

## **Minutes**

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

#### **Call to Order**

President Schild called the meeting to order at 6:31 p.m.

#### **Roll Call**

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

Directors Absent: None.

Staff Present: General Manager Robert Roscoe, Dan York, Christine Bosley, James Arenz, Greg Bundesen, David Espinoza, Dave Jones, Annette O'Leary, Lynne Yost and legal counsel, Joshua Horowitz.

Public Present: Ted Costa, William Eubanks, Gregory Glavinovich, Marilyn Glavinovich, Robert Matteoli, Jim Stalder and Avery Wiseman.

#### **Announcements**

- A Facilities and Operations Committee Meeting is scheduled for Thursday, July 23, 2015 at 6 p.m. and a Government Affairs Committee Meeting is scheduled to be held on Friday, August 7, 2015 at 4 p.m.
- Staff asked that Item 5 of the Consent calendar be pulled for a correction to the title of Exhibit A of the report.
- President Schild stated he had been contacted by a ratepayer who had asked to represent the District before the McClellan Restoration Advisory Board.

#### **Public Comment**

None.

#### **Consent Items**

1. Minutes of the June 15, 2015 Regular Board Meeting
2. Director Travel Reimbursement – 2015 Capitol-to-Capitol Conference
3. Resolution No. 15-13 Conveying Easement to the County of Sacramento for Storm Drain Pipeline at Antelope PRV Station
4. Resolution No. 15-14 Accepting Two Grants of Easement and Rights of Way at 4845 Fair Oaks Boulevard

5. Resolution No. 15-15 Accepting Two Grants of Easement and Rights of Way for APN 203-0100-077 from North Highlands Recreation & Park District
6. Budget Policy (PL - Fin 012)

Staff requested Item 5 be pulled from the Consent calendar. Director Gayle requested Item 2 be pulled as well.

Director Thomas made a motion to approve items 1, 3, 4 and 6; Director Locke seconded. The motion carried by unanimous vote.

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

Regarding Item 2, the item was pulled for clarification. Director Wichert made a motion to strike the reference to travel pay from Directors' Compensation and Expense Reimbursement Policy (PL - BOD 003); the motion died for lack of a second.

Director Locke made a motion to allow stipends for travel days in this case and to approve reimbursement of Director Gayle's expenses in the amount of \$287.34; Director Thomas seconded. The motion carried by unanimous vote.

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

President Schild questioned the reason behind Director Wichert's previous motion. Director Wichert stated he believed Director Gayle was asking to strike the travel days from the action. The Board requested staff bring the policy back for consideration at the August regular Board meeting.

Regarding Item 5, General Manager Roscoe stated there was a correction to the title on Exhibit A of the report and that it should read "20 Foot Wide Private Drainage Easement" rather than 15 foot.

Director Thomas made a motion to accept the subject easements; Director Locke seconded. The motion carried by unanimous vote.

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

President Schild announced Item 6, GM Roscoe summarized the report. The item was adopted for a second time, also unanimously.

Director Wichert made a motion to adopt the subject policy; Director Locke seconded. The motion carried by unanimous vote.

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

**Items for Discussion and Action**

**7. Reorganization Update**

GM Roscoe summarized the report and recommended the approval of the minutes of the June 25, 2015 Joint Board meeting.

Director Wichert commented that, once the legal analysis of San Juan Water District’s (SJWD) water rights has been received, a meeting date for the Ad Hoc Water Rights Review Committee could be set.

Director Gayle stated his belief that SJWD should work with their wholesale agencies rather than SSWD. President Schild replied that SSWD received letters from those agencies and the District should respond. President Schild stated his belief that GM Roscoe’s letter to the wholesale agencies was premature; Director Wichert responded that he had no issue with the letters and that GM Roscoe had been directed to work with those agencies.

Jim Stadler withdrew his comment.

William Eubanks stated that the Board had wished to spend the least amount of money on the Phase 2 Study and had to add more funds to the project. He stated he attended the Joint Board meeting and felt the work was not completed. Mr. Eubanks suggested, should the Board decide to move forward with Phase 2B, to budget enough money for the study to have a larger firm handle the project and to move it out of the hands of staff and local firms that might have a vested interest so the Board can have confidence in the final work product.

