

# Minutes

Sacramento Suburban Water District  
**Regular Board Meeting**  
Monday, April 20, 2015

## Call to Order

President Schild called the meeting to order at 6:31 p.m. and announced Director Gayle's absence. President Schild thanked the public for attending.

## Roll Call

Directors Present: Craig Locke, Neil Schild, Kevin Thomas and Robert Wichert.

Directors Absent: Frederick Gayle.

Staff Present: General Manager Robert Roscoe, Dan York, Dan Bills, Christine Bosley, Jim Arenz, Greg Bundesen, Annette O'Leary, John Valdes and Lynne Yost.

Public Present: Ted Costa, Brenda Washington-Davis, Chantelle Garvin, Patricia Gayman, Steve Hoover, Glenn Jorgensen, William Eubanks, LeRoy Munsch, Lance Salisbury, Ingrid Sheipline, Kathleen Stadler, Paul Stanbrough, Robert Waldo and Avery Wiseman.

## Announcements

- At the request of the San Juan Water District (SJWD) wholesale family members, the comment period for the Phase 2A Study was extended 6 weeks and will close on June 5, 2015.
- The next joint meeting is expected to be held either the week of June 15<sup>th</sup> or June 22. A poll will be sent out Tuesday, April 21, 2015 to obtain the Board members' availability.
- There are additional handouts at the dais and public copies counter. The handouts are:
  - RWA Press Release regarding the SWRCB's revised water conservation framework.
  - New York Times article titled: *In Drought-Stricken California, Cities Push Back Against Steep Water Cuts*. The District's General Manager Roscoe was interviewed for the article.
  - Printed copies of a PowerPoint Presentation to be provided by Greg Bundesen, Water Conservation Supervisor during the District Activity Report (12.c.) and a letter from a customer is included as an addendum to Item 11.
- The California Appeals Court ruled San Juan Capistrano's tiered water rates are illegal citing there was no tie to cost of service for the higher tiers.

## Public Comment

LeRoy Munsch thanked the Board for allowing him to speak first as he was unable to attend the full meeting. Mr. Munsch stated he had read the Executive Summary of the Phase 2A report and commented that the consultant was biased and not objective, the author didn't state how water reliability would be improved, the telephone survey linked those participants listed as "no opinion" in with those supporting the merger and the combined districts would still be too small

to challenge southern California legislative advocacy. Mr. Munsch questioned whether the author had investigated a Joint Powers Authority (JPA).

Lance Salisbury provided a summary of his background in water and provided information regarding his conservation measures at home. Mr. Salisbury suggests considering more rate tiers and a “cash for grass” program. Mr. Salisbury added he supports a merger. President Schild questioned whether Mr. Salisbury would be interested in serving on a committee regarding conservation issues if a committee were to be set up. Mr. Salisbury responded he would be interested, time permitting.

Steve Hoover commented regarding the main and meter replacement project his street has undergone. He stated his appreciation of Board, staff and contractors for the really good effort of all to provide superior service.

William Eubanks commented regarding the amount of information contained in the Board meeting packets. He stated there are too many reports presented which do not rise to the level of needing Board input. Further, in his opinion, the most important issue for the evening’s meeting was the SWRCB’s drought framework. He feels the agenda should be cut down so the public does not sit through minor items.

### Consent Items

1. Minutes of the March 16, 2015 Regular Board Meeting
2. Improvement Standards and Technical Specifications Policy (PL - Eng 001)

Director Thomas made a motion to approve Items 1 and 2; Director Wichert seconded. The motion carried by unanimous vote.

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

### Items for Discussion and Action

3. **2014 Comprehensive Annual Financial Report and Annual Audit**  
Finance Director Dan Bills provided the summary of the report. The outside Auditor, Ingrid Sheipline, provided a synopsis of the annual report and related documents. Ms. Sheipline thanked staff for their efforts preparing information for the audit and stated the audit was clean and unquantified.

