

## **Minutes**

### **Sacramento Suburban Water District**

### **Regular Board Meeting**

Monday, June 20, 2016

#### **Call to Order**

President Thomas called the meeting to order at 6:36 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, Assistant General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, David Espinoza, Dave Jones, John Valdes, Annette O'Leary, Lynne Yost, James Arenz and Mitch Dion.

Public Present: Avery Wiseman, Jim DeHart, William Eubanks, Rodney Fricke, Ted Costa, Brenda Davis, Rob Swartz and Ingrid Shepline.

#### **Public Comment**

None.

#### **Announcements**

General Manager Robert Roscoe (GM Roscoe) announced:

- The completed Customer Service area remodel.
- The ACWA Region 2 event that the District was hosting at the Antelope facility had been sold out with 75 attendees.
- Staff's request to pull Consent Item 6, Resolution No. 16-14 Accepting Grant of Easement and Right of Way at 4100 Bolden Lane, and defer to a future meeting as the Grantor's signature had not yet been obtained.
- The Plaque for Director Locke from the California Rural Water Association for Utility Management Certification for demonstrated knowledge in the complex field of water and wastewater management.

#### **Consent Items**

1. **Minutes of the May 16, 2016 Regular Board Meeting**
2. **Minutes of the June 7, 2016 Special Board Meeting**
3. **Employee Recruitment, Hiring and Promotion Policy (PL - HR 009)**
4. **Director Sexual Harassment Prevention Training Policy (PL – BOD 005)**

5. **Discrimination and Harassment Prevention Policy (PL – HR 012)**
6. **Resolution No. 16-14 Accepting Grant of Easement and Right of Way at 4100 Bolden Lane (Deferred to a future meeting)**
7. **Resolution No. 16-15 and 16-16 Accepting Two Grants of Easement and Rights of Way at McClellan Business Park**

Director Schild requested to pull Consent Item 7.

Director Locke moved to approve all Consent Items except Items 6 and 7; Director Schild seconded. The motion passed by unanimous vote.

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

Regarding Item 7, Director Schild requested clarification some of the exhibits.

Mitch Dion (Mr. Dion) explained the exhibits in further detail.

Director Gayle requested a presentation regarding information on McClellan Business Park (MBP). Director Wichert echoed Director Gayle, suggesting staff coordinate a presentation or meeting regarding the District’s relationship with MBP.

GM Roscoe explained that staff would prepare a presentation regarding the issues at McClellan Business Park for a future meeting.

Director Schild moved to approve Consent Item 7; Director Locke seconded. The motion passed by unanimous vote.

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

**Items for Discussion and Action**

8. **Regional Water Authority – Regional Water Reliability Plan**  
GM Roscoe introduced Rob Schwartz with the Regional Water Authority who presented a PowerPoint presentation on the Regional Water Reliability Plan.

Director Gayle inquired if the District had any decision making involvement given the contribution amount being requested from the District.

GM Roscoe clarified that the cost allocation is in part based on size of the agency, and in part based on how involved the agency is. He further noted that it is a regional

project, and that it is not based on a proportionate vote or how much each District contributed.

Director Schild inquired about any potential water quality issues.

Mr. Swartz explained that water quality was something that they examined, and that their conjunctive use operations would not significantly impact the existing remediation at Aerojet or McClellan.

William Eubanks (Mr. Eubanks) expressed concern over the timeline, inquiring what impact the State could have if the District waited too long.

Mr. Swartz answered that the region has until 2022, so timeline was not a concern.

Director Wichert noted that the District significantly contributed to RWA, and questioned if this project could wait until 2017.

GM Roscoe explained that there is a 2016 budget for consulting contracts which would fund this program for the current year.

No action was taken.

9. **Resolution No. 16-17 Adopting an Urban Water Management Plan**

GM Roscoe introduced John Valdes (Mr. Valdes) who presented the staff report.

Director Wichert moved to approve the Resolution; Director Gayle seconded. The motion passed by unanimous vote.

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

10. **2015 Comprehensive Annual Financial Report and Annual Audit**

Finance Director Dan Bills (Mr. Bills) presented the staff report. Ingrid Sheipline (Ms. Sheipline) presented an overview of the Audit Presentation. She explained that she had already presented detailed audit information to the Facilities and Operations Committee, and that while there were some specific audit recommendations, it was a clean, unqualified audit.

President Thomas requested staff report back on any newly implemented procedures as a result of the audit.

Mr. Bills expressed that staff was planning on bringing back an update to the Board.

Mr. Eubanks expressed that the Board should be very proud of staff noting that the amount of detail that was presented was impressive.

Director Wichert commented that the IT access issue was very important and requested staff correct any issues pertaining to that.

He further complimented staff noting that it was a good report and that it reflected well on staff.

Director Wichert also inquired about the \$5 gift card situation, inquiring why staff decided to cancel the incentive program.

GM Roscoe expressed that it appeared to be more costly than it was worth, but noted that staff was looking into other way to incentivize the District employees.