Robert Matteoli of Del Paso Manor Water District requested the District keep their general manager advised of any ongoing discussions of the merger.

There was a brief discussion regarding the vote to suspend discussions on the merger and the General Manager’s direction to meet with the SJWD wholesale agencies to collect a list of those agencies’ questions with regard to the merger. GM Roscoe stated he hoped to have an update on those discussions at the August regular Board meeting.

Director Wichert made a motion to approve the minutes of the June 25, 2015 Joint Board meeting; Director Thomas seconded. The motion carried by unanimous vote.

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

There was a brief discussion with regards to SJWD’s recent letter to the Board requesting an approximation of when SSWD would be moving forward with discussions.

Director Wichert made a motion to direct the General Manager to not respond to SJWD’s letter until the Board had reviewed the legal analysis of SJWD’s water rights and GM Roscoe had worked with the SJWD wholesale agencies; President Schild seconded. The motion carried by unanimous vote.

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

**8. 2015 Budget Amendment**

GM Roscoe introduced the report. There was a brief, non-substantive discussion with regard to how figures were presented in the report.

Director Locke made a motion to approve the amendments to the budget; Director Gayle seconded. The motion carried by unanimous vote.

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

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

Assistant General Manager York summarized the report.

President Schild stated the District would need a maintenance agreement with the City of Sacramento. Director Wichert stated he would like the agreement to come before the Facilities and Operations Committee meeting in August.

Director Wichert questioned the current configuration of the intertie. AGM York responded it was currently configured to flow from the City to the District. Director Wichert stated that if there was a sketch or plan of the intertie he would like to see it. AGM York indicated he would provide it.

Director Wichert made a motion to enter into an agreement with the City of Sacramento and authorizing the General Manager to execute the agreement subject to legal review and approval; Director Thomas seconded. The motion carried by 4/1 vote (Schild opposed).

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

**10. Fraud Prevention**

GM Roscoe summarized the report.

President Schild referenced the Exceptions section of the Workplace Dishonesty Procedure and stated that any exceptions to the rule should be approved in advance. Director Wichert questioned the reason for any exception. There was a brief discussion amongst the Board and Director Wichert stated he would accept the statement in the procedure.

This item was for discussion and review only, no motion was required.

Gregory Glavinovich questioned if there had been any examples of fraud or bribe and stated he had done an internet search and found an example in Alabama. GM Roscoe responded that there were no examples within the District but that the District will remain vigilant.

**11. General Manager Employment Agreement**

GM Roscoe summarized the report.

Mr. Eubanks voiced his opinion that the Board should approve the Agreement and then encourage the General Manager to pursue other opportunities. Mr. Eubanks stated his belief that the General Manager takes a more stringent stance in dealing with issues related to the District than necessary which makes life more difficult for ratepayers. Mr. Eubanks stated the District needs a general manager that recognizes customers are most important.

Director Wichert stated his belief the Board should meet with the General Manger periodically to maintain alignment with the GM goals. He suggested having a closed session item on the agenda for the August 2015 regular Board meeting.

Legal counsel, Josh Horowitz, commented that the Board can approve the Agreement and if there are any changes, the contract could be amended. Director Wichert voiced his agreement.

Director Wichert made a motion to approve the General Manager’s employment agreement; Director Thomas seconded. The motion carried by unanimous vote.

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

## Information Items

### 12. **Water Conservation and Regional Water Efficiency Program Report**

A written report was provided. Greg Bundesen, Water Conservation Coordinator, provided a thorough presentation.

Director Wichert noted the District had not met its mandated 32% reduction and questioned what the percentage of annual water use was outdoor water use versus indoor water use. Mr. Bundesen responded up to 55% is outdoor irrigation.

Director Thomas questioned if there would be money still available in the conservation budget for later months. Mr. Bundesen responded that staff was working on the fall messaging now.