The report indicated there was a single unadjusted difference noted. Director Wichert questioned whether any corrective actions had taken place to assure this would not happen again. Mr. Bills stated staff would be more proactive with discerning the types of expenses at budget time. Director Wichert suggested staff add this to the response letter. Mr. Bills thanked Director Wichert and stated he would do so as suggested.

Director Locke made a motion to receive report accept the District’s annual report and related documents; Director Thomas seconded. The motion carried by unanimous vote.

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

4. **Contract for Legal Counsel – Water Rights Review of San Juan Water District Water Rights and Contracts**

General Manager Roscoe provided a brief summary of the report. The contract was reviewed by inside counsel. Director Thomas stated he was pleased that the outside legal counsel contracted to review the rights was also a District ratepayer.

Director Wichert made a motion to approve the contract for review of SJWD water rights and contracts; Director Thomas seconded. The motion carried by unanimous vote.

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

5. **Project Agreements with RWA for Grant Management Services for 2014 USBR CalFed Meter Grant Project and 2014 USBR WaterSMART Meter Grant Project**  
GM Roscoe provided a brief summary of the report.

Director Thomas made a motion to authorize the General Manager to sign the subject project agreements with RWA; Director Locke seconded. The motion carried by unanimous vote.

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

6. **Resolution No. 15-04 Accepting Grant of Easement and Right of Way for 2163 Fulton Avenue**

GM Roscoe provided a brief summary of the report.

Director Thomas made a motion to adopt the subject resolution to receive an easement; Director Wichert seconded. The motion carried by unanimous vote.

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

7. **Resolution No. 15-05 Accepting Grant of Easement and Right of Way for 2600 Fulton Avenue**

GM Roscoe provided a brief summary of the report.

Director Thomas made a motion to adopt the subject resolution to receive an easement; Director Wichert seconded. The motion carried by unanimous vote.

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

8. **Water Meter Asset Management Plan Update**

President Schild stated the graphs were too difficult to read and suggested the item be tabled and brought back at the May Board meeting with color graphs, larger print and more information.

Director Wichert moved to table this item and to have it brought back to the next Board meeting; Director Locke seconded. The motion carried by unanimous vote.

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

9. **California Special Districts Association Call for Nominations – Board of Directors, Sierra Network, Seat A**

A written report was provided.

Director Thomas made a motion to nominate Director Gayle for the CSDA Board of Directors, Seat A; Director Wichert seconded. The motion carried by unanimous vote.

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

10. **Resolution No. 15-06 Amending Regulation No. 15 of the Regulations Governing Water Service**

GM Roscoe provided a summary of the report.

President Schild requested staff contact legal to confirm the right of the District to turn off water for continued water waste.

Director Wichert stated he was in favor of a two day per week watering schedule and moved to reduce the number of days for outdoor irrigation from the current three days per week to two days per week. The motion died for lack of a second.

Director Thomas made a motion to table this item and to have staff bring the item back at the May regular Board meeting; Director Locke seconded. The motion carried by 3/1 vote.

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

**11. 2015 Water Conservation Stage Declaration**

Mr. Eubanks stated the District’s Stage 3 restrictions for outdoor irrigation is one day per week, which is significantly more onerous than the SWRCB’s requirement of two days per week. Mr. Eubanks commented that the inability to irrigate adequately will result in destruction of the ratepayers’ assets, namely their landscaping. Mr. Eubanks states a determination at this time would be premature and suggests waiting until the SWRCB makes their final decision.

GM Roscoe commented that various water groups have made comments to the SWRCB but those comments have fallen on deaf ears.

There was discussion regarding the items related to conservation. GM Roscoe suggested holding a special Water Conservation Workshop.

Director Wichert made a motion to table the discussion and direct staff to set up a Water Conservation Workshop; Director Thomas seconded. The motion carried by unanimous vote.

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

**Information Items**

**12. District Activity Reports**

A written report was provided.

a. *Water Operations and Exceptions Report*

A written report was provided. President Schild questioned the status of the Verga claim. Assistant General Manager York responded the judge will decide in two weeks. Director Wichert questioned what staff’s recommendation was for the Maplewood claim. Staff stated that the likely recommendation to the General Manager would be to reject the claim.

