Present: William Eubanks, Christy Manley, Nels Rund and Avery Wiseman.

Election of District Officers

1. President Schild suggested reconsidering the Board officers appointments for two years instead of the current one year term.

Director Hanson stated that other local entities have one year terms for positions of mayor and president.

Director Hanson nominated Director Fellenz as Board President.

MSC¹ (Hanson/Decio) that the nominations for Board President be closed.

MSC (Hanson/Decio) that the Board of Directors elect Director Fellenz as Board President, by unanimous vote.

Directors Hanson and Schild stated their interest in the position of Vice President.

Director Decio nominated Director Hanson as Vice President.

MSC (Hanson/Decio) that the nominations for Board Vice President be closed and that the Board of Directors elect Director Hanson as Board Vice President, by unanimous vote.

MSC (Gayle/Decio) that the Board of Directors reaffirm General Manager Roscoe as Board Secretary and Dan Bills as District Treasurer, by unanimous vote.

¹Motion, Second, Carried.

President Fellenz presided over the remainder of the meeting.

Announcements

The following items were announced:

- The District has settled its dispute with CalPERS concerning the calculation of the required employer’s contribution that SSWD is required to pay into its pension account. CalPERS has agreed to pay \$775,000 into the District’s pension side fund in exchange for the District’s dismissal with prejudice of its appeal filed with CalPERS. Copies of the settlement agreement are available from the District upon request.
- The SSWD Financing Corporation meeting is scheduled for January 25, 2010 at 6:00 p.m. (one-half hour prior to the January regular Board meeting).

Public Comment

None.

Consent Item

2. Minutes of the November 16, 2009 Regular Board Meeting

MSC (Schild/Decio) that the Board of Directors approve the Consent Item, by unanimous vote.

Items for Discussion and Action

3. **Committee and Liaison Appointments for 2010**

The Board President annually reviews committee assignments and typically makes appointments at the December Board meeting. The Ad Hoc CalPERS Committee and Ad Hoc Water Master Plan Committee were dissolved as their tasks have been achieved. President Fellenz made the following appointments for 2010:

Committees

Facilities and Operations Committee.....Steve Hanson, Chair
.....Ken Decio
.....Staff Contact: Ed Formosa
Finance and Audit CommitteeNeil Schild, Chair
.....Tom Fellenz
.....Staff Contact: Dan Bills
General Manager Performance Review CommitteeTom Fellenz, Chair
.....Fred Gayle
Ad Hoc Conjunctive Use Planning CommitteeNeil Schild, Chair
.....Tom Fellenz

Liaison Assignments

ACWA/JPIANeil Schild
.....Alt Rep: Robert Roscoe
ACWA Federal Affairs CommitteeNeil Schild
ACWA General Election voting delegate.....Robert Roscoe

ACWA Groundwater Committee	Robert Roscoe
ACWA Water Management Committee.....	Tom Fellenz
California Special District Association.....	Steve Hanson
CSDA Special Task Forces Committee.....	Steve Hanson
LAFCo Special District Advisory Committee.....	Frederick Gayle
Regional Water Authority (12/15/08).....	Steve Hanson
.....	Robert Roscoe
.....	Neil Schild, Alternate
Sacramento Groundwater Authority	Neil Schild
.....	Steve Hanson, Alternate
.....	Robert Roscoe, 2 nd Alternate
Sacramento Water Forum Successor Effort.....	Staff Rep: Robert Roscoe
.....	Ken Decio
.....	Frederick Gayle
San Juan Water District Executive Committee.....	Ed Formosa

There was no public comment.

4. **Workplace Dishonesty Policy (PL - Adm 006) Review**

General Manger Roscoe presented the staff report. Staff completed the biennial review of the Workplace Dishonesty Policy. The review prompted minor revisions to clarify and update the policy.

Discussion ensued and included:

- The policy focuses on monetary issues and not material items such as a screw driver or pipe. Emphasis should be equal.
- The Employee Manual provides more detail and examples of dishonest behavior related to material, monetary and labor.
- If this policy is redundant to the Employee Manual, then it could be eliminated.

President Fellenz directed staff to report to the Board on the differences between the Workplace Dishonesty Policy and the Employee Manual and consider combining the policies or eliminating one.

There was no public comment.