Director Wichert asked if any variances to watering schedules had been requested. Mr. Bundesen responded that two had been received – Jesuit High School and Roseville Joint Union High School District/Antelope Senior High School.

Mr. Eubanks questioned why there was a difference in the reduction of water pressure between the North Service Area (NSA) and the South Service Area (SSA). Staff responded the pressure reduction was based on the minimum pressures in each area versus fire flow pressure requirements.

Mr. Eubanks voiced his displeasure with regard to the District's choice to reduce system pressure without notifying customers. Avery Wiseman echoed Mr. Eubanks' comment and stated his feeling that the District acted in a high-handed manner.

Director Wichert stated the reduction in water pressure also saves water by reducing pressure on leakage in the system but agreed that customers should have been notified.

a. *Drought Report*

A written report was provided.

b. *Summary of Activities To Date*

A written report was provided.

c. *Water Conservation Program and Results*

A written report was provided.

d. *Upcoming Events*

A written report was provided.

### 13. **District Activity Reports**

A written report was provided. AGM York introduced the report.

a. *Water Operations and Exceptions Report*

A written report was provided.

b. *Customer Service Report*

A written report was provided. President Schild noted a larger than average number of calls to customer service. GM Roscoe stated many calls were related to conservation.

c. *Community Outreach Report*

A written report was provided.

14. **Engineering Report**

A written report was provided. GM Roscoe introduced the report.

President Schild commented about the ASR at the Rutland Well and opined that ASR should not be considered in the design of District wells. GM Roscoe explained that the design of the facilities for the production, distribution and treatment of water is the General Manager's responsibility.

President Schild inquired why Thomas Edison Elementary School is adding a private fire hydrant. Staff explained that for a public hydrant, the District would dictate the installation specifications and that a private hydrant would allow the school to make its own specifications. Director Gayle expressed interest in viewing the project.

Director Wichert requested further information about the Sacramento River Water Reliability Study and the economic impact of this study. GM Roscoe gave further clarification of the project and described the potential benefit to the District. He also explained the possible financial impact.

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. *Groundwater Quality Projects*

A written report was provided.

e. *Developer Projects*

A written report was provided.

f. *Other*

A written report was provided.

**15. Financial Report**

A written report was provided. Director Thomas requested clarification of customer refunds. GM Roscoe explained that customer refunds are generally billing refunds due to change in ownership.

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

**16. General Manager’s Report**

A written report was provided. GM Roscoe introduced the report.

- a. *ACWA Statewide Call for Candidate Nominations*  
A written report was provided.
- b. *Social Media Update*  
A written report was provided.
- c. *Large Landscape Variance Update*  
A written report was provided.

**17. Cash for Grass Program – Customer Privacy Issue**

GM Roscoe introduced the report.



Director Wichert recommended maintaining the customer privacy and that disclosing customer names and address in the Cash for Grass program should be strictly voluntary on the part of the District customer.

Mr. Eubanks inquired about disclosure. He believes that the Cash for Grass Program is an example of the District entering into a financial matter and that all information should be disclosed as public information.

Mr. Horowitz, commented that the District is better protected by allowing customers the option to volunteer their addresses rather than require it. He further explained that no parameters for disclosing customer information were set in the beginning of this program; therefore the District is better protected by not disclosing their information now.

Director Gayle dismissed himself from the meeting, as he was not feeling well.

President Schild suggested that there should be a released signed that the customer is aware that their information will be disclosed as public information.

AGM York suggested photographing the customer's finished product and perhaps placing it in the District website. President Schild suggested these photographs be placed in the monthly newsletter.

Director Locke and Director Thomas recommended leaving this decision to GM Roscoe's discretion.

President Schild made a motion to place a box on the Cash for Grass form which would allow for customers to agree to volunteer to release their information. Director Wichert seconded the motion. The motion carried by 3/1 vote (Locke opposed).

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

**18. CIP Projects Quarterly Report**

A written report was provided.

President Schild inquired if the District was destroying 9 District Wells. AGM York explained that some of the wells are currently abandoned and are scheduled to be destroyed.

