

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, February 23, 2015

Call to Order

President Schild called the meeting to order at 6:30 p.m. Four Directors were present, Director Locke was absent.

Roll Call

Directors Present: Frederick Gayle, Neil Schild, Kevin Thomas and Robert Wichert.
Directors Absent: Craig Locke.
Staff Present: General Manager Rob Roscoe, Dan York, Dan Bills, Christine Bosley, Jim Arenz, Greg Bundesen, David Espinoza, Heather Hernandez-Fort, Chantelle Garvin, Dave Jones, Annette O'Leary and John Valdes.
Public Present: Brenda Washington Davis, William Eubanks and Avery Wiseman.

Announcements

- There will be a Facilities and Operations Committee meeting on Monday, March 30, 2015 at 6 p.m.
- The next community outreach event will be the Creek Week Celebration Event held at Carmichael Park on April 18, 2015 from noon to 2 p.m.

Public Comment

None.

Consent Items

1. Minutes of the January 12, 2015 Regular Board Meeting
2. Investment Policy (PL - Fin 003)

President Schild requested item 2 be pulled from the Consent calendar.

Director Thomas moved to approve item 1; Director Wichert seconded. The motion carried by unanimous vote.

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|---------|------------------------------------|------------|--|
| AYES: | Gayle, Schild, Thomas and Wichert. | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | Locke. | | |

Regarding item 2, Director Wichert stated that investments of supranationals of 30% seemed high and would prefer they were less than 20%. Staff replied that the law allows up to 30% and lots are typically sold in \$5 million increments. There was discussion among the Board as to an appropriate limit.

Director Wichert moved to approve the policy with an amendment to limit the supranationals to 15%. Director Thomas seconded. The motion carried by unanimous vote.

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| AYES: | Gayle, Schild, Thomas and Wichert. | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | Locke. | | |

Items for Discussion and Action

3. **Proposition 84 Drought Grant for Enterprise Intertie Improvements**

General Manager Roscoe introduced the item. There was discussion related to costs of the project as well as ongoing maintenance and the benefit to the District versus the City of Sacramento.

Director Wichert moved to direct staff to return to negotiations of the cost-sharing agreement with the City of Sacramento; Director Gayle seconded. The motion carried by unanimous vote.

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| AYES: | Gayle, Schild, Thomas and Wichert. | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | Locke. | | |

4. **Water Conservation Stage Declaration**

GM Roscoe introduced the item. The item was brought before the Board at the January 12, 2015 regular Board meeting. There had been a 2/2 vote; Director Locke was absent from the January Board meeting.

Director Wichert stated his position has remained the same; less water is needed to irrigate in the winter months so there should be no change. Director Thomas stated he agreed but believes ratepayers would like to water more than two days per week. President Schild stated he didn't believe the Governor's statement used the word "mandatory". William Eubanks commented that an increase in watering days allows customers more flexibility.

There was discussion related to various outreach measures and costs associated with outreach and the potential for conservation measures to change again as early as March.

Director Gayle moved to change the District's current watering schedule from a mandatory two days per week to three days per week with minimal cost on outreach efforts, to be made effective immediately; Director Thomas seconded. The motion carried by 3/1 vote.

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| AYES: | Gayle, Schild and Thomas. | ABSTAINED: | |
| NOES: | Wichert. | RECUSED: | |
| ABSENT: | Locke. | | |

5. **Resolution No. 15-01 Accepting Grant of Easement and Right of Way for 7031 Watt Avenue – Grace Family Church**

GM Roscoe introduced the item. President Schild stated the easement was not enough to allow for ease of maintenance or repair and suggested staff speak with the owner at 7035 Watt to gain an additional easement. Staff recommended adopting the subject resolution and directing staff to approach the owner of the neighboring property as requested.

Director Thomas moved to adopt the subject resolution to receive an easement and right of way for the subject site; Director Wichert seconded. The motion carried by 3/1 vote.