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.

13. **Engineering Report**

A written report was provided.

- 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.

14. **Financial Report**

A written report was provided.

- a. *Financial Statements – March 2015*  
A written report was provided.
- b. *Financial Activity – March 2015*  
A written report was provided.
- c. *Investments Outstanding and Activity – March 2015*  
A written report was provided.
- d. *Cash Expenditures – March 2015*  
A written report was provided.
- e. *Credit Card Expenditures – March 2015*  
A written report was provided.
- f. *Directors Compensation and Expense Accounting – Through February 2015*  
A written report was provided.
- g. *Market Report Yields – January 2010 through March 2015*  
A written report was provided.

- h. *District Reserve Balances – March 2015*  
A written report was provided.
  - i. *Information Required by Bond Agreement*  
A written report was provided.
15. **Upcoming Policy Review – Legislative Response Policy (PL - Adm 004)**  
A written report was provided. Directors’ comments are due May 4, 2015. Director Wichert stated he will be making comments suggesting responses be brought before the Board for review and direction.
  16. **Upcoming Policy Review – Employee Compensation Policy (PL - HR 002)**  
A written report was provided. Directors’ comments are due May 4, 2015.
  17. **Upcoming Policy Review – Electronic Mail, Internet and Computer Use Policy (PL - IT 005)**  
A written report was provided. Directors’ comments are due May 4, 2015.
  18. **Letter Of Credit Extension with Sumitomo Mitsui Banking Corporation Update**  
A written report was provided. Mr. Bills provided a brief summary of the report stating the new financial instrument had closed with President Schild executing the documents.
  19. **Financial Markets Quarterly Report**  
A written report was provided. Mr. Bills noted the District has not lost money since its inception.
  20. **Year-to-Date Interest Expense Quarterly Report**  
A written report was provided.
  21. **Human Resources Quarterly Report**  
A written report was provided.
  22. **CIP Projects Quarterly Report**  
A written report was provided. Director Thomas questioned staff as to whether the Barcelona project would be completed this year and requested staff provide a listing of prioritized CIP projects.
  23. **Proposition 84 Drought Grant for Enterprise Intertie Improvements - Update**  
A written report was provided. President Schild commented he didn’t believe ratepayers should pay for what he perceived would be a benefit to the City of Sacramento.
  24. **Aerojet Rocketdyne – Notification of Groundwater Sampling Results and Proposed Response for New Monitoring Wells**  
A written report was provided. GM Roscoe provided a summary of the report. Director Wichert questioned if District wells have been sampled. Staff responded wells N12 and N20 have been sampled and results are due in six weeks.

25. **2015 Water Conservation Rebate Menu Program**  
A written report was provided. This item will be brought back to the Water Conservation Workshop.
26. **Sacramento Metropolitan Air Quality Management District – Notice of Violation**  
A written report was provided.
27. **CAL-Fire Operations at McClellan Business Park**  
A written report was provided. President Schild questioned who pays for the water and backflow charges. AGM York responded CAL-Fire will pay for the installation and maintenance.
28. **2736 Auburn Boulevard – Appraisal of District Property Update**  
A written report was provided. President Schild opined it would be best to sell the property and maintain an easement to the well site.
29. **Candidates for Election to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)**  
A written report was provided. President Schild commented there are five seats up for election, and that he would cast the District’s vote.
30. **2014 Leak Detection Survey Report**  
A written report was provided. President Schild questioned staff as to the cost of the report. Staff responded the cost was approximately \$5,300.
31. **Status of Phase 2A Reorganization Study**  
A written report was provided. Mr. Bills provided a summary of the report.

Avery Wiseman provided a handout prior to speaking to the Board which will be included in the correspondence portion of the Board packet for the May regular Board meeting.