MSC (Hanson/Gayle) that the Board of Directors adopt the updated Workplace Dishonesty Policy (PL - Adm 006), by unanimous vote.

5. **Claims Processing Policy (PL - Adm 007)**

General Manager Roscoe presented the staff report. Under this policy, the General Manager, or his or her designee, would be given the authority to approve or reject a claim up to a value of \$10,000. All claims exceeding \$10,000 in value will be presented for action to the Board of Directors at a regularly scheduled Board meeting. Staff's action on claims under \$10,000 would be reported to the Board at the next regular meeting. District staff currently processes and investigates approximately 10

to 20 claims annually. If adopted, the five pending claims will fall under the new policy and be handled administratively.

Discussion ensued and included:

- Under section 400.00, it was suggested to include the recommendation of ACWA/JPIA.
- ACWA/JPIA does not process a claim unless the District rejects it first.
- The working details will be formulated into a procedure.
- The General Manager chose the threshold of \$10,000.

There was no public comment.

MSC (Gayle/Schild) that the Board of Directors adopt the Claims Processing Policy (PL - Adm 007), by unanimous vote.

6. **Resolution No. 09-21 Amending Regulations Nos. 1, 2, 3, 5, 6, 7, 8, 9, 11, 14 and 15 of the Regulations Governing Water Service**

Ed Formosa presented the staff report. Legal Counsel reviewed the regulations in detail and changed the language for consistency. Mr. Formosa reviewed Regulations 3, 6 and 15.

Changes to Regulation 3 included removing the fee table from the prior two years to only reflect the current rates; the meter testing fee was updated; and locking device replacement fee to reflect the full cost to replace if damaged.

Changes to Regulation 6 included additional language to clarify District procedure when a landowner requests water to be terminated to a tenant occupied property.

Changes to Regulation 15 included changes to the watering times as discussed several months ago by the Board. Water users may water anytime except from noon to 8:00 p.m. Language was added to allow the General Manager to grant a variance without penalty for watering times, e.g. allows for a disable person to water at times other than what is noted in the regulation.

Discussion ensued and included:

- Putting the odd/even watering days back into the regulation.
- RWA is in the process of developing consistent messaging regarding regional watering times and water conservation stages. RWA has moved away from the odd/even watering days.
- Once RWA establishes guidelines, then bring Regulation 15 back to the Board for alignment with RWA guidelines.
- Enforcement and penalties are easier with odd/even watering. It is easy to remember when to water.
- The State's 20% reduction in water use by 2020.

William Eubanks clarified that the term "ratepayer" is not in the definitions in Regulation 1. However, Regulation 15 refers to "ratepayer" many times. He noted on page 2 of Regulation 15, that washing down sidewalks is prohibited at the top of

the page but near the bottom is allowed. He prefers the word “ratepayer” to “water user.” Have the District’s water conservation regulation refer to RWA if their water conservation guidelines are the standard. Odd/even watering is an archaic manner for watering.

Avery Wiseman stated that the Board needs to think in terms of the customer. To reduce water use by 20% from his current use is nearly impossible. He believes the Board lacks fiscal responsibility. The Board should address the conservation problem and not side issues. There is no monetary incentive to conserve water.

MSC (Hanson/Decio) that the Board of Directors adopt Resolution No. 09-21 Amending Regulations Nos. 1, 2, 3, 5, 6, 7, 8, 9, 11, 14, and 15 of the Regulations Governing Water Service, directing staff to make Regulation 15 consistent with the remainder of the Regulations, particularly the terminology (e.g. rate payer, customer and water user), by 4/1/0 vote (Schild opposed) vote.

7. **Facilities Consolidation and Potential Property Acquisition**

John Valdes presented the staff report. The property appraisal received by staff is scheduled for discussion in tonight’s closed session. The environmental assessment found additional contaminant sources and pathways. The consultant recommends additional environmental work. The owner of the property south of 4600 Auburn Boulevard is receptive to the idea of an access easement. For the four sites evaluated for possible facilities consolidation, the estimated total cost is between \$7.6 and \$8.3 million.

