

## **Agenda Item: 2**

### **Minutes**

Sacramento Suburban Water District  
**Regular Board Meeting**  
Monday, January 25, 2010

#### **Call to Order**

President Fellenz 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, John Valdes, Dan York and Lynne Yost.  
Public Present: William Eubanks, Nels Rund and Avery Wiseman.

#### **Announcements**

The following items were announced:

- The RWA Executive Committee officers election results were provided.

#### **Public Comment**

Avery Wiseman commented on his water bill. He suggested the following: 1) that money not spent in the 2009 budget be returned to the ratepayers in a onetime rebate, 2) the CIP should be slowed down and 3) provide space in the bill insert for customers to provide comments.

William Eubanks voiced his concern that his e-mail sent to the Board President and Vice President was seen by management staff other than the general manager and assistant general manager. The General Manager explained District procedure on which staff are able to access e-mails sent to Directors on the District e-mail account, and noted that all e-mails to Directors were public documents.

#### **Consent Item**

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

MSC<sup>1</sup> (Hanson/Decio) that the Board of Directors approve Consent Item 1 by unanimous vote.

#### **Items for Discussion and Action**

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<sup>1</sup>Motion, Second, Carried.

2. **Resolution No. 10-02 Committing Funds to Pay Annual Operation and Maintenance Costs for Water Fluoridation in the North Service Area for 20 Years**

General Manager Roscoe presented the staff report. The Board previously directed staff to complete a First 5 Sacramento Commission funding application to pay for the capital cost to fluoridate groundwater supplies in the NSA. The estimated annual operation and maintenance (O&M) cost for fluoridation of the NSA groundwater wells is \$372,000 per year (this estimate does not include the Verner Well). The total labor rate (including benefits) of \$60/hour with an estimated 2,650 work hours is equivalent to more than one new full-time operator position. District staff has notified the First 5 Sacramento Fluoridation Task Force that if SJWD does not add fluoridation at their Peterson WTP, then the District cannot optimally fluoridate the water being served to NSA customers at all times.

Discussion ensued and included:

- First 5 paying for a year or more of O&M costs.
- Director Schild opposes this proposed action. SJWD does not plan to fluoridate the water supply. City of Sacramento may stop fluoridation to save money. District water rates are still affected even if First 5 pays for a year or two of O&M costs.
- The City of Watsonville had a legal battle in which State law trumped the local referendum on fluoridation.
- The estimated annual O&M costs and the additional 1+ new operator position.
- There are no costs estimated for fluoridating the Verner and Antelope PRVs.
- It would be best if the entire Sacramento region was either fully fluoridated or not fluoridated. This is especially beneficial for conjunctive use.
- Director Fellenz believes that fluoridated water is in the best health interest of District customers.
- Director Decio is not in favor of fluoridation. He is not interested in spending public money for equipment that may not be used. If SJWD not fluoridating, then SSWD should not fluoridate.
- SSWD should hear from the customers regarding if they are in favor of water fluoridation before the Board takes a position on water fluoridation.

William Eubanks stated the Board should make a statement either in favor or not in favor of fluoridation. He is in favor of fluoridation. He suggested sending this item back to committee.

MSC (Gayle/Fellenz) that the Board of Directors approve Resolution No. 10-02 Committing Funds to Pay Annual Operation and Maintenance Costs for Water Fluoridation in the North Service Area for 20 Years with number 3 on page 3 of the resolution to read “to apply for” grant funding (delete “obtain”) and the addition of “The Board is not at this time committing to accepting a grant but is committing to consider grant conditions if offered.” to the end of the same paragraph, by 3/2/0 vote (Decio and Schild oppose).

3. **Ethics Policy (PL - BOC 004) Review**

Mr. Formosa presented the staff report. Staff completed the biennial review of the Ethics Policy. Legal revisions and clarifying edits were made to update the policy.

There was no public comment.

MSC (Decio/Gayle) that the Board of Directors adopt the revisions to the Ethics Policy (PL - BOD 004), by 4/0/1 vote (Hanson was not in the room during the vote).

4. **Employee Policy and Procedures Manual (PL - HR 001) Update**

General Manager Roscoe presented the staff report. The change in the policy would provide a meal allowance after an employee has worked at least 2 hours outside normal working hours or at least 4 hours in the event of an emergency call out. The changes proposed make the meal allowance simpler and easier for audits. By not paying a receipt, the meal allowance will be taxable income to the employee.

Discussion ensued and included:

- Use receipts for reimbursement rather than a meal allowance amount.
- This change does not affect an employee's PERS salary.

