

Minutes

Sacramento Suburban Water District Special Board Workshop - Budget Monday, October 11, 2021

Location:

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #870 3487 0831.

Call to Order – Videoconference/Audioconference Meeting

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

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

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

Directors Absent: Kevin Thomas and Craig Locke.

Staff Present: Assistant General Manager Matt Underwood, Heather Hernandez-Fort, Jeff Ott, Dana Dean, Todd Artrip, David Armand, Hannah Dunrud, Lynn Pham, Ann Bradford, and David Espinoza.

Public Present: Craig Locke via Zoom, William Eubanks, and Tony Barela.

Announcements

Assistant General Manager Matt Underwood (AGM Underwood) announced:

- General Manager Dan York was ill and will not be in attendance.
- Staff has been advised by legal counsel that, based on new legislation, if a Director participated in the meeting via Zoom or teleconference they could listen but could not participate in any discussion or action.

President Wichert expressed he was disappointed that they were not made aware that Directors were unable to join the meeting virtually until now.

Public Comment

William Eubanks (Mr. Eubanks) inquired about the style of meeting, and if the Board was planning on voting on items.

President Wichert expressed it was a Special Board Workshop and they were allowed to vote.

Items for Discussion and/or Action

1. **Capital Budget Transfer Request**

AGM Underwood presented the staff report and answered clarifying questions.

President Wichert requested staff provide answers to how many wells were shut down due to Chrome 6, the reason each of the 15 wells were out of service, when they each went out of service, if they were standby or unable to use due to their known contaminant, what the pumping capacity was for each well, and what the plan is for each well.

President Wichert additionally inquired if any of the surrounding water purveyors possessed an opportunity to sell surface water or had excess to groundwater capacity that we would be able to purchase.

Director McPherson expressed she would not want to routinely rely on other water purveyors, and that she was interested in the District being self-sustaining.

Director Jones expressed he wanted staff to try to avoid drilling a well if the water was contaminated in that area.

President Wichert requested to see a schedule for the well projects.

Dana Dean (Mr. Dean) expressed well projects were listed monthly in the Engineering Report.

President Wichert recommended staff work on a redundant source of water, such as contracts with surrounding water purveyors, and not embark on an engineering project that has the potential to be delayed. He additionally expressed he was not in favor of drilling wells in the North Service Area, and he would like to see the current projects accelerated.

Director Jones expressed it was difficult to accelerate well projects, as there are steps to drilling wells that may take time.

AGM Underwood expressed there were some supply disruptions however staff was working on accelerating all current well projects if possible.

Mr. Eubanks asked clarifying questions.

President Wichert requested staff bring the presentation back with additional information, and be more specific on what staff was requesting.

Director McPherson moved to approve the transfer from Operations and Maintenance (O&M) Budget to Capital Budget of \$540,000 in order to accelerate construction of new groundwater wells in the North Service Area (NSA) to restore lost production

capacity; Director Jones seconded. The motion failed on a 2/1 vote, President Wichert opposed.

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

Director Jones moved to approve the use of \$350,000 of Well Property Acquisition Reserves to complete planned 2021 well property acquisitions; Director McPherson seconded.

Director McPherson expressed that another option would be to bring the item back to the full Board at the October 18, 2021, regular Board meeting for input from the other Directors.

President Wichert expressed he would be in favor of bringing the item back to the October 18, 2021, regular Board meeting.

The motion failed on a 1/2 vote, President Wichert and Director McPherson opposed.

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

2. Budget Rollovers

Jeff Ott (Mr. Ott) presented the staff report and answered clarifying questions.

Mr. Eubanks withdrew his comment.

Director McPherson clarified that staff was proposing to make budget rollovers an official practice so staff would not need to come back to the Board each year to gain approval for them.

Mr. Ott agreed.

President Wichert noted that budget rollovers encouraged schedule delays and resulted in additional expenditures, noting he was not in favor of it.

Director Jones expressed that most construction projects shut down in the winter months, causing delays, noting if you don't have rollovers available, that caused even further delays. He stated he was in favor of budget rollovers.

Director McPherson expressed budget rollovers seemed more efficient, and she was in favor of the item.

President Wichert expressed concern over projects not getting completed as scheduled.

Director Jones moved to approve the staff recommendation; Director McPherson seconded. The motion failed on 2/1 vote, President Wichert opposed.

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

3. **Upcoming Policy Review – Reserve Policy (PL – Fin 004)**

Mr. Ott presented the staff report and answered clarifying questions.

The Board agreed with the staff recommendation.

4. **Calendar Year 2022 Budget – First Draft**

Mr. Ott presented the staff report, PowerPoint presentation, and answered clarifying questions.

President Wichert expressed he wanted to be sure there was a 10 percent cut in the administrative budget, and noted he wished to see the 10 percent cut in budget continue into 2022, reflecting the 10 percent reduction achieved in 2021, into 2022, noting it would not be an additional 10 percent.

Director Jones stated he felt that 10 percent was too high, as he didn’t think it was a realistic number, and suggested 5 percent instead.

Director McPherson pointed out that the Merit and COLA figures recently presented to the Board could have assisted with President Wichert’s desire to cut the administrative budget. She further noted she was in favor of the 10 percent reduction achieved in 2021 being carried into 2022.

President Wichert reiterated that he was not asking for an additional 10 percent.

Mr. Ott continued presenting the PowerPoint presentation and answered clarifying questions.

President Wichert requested for staff to breakout the consultant figures in the presentation.

President Wichert requested to see a graph on how the reserve balance decreased.

Mr. Dean continued presenting the PowerPoint presentation and answered clarifying questions.

President Wichert expressed his displeasure with budgeted funds not being used, and expressed he was not in favor of decreasing the reserve balance below the rate study recommendation.

Mr. Ott continued presenting the PowerPoint presentation and answered clarifying questions.

President Wichert inquired if there could be a slide breaking out the administrative budget.

Director McPherson requested staff provide a slide that showed the salary of the new proposed positions including the pay band and benefits separately.

President Wichert additionally requested to see reductions in consulting dollars as a result of hiring the proposed positions, noting he was not in favor of approving new positions unless it resulted in lower consultant costs.

Director McPherson requested information on how much the District spends on consultants related to the hydrogeologist position, additionally suggesting to provide a 5 year average.

President Wichert requested staff provide the District's position with regards to market median following the 2018 compensation study.

Mr. Eubanks stated if the Board decided to approve the recommendations, they would have the opportunity to abandon the scheduled 3 percent rate increase for next year, and additionally cut rates by 5 percent, resulting in a cost savings to ratepayers.

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

None.

Adjournment

President Wichert adjourned the meeting at 8:56 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District