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| AYES: | Gayle, Thomas and Wichert. | ABSTAINED: | |
| NOES: | Schild. | RECUSED: | |
| ABSENT: | Locke. | | |

6. **Out of State Travel – Frederick Gayle and Kevin Thomas**

GM Roscoe introduced the item. There was discussion on the merits of attending the annual Capitol to Capitol lobbying trip to Washington, D.C. Director Thomas stated that he had attended some meetings but was not sure he would be going to the conference.

Director Wichert moved to approve Directors’ request for out of state travel; Director Thomas seconded. The motion carried by unanimous vote.

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| AYES: | Gayle, Schild, Thomas and Wichert. | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | Locke. | | |

7. **Letter Of Credit Extension with Sumitomo Mitsui Banking Corporation**

GM Roscoe introduced the item. Dan Bills provided a presentation on the bond swap process and details of the letter of credit. Mr. Bills summarized the benefits of accepting the present offer to extend the letter of credit from Sumitomo.

Director Wichert moved to approve the staff recommendation to accept the letter of credit extension terms and authorize preparation of legal documents; Director Gayle seconded. The motion carried by unanimous vote.

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| AYES: | Gayle, Schild, Thomas and Wichert. | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | Locke. | | |

8. **Nomination of Paul E. Dorey for Election to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)**

GM Roscoe introduced the item. A resolution concurring in the nomination will be brought before the Board at the March regular Board meeting.

Information Items

9. District Activity Reports

- a. *Water Operations and Exception Report*
A written report was provided.
- b. *Customer Service Report*
A written report was provided.
- c. *Water Conservation and Regional Water Efficiency Program Report*
A written report was provided.
- d. *Community Outreach Report*
A written report was provided.

10. Engineering Report

- a. *Major Capital Improvement Projects*
A written report was provided.
- b. *County and City Projects/Coordination*
A written report was provided.
- c. *McClellan Business Park*
A written report was provided.
- d. *Developer Projects*
A written report was provided.
- e. *Other*
A written report was provided.

11. Financial Report – December 2014

Dan Bills introduced the item. Mr. Eubanks stated there was a decrease of \$2.5 million in revenue due to conservation which is approximately equal to the rate increase. Staff explained that the decrease in revenue was partially offset by a decrease in costs as less water was pumped, less electricity and chemicals used, etc.

- a. *DRAFT – Financial Statements – December 2014*
A written report was provided.
- b. *Investments Outstanding and Activity – December 2014*
A written report was provided.
- c. *Cash Expenditures – December 2014*
A written report was provided.

- d. *Credit Card Expenditures – December 2014*
A written report was provided.
- e. *Directors Compensation and Expense Accounting – Through December 2014*
A written report was provided.
- f. *Market Report Yields –January 2010 through DRAFT December 2014*
A written report was provided.
- g. *DRAFT – District Reserve Balances –December 2014*
A written report was provided.
- h. *DRAFT – Information Required by Bond Agreement*
A written report was provided.

12. **Financial Report – January 2015**

GM Roscoe reminded those present that this report was a draft until the audit has been completed.

- a. *DRAFT – Financial Statements – January 2015*
A written report was provided.
- b. *Investments Outstanding and Activity – January 2015*
A written report was provided.
- c. *Cash Expenditures – January 2015*
A written report was provided.
- d. *Credit Card Expenditures – January 2015*
A written report was provided.
- e. *Directors Compensation and Expense Accounting – Through January 2015*
A written report was provided.
- f. *Market Report Yields –January 2010 through DRAFT January 2015*
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- g. *DRAFT – District Reserve Balances – January 2015*
A written report was provided.
- h. *DRAFT – Information Required by Bond Agreement*
A written report was provided.

13. **Summary of 2014 Investment Performance and Portfolio Review**

A written report was provided.

14. **New Policy Review – Debt Obligation Continuing Disclosure Policy (PL - Fin XXX)**

A written report was provided. Directors' comments are due by March 2, 2015.