There was no public comment.

MSC (Hanson/Gayle) that the Board of Directors adopt the recommended change in meal allowance reimbursement requirement for the Employee Policy and Procedures Manual (PL - HR 001), by 4/1/0 vote (Schild opposed).

5. **Resolution No. 10-03 Authorizing Entry into a Merchant Card Agreement with Westamerica Bank**

Dan Bills presented the staff report. Currently VISA and Master Card treat the District as if it were a commercial institution and charge the District a fee based on its classification as a commercial institution. Both VISA and Master Card have set up a special program for utility institutions which charge utilities a lower fee than commercial institutions. The District is expected to save about \$3,000 per month with this change. SSWD can discontinue the agreement at any time.

There was no public comment.

MSC (Hanson/Decio) that the Board of Directors adopt Resolution No. 10-03 authorizing the General Manager, Assistant General Manager, or Director of Finance to enter into Agreements with Westamerica Bank for Merchant Card and Debit Card Processing Services, by unanimous vote.

6. **Resolution No. 10-04 Authorizing Entry into an Agreement with Westamerica Bank for Remote Deposit Services**

Mr. Bills presented the staff report. The law allows the recipient of an original check to create a digital version of the check—called a "substitute check" thereby eliminating the need for further handling of the original check. Benefits to the District include faster clearing of checks, faster notification of invalid checks, on-line copies

of both sides of the check, and elimination of the need for staff to manually photocopy only the front side of each check. Other banks also offer this service.

There was no public comment.

MSC (Schild/Decio) that the Board of Directors Resolution No. 10-04 authorizing the General Manager, Assistant General Manager, or Director of Finance to enter into an Agreement with Westamerica Bank for Remote Deposit Services, by unanimous vote.

7. **Resolution No. 10-05 Concurring in Nomination to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (“ACWA-JPIA”)**

General Manager Roscoe presented the staff report. ACWA/JPIA is holding an Executive Committee election during the Board of Directors’ meeting scheduled for May 3, 2010 at the Spring Conference in Monterey, California. This election is to fill two Executive Committee positions and the Office of Vice President, each for a three-year term, and one Executive Committee member position for the remainder of its term, one year.

In February 2007 the Board of Directors adopted Resolution No. 07-05 concurring in nomination to the Executive Committee Director Joseph M. Dion of Citrus Heights Water District. The District received a letter from Citrus Heights Water District (CHWD) General Manager Bob Churchill requesting SSWD support CHWD Director Dion to continue serving on the JPIA Executive Committee.

There was no public comment.

MSC (Schild/Decio) that the Board of Directors adopt Resolution No. 10-05 Concurring in Nomination to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (“ACWA/JPIA”), by unanimous vote.

## **Information Items**

### **Treasurer’s Report**

8. **Financial Markets Update**

Mr. Bills presented the status of the district debt portfolio. Roughly one third of the portfolio is fixed debt (not adjustable rate). The long end of the yield curve is rising or the cost to move to a fixed rate would be higher.

9. **2009 Interest Expense Report**

Mr. Bills presented the staff report.

10. **Financial Report**

Mr. Bills noted the income statement and balance sheet are for November 2009. The December 2009 financial statements will be available at the February Board meeting.

- a. *Financial Statements – November 2009*  
A written report was provided.
  - b. *Investments Outstanding and Activity – December 2009*  
A written report was provided.
  - c. *Cash Expenditures – December 2009*  
A written report was provided.
  - d. *Credit Card Expenditures – December 2009*  
A written report was provided.
  - e. *Directors Compensation and Expense Accounting – through December 2009*  
A written report was provided.
  - f. *Hedging Report – Yield to Rates – December 2004 through December 2009*  
A written report was provided.
  - g. *Market Report Yields – August 2005 through November 2009*  
A written report was provided.
  - h. *Information Required by Bond Agreement (Draft)*  
A written report was provided.
11. **Update - Financial Plan, Water Rates, and Facility Development Charge (FDC) Study**  
Mr. Bills presented the staff report. There is a revised schedule for the study.
12. **Pension Side Fund Update**  
Mr. Bills presented the staff report. The latest valuation was done as of June 30, 2008, at which time the District's side fund liability was calculated at \$4,884,269. After the \$775,000 credit to the side fund in January, CalPERS staff estimates that the side fund liability will be \$4,188,126 as of June 30, 2010. As payments over the remaining term of the side fund (25 years) total \$10.7 million then, simply calculated, the District would pay effectively \$6.5 million in interest over the remaining term of the side fund payoff period. Staff will analyze the benefits of paying off the side fund currently versus continuing to make payments under the terms of the current installment schedule and present alternative options at a future Board meeting.