Discussion ensued and included:

- The 2008 estimated sale price for the Marconi office has decreased by 10%.
- Two wells could be drilled at the 4600 Auburn site.
- Additional site acquisition costs is estimated at \$150,000 and includes a conditional use permit, phase II analyses and test well.
- There is a large septic tank on the site from the previous mobile home park.
- Provide an offer contingent on securing a conditional use permit, favorable test well results, etc.
- There are ADA issues with the Marconi building.
- The cost is about \$150,000 for a ramp and/or lift in the next ADA phase for the Marconi office.
- A stagger approach to the facility could be used. Phase in the wells.
- If the money is tied up in the property, the District should move faster and not slower to complete the facilities consolidation.
- If option B or C is adopted, the Board is committing to spend about \$7.6 to \$8.3 million for facilities consolidation.

William Eubanks stated the Board should continue to pursue a suitable site for facilities consolidation. The Marconi building has problems with the driveway access and parking. Think of the image of this building and how it reflects on SSWD. There are many ways to finance the consolidation, e.g. developer build and then SSWD lease back the building. The cost will only go up if the Board waits. Now is the time to buy land and move ahead.

M (Schild) that the Board of Directors table this item for a month.

Director Hanson stated that this is not the first time this item has appeared on the Board agenda. It also has been discussed at the Facilities and Operations Committee. He is in favor of moving ahead with the next steps.

General Manager Roscoe stated that the next steps would include soil sampling and water testing. Only if the majority of the Board wants to proceed to spend additional funds and commit staff resources on this project does staff want to move forward.

MS (Hanson/Decio) that the Board of Directors directed the General Manager to proceed with property acquisition with the intent to consolidate all District functions with a turn-key plan and construction program (option C) after meeting in closed session to determine an offer with contingencies to address the site issues, was modified to:

MSC (Hanson/Decio) that the Board of Directors directed the General Manager to proceed with property acquisition with the intent to construct a production facility and eventual consolidation of the administration and field operations functions over a phased development taking several years (option B), by unanimous vote.

Information Items

Treasurer's Report

8. Financial Report

Mr. Bills noted several items including the amount paid on principal and the 2009 operating expenses and operating capital budgets are coming in about 10% under budget and the District.

Avery Wiseman stated that service to customers should be in the District's mission statement. The Board should represent the customers and not run the day to day operations. If the District operations are 10% under budget, then the District is charging customers too much.

General Manager Roscoe stated there are reasons why the budget does not come out exactly as projected, e.g. unplanned revenue from the drought water bank and a decrease in water production by 15-20% in 2009.

- a. *Financial Statements – November 2009*
A written report was provided.
- b. *Investments Outstanding and Activity – November 2009*
A written report was provided.
- c. *Cash Expenditures – November 2009*
A written report was provided.

- d. *Credit Card Expenditures – November 2009*
A written report was provided.
 - e. *Directors Compensation and Expense Accounting – through November 2009*
A written report was provided.
 - f. *Hedging Report – Yield to Rates – December 2004 through November 2009*
A written report was provided.
 - g. *Market Report Yields – August 2005 through October 2009*
A written report was provided.
 - h. *Information Required by Bond Agreement*
A written report was provided.
9. **2009 Budget Reallocations**
Mr. Bills provided the staff report. Staff cannot spend money that is not in the specific budget. This report shows reallocations within each budget.

General Manager's Report

10. **District Activity Reports**

- a. *Water Operations and Exception Report*
A written report was provided. Water production for November is at the five year average. For the remainder of 2009, production is lower than the five year average.
- b. *Customer Service Report*
A written report was provided. Additional electronic bill pay options are available to customers.
- 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.

11. **Greenhouse Gas Inventory Report and Presentation**

John Valdes made a presentation and reviewed the written report. The District's greenhouse gas (GHG) emissions for 2008 was 5,317 metric tons. The majority of SSWD's emissions is from electricity used to pump groundwater. The baseline year for the District's greenhouse gas inventory (GHG) is 2008. It is anticipated that

GHG/carbon footprint calculations will be completed annually. The consultant will train District staff how to use the model so staff can insert the data each year.

12. **Coyle Avenue Elementary School Monitoring Well Presentation**

A written report was provided and briefly reviewed by General Manager Roscoe. After the school presentation, individual teachers requested District staff to make a presentation for their class. Director Gayle suggested a similar presentation for the Twin Rivers school.

13. **ACWA/JPIA President's Special Recognition Award**

A written report was provided and briefly reviewed by General Manager Roscoe. A loss ratio of 20% or less must be maintained by a district to receive this award.