15. **Upcoming Policy Review – Electronic Mail Management and Retention Policy (PL - IT 003)**
A written report was provided. Directors’ comments are due by March 2, 2015.
16. **City of Sacramento and Sacramento Metro Fire – Fire Training Update**
Jim Arenz provided a summary of the report and stated staff will observe the next training session.
17. **Distribution System Flushing**
Director Wichert stated he was pleased with the report and was confident staff was doing their best to minimize discharge quantities.
18. **Bid Item Comparison Between Master Service Contract Contracts and Competitive Bid Contracts**
Director Wichert questioned if staff has looked into a union presidents contract. Staff responded District projects are generally less money and duration than would be considered for such a contract but could investigate if there was interest.
19. **California Special District (CSDA) Call for Nominations – Sierra Network, Seat C**
Director Gayle expressed his interest in running for the seat. A resolution will be brought back to the Board at the March regular Board meeting.
20. **Status of Phase 2A Reorganization Study**
Director Schild stated he believes there is a need to find outside legal counsel to review San Juan Water District (SJWD) water service contracts. President Schild also expressed his concern regarding groundwater conditions related McClellan Business Park.

GM Roscoe suggested appointing an ad hoc committee to work with staff on this issue. President Schild appointed himself and Director Wichert to the newly formed Ad Hoc Water Rights Review Committee. It was agreed the first meeting will be held Wednesday, March 4, 2015 at 6 p.m.

Mr. Eubanks voiced his dissatisfaction with the SJWD website, his inability to locate critical information on SJWD, and differing information with regard to how much surface water is surplus to their needs. There were also questions related to savings in efficiency and staffing if no staff is to be laid off. Director Thomas agreed there were still many questions to be answered.
21. **Miscellaneous District Issues – General Manager’s Report**
A written report was provided.
22. **Legislative and Regulatory Update**
A written report was provided. February 27 is the deadline for bills to be introduced.

General Counsel's Report

23. General Counsel's Report Regarding Bond Insurance Litigation Settlement

A written report was provided.

Committee Reports

24. a. *Facilities and Operations Committee*
Director Wichert provided an oral report regarding the January 21, 2015 meeting.
- b. *Finance and Audit Committee*
No report.
- c. *Government Affairs Committee*
Director Wichert provided an oral report regarding the February 5, 2015 meeting.
- d. *2x2 Water Management Ad Hoc Committee*
See separate agenda item – Status of Phase 2A Reorganization Study.
- e. *Ad Hoc Water Banking and Transfer Committee*
No report.

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

25. a. *Regional Water Authority*
This meeting was reported at January regular Board meeting.

Regional Water Authority Executive Committee
GM Roscoe provided an oral report regarding the January 28, 2015 meeting.
- b. *Sacramento Groundwater Authority*
President Schild provided an oral report regarding the February 12, 2015 meeting.
- c. *Water Forum Successor Effort*
No report.
- d. *San Juan Water District Ad Hoc Committee*
No report.
- e. *Other Reports*
Director Gayle provided an oral report regarding the February 7, 2015 and the February 20, 2015 meetings regarding the General Manager's evaluation.

President Schild provided oral reports regarding the February 6, 2015 meeting with the District's Independent Auditor, the February 7, 2015 meeting regarding the General Manager's evaluation, the February 13, 2015 Rio Linda/Elverta Community Water District reservoir dedication, and the February 20, 2015 meeting regarding the General Manager's evaluation.

Director Thomas provided oral reports regarding the January 14, 2015 San Juan Water District Board meeting, the January 15, 2015 Capitol-to-Capitol meeting, and the January 26, 2015 meeting with the General Manager.

Miscellaneous Correspondence and General Information

- 26. Certain correspondence received by the District was provided.
- 27. General Information related to District business was provided.

Director's Comments/Staff Statements and Requests

None.

Closed Session

The Board convened in closed session at 9:33 p.m. to discuss the following:

- 28. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.

Return to Open Session

The Board reconvened in open session at 9:41 p.m. There was no reportable action.

Adjournment

President Schild adjourned the meeting at 9:42 p.m.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District