William Eubanks suggested to pay off the side fund liability over years and not to pay it off immediately.

### **General Manager's Report**

13. **District Activity Reports**
- a. *Water Operations and Exception Report*  
A written report was provided. Water production for 2009 were noted.

- b. *Customer Service Report*  
A written report was provided.
  - 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.
14. **SSWD 2009 in Review**  
Ed Formosa made a PowerPoint presentation summarizing the District's 2009 activities. Achievements and trends in water production, distribution, field services, water conservation, customer service, engineering, CIP, Finance and IT were reviewed.
15. **2010 Urban Water Management Plan – Consultant Selection Status and Presentation**  
A written report was provided and briefly reviewed by General Manager Roscoe.
16. **Workplace Dishonesty Policy (PL - Adm 006) and Employee Manual Comparison**  
A written report was provided and briefly reviewed by General Manager Roscoe. Staff believes both policies should be in place and are not duplicative.
17. **Report on Dental Insurance Issues**  
A written report was provided and reviewed by General Manager Roscoe. Since changing dental insurance carriers, there have been coverage issues. Staff is conducting an analysis of the coverage to determine if the District is receiving the full value of the service that should be covered in the premiums.
- William Eubanks does not believe the District should be involved with employee dental claims.
18. **NWRA Election Results**  
A written report was provided and General Manager Roscoe noted the successful candidates.
19. **CIP Projects Quarterly Report**  
A written report was provided.
20. **Preventative Maintenance Quarterly Report**  
A written report was provided and briefly reviewed by General Manager Roscoe.
21. **Meter Pilot Program Quarterly Report**

A written report was provided and reviewed by General Manager Roscoe. Customers who save money on the meter pilot program typically request to be converted to a metered rate and then are dropped off the pilot program.

22. **Fixed Network Meter Reading Update**

A written report was provided and reviewed by General Manager Roscoe. The two watt system appears to be better than the one watt system. The results of the pilot program look very promising.

William Eubanks stated that the new meters being installed should keep up with new technologies.

23. **Facilities Consolidation and Proposed Property Acquisition Update**

A written report was provided and reviewed by General Manager Roscoe.

24. **Engine Generator Compliance Project**

A written report was provided and reviewed by General Manager Roscoe.

25. **Main Replacement Master Service Contract Update**

A written report was provided and reviewed by General Manager Roscoe. Discussion ensued about the merits of continuing District purchase of some materials as staff was reporting that the new service contracts would have the contractors purchase all materials with a reduced, negotiated mark-up. Dave Jones reported on the number of invoices processed and staff time required now that nearly nine miles of main replacements are happening annually.

26. **McClellan Restoration Advisory Board Meeting**

A written report was provided and reviewed by General Manager Roscoe.

27. **Regional Coalition for Retaining Lobbying Services**

A written report was provided and reviewed by General Manager Roscoe.

28. **Legislative Update**

A written legislative report was provided.

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

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

- The new CalPERS bay area regional health plan rates became effective January 1, 2010, and affects District costs for several employees that reside in counties moved to the bay area region (Yolo and San Joaquin).
- SGA is finalizing a groundwater accounting framework. The Board would like to see a presentation at an upcoming meeting.

**General Counsel’s Report**

A confidential written report was provided to the Directors.

**Committee Reports**

30. a. *Facilities and Operations Committee*  
A meeting is being scheduled for February.
- b. *Finance and Audit Committee*  
No report.

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

31. a. *Regional Water Authority*  
An agenda from the January 14, 2010 meeting was provided. Director Schild provided an oral report.  
  
*Regional Water Authority Executive Committee*  
No report.
- b. *Sacramento Groundwater Authority*  
No report.
- c. *Water Forum Successor Effort*  
An agenda from the January 14, 2010 meeting was provided. General Manager Roscoe and Decio provided a brief oral report on the meeting.
- d. *San Juan Water District Executive Committee*  
No report.
- e. *Sacramento River Water Reliability Study*  
No report.
- f. *Other Reports*  
Directors Decio, Gayle and Schild reported on their individual January 6, 2010 meetings with the General Manager. Director Fellenz reported on his January 5, 2010 meeting with the General Manager.

**Miscellaneous Correspondence and General Information**

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

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

Staff will be scheduling a Board strategic planning workshop on a weekday evening in the spring.

**Closed Session**

There was no closed session.

**Adjournment**

President Fellenz adjourned the meeting at 9:35 p.m.