President Schild stated his disapproval for the District having a backup generator at the Marconi office building. AGM York acknowledged that the Marconi office building is listed as the Emergency Operating Center.

Director Wichert requested clarification on what Remaining Encumbered Funds are. GM Roscoe explained that it means that project has not started yet, and that a purchase order has not yet been issued.

19. **Draft – 2016 Budget Preparation Schedule**

A written report was provided. GM Roscoe introduced the report.

It was identified that due to schedule conflicts, the September Regular Board meeting would possibly need to be rescheduled. GM Roscoe recommended adding an agenda item for the August Regular Board meeting to include available dates and times for the September Regular Board meeting.

20. **Financial Markets Quarterly Report**

A written report was provided.

21. **Year-to-Date Interest Expense Quarterly Report**

A written report was provided. GM Roscoe introduced the report.

22. **Human Resources Quarterly Report**

A written report was provided. GM Roscoe introduced the report.

Ms. Lynne Yost expressed that the District is looking into the 2016 Benefits Renewal Analysis, and expects to have a report in the future.

23. **Legislative and Regulatory Update**

A written report was provided.

President Schild and Director Thomas both requested to be notified of the date for the Bureau of Reclamation's meeting comprised of City of Roseville, City of Folsom, Placer County Water Agency, Carmichael Water District, City of Sacramento and SSWD to discuss organizing the effort to develop comments.

Director Wichert asked what the summary of the Districts expected comment position is. GM Roscoe stated that the District is unhappy with the projected impacts on the lower American River and Folsom storage. Further discussion ensued regarding the Districts position on this matter.

Director Wichert requested to continue to be updated on this issue.

24. **Upcoming Policy Review**

A written report was provided. Directors' comments are due by August 3<sup>rd</sup>.

a. *Catastrophic Leave Policy (PL - HR 008)*

A written report was provided.

b. *Strategic Plan (PL - BOD 001)*

A written report was provided.

## **Committee Reports**

25. a. *Facilities and Operations Committee (Director Wichert)*  
No report.
- b. *Finance and Audit Committee (Director Locke)*  
No report.
- c. *Government Affairs Committee (Director Wichert)*  
No report.
- d. *2x2 Water Management Ad Hoc Committee (Director Schild)*  
No report.
- e. *Ad Hoc Water Banking and Transfer Committee (Director Locke)*  
No report.
- f. *Ad Hoc Water Rights Review Committee (Director Schild)*  
No report.

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

26. a. *Regional Water Authority (Director Thomas)*  
Agenda from July 9, 2015 meeting.  
  
*Regional Water Authority Executive Committee (General Manager Roscoe)*  
No report.
- b. *Sacramento Groundwater Authority (Director Schild)*  
No report.
- c. *Water Forum Successor Effort (Assistant General Manager York)*  
Agenda from June 17, 2015 Dry Year Conference #3.
- d. *Other Reports*  
Director Thomas provided an oral report regarding the June 10, 2015 San Juan Water District regular Board meeting, the June 18, 2015 meeting with the General Manager and the June 24, 2015 San Juan Water District Board meeting.  
  
President Schild provided an oral report regarding the June 17, Water Forum meeting.

## **Miscellaneous Correspondence and General Information**

27. Certain correspondence received by the District was provided.
28. General information related to District business was provided.

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

None.

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

The Board convened in closed session at 9:22 p.m. to discuss the following:

29. Item 29 (c), Conference with Legal Counsel – Existing Litigation, Government Code sections 54954.5(c) and 54956.9(d)(1) was discussed. However, Item 29 (a), Public employee performance evaluation involving the General Manager under Government Code section 54954.5 and 54957, and Item 29 (b), Conference with Board negotiating committee (including Directors Gayle and Schild) involving the General Manager under Government Code sections 54954.5(f) and 54957.6, were not required.

**Return to Open Session**

The Board reconvened in open session at 9:30 p.m. There was no reportable action.

**Adjournment**

President Schild adjourned the meeting at 9:31 p.m.

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