14. **Grant Funding for North Service Area Fluoridation Facilities Status Report**

A written report was provided and reviewed by General Manager Roscoe. Staff will meet again with the First 5 Sacramento's Fluoridation Task Force in January. The District will compete for the grant application which will include stipulations on receipt of any grant. If the grant application is successful, the terms of the application will be presented to the Board for consideration.

15. **Sacramento Metro Chamber Cap-to-Cap Event**

A written report was provided and briefly reviewed by General Manager Roscoe. If a director is interested in attending, Board action is required. The District requested \$20 million for projects in the 2010 Water Resources Development Act (WRDA) bill. General Manager Roscoe is the co-chair of the Water Team for the Cap-to-Cap event.

16. **Water Education Foundation 2010 Water Tours**

A written report was provided and reviewed by General Manager Roscoe. Directors were requested to contact staff if there is interest in attending any of the tours.

17. **CEQA Exceptions for Water Facility Projects**

A written report was provided and reviewed by General Manager Roscoe. Staff continues to follow previous Board direction to process CEQA exceptions and report those to the Board. More involved CEQA processing such as negative declarations or environmental impact reports are brought to the Board for deliberation and action.

18. **Technical Specifications and Standard Detail Revisions**

A written report was provided and reviewed by General Manager Roscoe. The Technical Specifications and Standard Details are available to view if requested.

19. **2009 Drought Water Bank Final Report**

A written report was provided and reviewed by General Manager Roscoe. Not all the expenses are in yet. Currently staff estimates about \$1.83 million will be netted by the District after expenses. This is additional unbudgeted revenue for the District; not collected from District ratepayers.

20. **Delta Legislative Packet Summary**

A written report was provided and reviewed by General Manager Roscoe. Additional information is available upon request. The \$11.14 billion bond currently scheduled for the November 2010 ballot could be postponed. It was noted that the City of Sacramento has withdrawn their membership from ACWA.

William Eubanks urged the Board to withdraw its ACWA membership, and use the \$35,000 membership fee toward another insurance carrier.

General Manager Roscoe stated that the District is currently looking at another pooled insurance program through the California Special Districts Association.

21. **Legislative Update**

A written legislative report was provided.

22. **Miscellaneous District Issues – General Manger’s Report**

A written report was provided. General Manager Roscoe noted the following:

- The District has submitted requests for 5 projects with an estimated cost of \$24 million for WRDA authorization.
- Which additional main replacement projects are in design.
- District staff attended a recent Arden Arcade incorporation effort meeting.
- The District received three proposals for the preparation of the 2010 Urban Water Mater Plan.

General Counsel’s Report

None.

Committee Reports

23. a. *Facilities and Operations Committee*

No report.

- b. *Finance and Audit Committee*

A written report from the November 9, 2009 meeting was provided.

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

24. a. *Regional Water Authority*

No report.

Regional Water Authority Executive Committee

An agenda from the December 9, 2009 meeting was provided. General Manager Roscoe provided an oral report.

- b. *Sacramento Groundwater Authority*

An agenda from the December 10, 2009 meeting was provided. General Manager Roscoe provided an oral 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*
Directors Gayle, Hanson and Schild reported on the ACWA conference they attended in San Diego earlier this month.

Miscellaneous Correspondence and General Information

- 25. Certain correspondence received by the District was provided.
- 26. General information related to District business was provided.

Director's Comments/Staff Statements and Requests

Director Hanson stated he attended the Annual District Achievement Event. He was impressed with the PowerPoint slideshow which highlighted the District's accomplishments in 2009. He thanked Warren Jung for organizing the event and hopes this event happens each year.

Closed Session

The Board convened in closed session at 9:30 p.m. to discuss the following:

- 27. a. 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.
- b. Conference with Legal Counsel – Existing Litigation
Government Code sections 54954.5(c) and 54956.9(a). Sacramento Suburban Water District v. Bank of America, N.A., 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. Conference with District real property negotiator involving 4600 Auburn Blvd, Sacramento, California, and Daniel Benvenuti, Jr. Instructions to District negotiator may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

Return to Open Session

The Board reconvened in open session at 9:55 p.m. There was no reportable action.

Adjournment

President Fellenz adjourned the meeting at 9:56 p.m.

Robert S. Roscoe
General Manager/Secretary