Mr. Wiseman urged the Board to vote against the merger and stated his belief that San Juan Water District (SJWD) would have an advantage while providing no substantial benefit to SSWD. Further, water rights are meaningless when very senior rights are subject to curtailment. Mr. Wiseman expressed concern over the perceived lack of outreach to ratepayers. Director Wichert asked staff if a JPA had been investigated and received no response.

Mr. Eubanks stated he supports SJWD’s effort to save their water rights but agrees with Mr. Wiseman and Mr. Munsch’s sentiments. Mr. Eubanks stated SWRCB is going after pre-1914 water rights and does not see a benefit to SSWD customers. Mr. Eubanks also commented banking groundwater at customer expense may be giving groundwater to the state.



Glenn Jorgensen stated he saw no purpose in the merger as the District is doing fine as it is. Mr. Jorgensen suggested continuing as the District has with mutual aid agreements.

**32. Report Back Items – General Manager’s Report**

A written report was provided. Director Wichert asked if the negotiations for the easement at 7035 Watt had stalled. Staff responded the owners had been offered fair market value but were not interested. Staff is not pursuing this further. Director Wichert requested the prioritization of main replacement projects be brought to the Facilities and Operations Committee meeting.

**33. Legislative and Regulatory Update**

A written report was provided. GM Roscoe provided a summary of the report. There was a brief, non-substantive discussion regarding SB 385.

**General Counsel’s Report**

34. A confidential written report regarding the status of the municipal derivatives litigation and municipal bond insurance litigation was provided to the Directors.

**Committee Reports**

35. a. *Facilities and Operations Committee*  
Notes from the March 30, 2015 meeting and the Agenda from the April 20, 2015 meeting were provided.
- b. *Finance and Audit Committee*  
Director Locke provided an oral report regarding the March 30, 2015 meeting.
- c. *Government Affairs Committee*  
No report.
- 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.
- f. *Ad Hoc Water Rights Review Committee*  
Notes from March 24, 2015 meeting and March 31, 2015 meeting were provided.

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

36. a. *Regional Water Authority*  
No report.

*Regional Water Authority Executive Committee*

GM Roscoe provided an oral report regarding the March 25, 2015 meeting.

b. *Sacramento Groundwater Authority*

President Schild provided an oral report regarding the April 9, 2015 meeting.

c. *Water Forum Successor Effort*

President Schild provided an oral report regarding the March 17, 2015 Water Forum Dry Year Conference.

d. *San Juan Water District Executive Committee*

No report.

e. *Other Reports*

Director Locke provided an oral report regarding the February 6, 2015 meeting with the District's Independent Auditor, the February 19, 2015 NPDES Potable Water Permitting Event and the February 20, 2015 meeting with the Phase 2A Study consultant.

President Schild provided an oral report regarding the March 25, 2015 Water Education Foundation Executive Briefing.

Director Thomas provided an oral report regarding the March 19, 2015 Small Hydro Workshop and the April 18, 2015 Creek Week Event.

Director Wichert provided an oral report regarding the April 18, 2015 Creek Week Event.

**Miscellaneous Correspondence and General Information**

37. Certain correspondence received by the District was provided.

38. General Information related to District business was provided.

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

Mr. Eubanks wished to comment before the Directors convened for closed session. President Schild stated the closed session meeting was cancelled due to Director Gayle's absence.

Mr. Eubanks stated he previously supported a generous pay package for GM Roscoe but now believes GM Roscoe is not the appropriate person to continue leading the District. Mr. Eubanks states GM Roscoe is not willing to fight the SWRCB's 36% water conservation mandate, which is an impossible goal. Mr. Eubanks states that although he has a great deal of respect for GM Roscoe, he believes he does not have an affinity for the communities that are represented by the District.

Paul Stanbrough commented that he believes, from a strategic standpoint, SSWD seems to benefit from the proposed merger due to Aerojet pollution threatening the District's groundwater and suggests the District would benefit from receiving reliable surface water from upstream of Aerojet.

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

None.

**Adjournment**

President Schild adjourned the meeting at 9:06 p.m.

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