Director Schild moved to approve the Resolution; Director Locke seconded. The motion passed by unanimous vote.

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

**11. Public Finance and the District Budgeting Process**

Mr. Bills presented the staff report.

Mr. Eubanks withdrew his comment.

Director Wichert commented on carryover, suggesting that if the District had a carryover each year, that it could be indicative that rates were too high.

Discussion ensued regarding the definition of carryover. Mr. Bills showed how rates were not covering approved expenses as the District's reserves have been decreasing.

Mr. Bills further explained the budget.

Avery Wiseman (Mr. Wiseman) commented that he believed the Asset Management Plan was a District wish list, but that it was not a necessity and that the Board should consider giving back some of the money to the ratepayers.

Mr. Eubanks commented that the Asset Management Plans were worked out over a period of years by a Board that committed time and effort into them. He disagreed with Mr. Wiseman noting that the Asset Management Plans looked at the core issues with Capital Replacement needs, and that it became very clear that the District could not charge enough money to deal with all of the ongoing needs of the District. He further noted that it was disconcerting that the Board couldn't rely on what previous Boards have spent a lot of time and effort planning. He closed by noting that he didn't believe that the rates were too high.

President Thomas moved to approve the staff recommendation; Director Wichert seconded. The motion passed by unanimous vote.

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

**12. 2016 Amended Budget**

Mr. Bills presented the staff report.

Director Wichert inquired about the status of groundwater transfers.

GM Roscoe expressed that staff is still working on a groundwater transfer agreements, and while a transfer might still be possible, it was less likely with the passage of additional time.

Mr. Eubanks noted that the Finance and Audit Committee went through the presentation in great detail and that the Committee recommended option 2.

GM Roscoe clarified the different options.

Director Locke expressed that he supported option 2 with the addition of allowing the General Manager authority to purchasing another \$300,000 of the City of Sacramento’s surface water at \$280.00 per acre foot.

Director Wichert supported Director Locke’s addition.

President Thomas moved option 2 with the addition of allowing the General Manager authority to purchase another \$300,000 of the City of Sacramento’s surface water at \$280.00 per acre foot; Director Wichert seconded.

GM Roscoe clarified that if the proposed option was successful, he would then have authority to purchase surface water which would result in a change in reserve balance from the proposed \$100,000. President Thomas concurred.

The motion passed by unanimous vote.

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

**Information Items**

**13. District Activity Report**

Assistant General Manager Dan York (AGM York) presented the staff report.

*a. Water Operations and Exceptions Report*

A written report was provided.

*b. Customer Service Report*  
A written report was provided.

*c. Community Outreach Report*  
A written report was provided.

14. **Engineering Report**

A written report was provided.

Director Locke requested a status update on the paving partnership.

GM Roscoe explained that staff met with a number of local utility districts and that it is still in the process of exploring alternatives. He explained that staff will continue to report on this until it is resolved.

*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. Planning Studies*  
A written report was provided.

*g. Other*  
A written report was provided.

15. **Financial Report**

A written report was provided.

*a. Financial Statements – May 2016*  
A written report was provided.

*b. Investments Outstanding and Activity – May 2016*  
A written report was provided.

- c. *Cash Expenditures – May 2016*  
A written report was provided.
- d. *Credit Card Expenditures – May 2016*  
A written report was provided.
- e. *Directors Compensation and Expense Accounting – Through May 2016*  
A written report was provided.
- f. *Market Report Yields – January 2010 through May 2016*  
A written report was provided.
- g. *District Reserve Balances – May 2016*  
A written report was provided.
- h. *Information Required by Bond Agreement*  
A written report was provided.
- i. *January – April Finalized Financial Statements*  
A written report was provided.

16. **2017 Scheduled Rate Increase**

Mr. Bills presented the staff report.

Mr. Eubanks inquired what the Board’s objective would be to waive the 4% increase.

President Thomas explained that it would be to save the ratepayers money.

Mr. Eubanks commented that it gives the impression that the Board is being irrational. He further explained that it would put the District on a different trajectory than what the previous Board worked very hard to accomplish. He noted that the District is very well run, and that it was not a time to cut rates.

Mr. Wiseman expressed an opposing opinion. He believed that at the end of the year there was a surplus indicative that a rate increase is not necessary. He further commented that he believed the budgeting process was wrong and that the CIP budget, and the needs in the Asset Management Plans, were misleading. He expressed that there is not adequate support to justify a rate increase.

Mr. Bills explained the District’s net position.

Director Locke expressed that he was in favor of the rate increases.

Director Wichert moved that staff prepare the 2017 budget assuming there will be no rate increase for 2017, noting that if that became unachievable, then staff would bring it back to the Board to show why; Director Schild seconded.

GM Roscoe expressed that staff recommended staying the course with the Board approved series of 4% rate increases as there was a lot of analysis that went into why they were necessary.

The motion passed by a 3/2 vote.

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

**17. County Paving Requirements**

GM Roscoe presented the staff report.

**18. California Special Districts Association Board Elections – Seat B**

GM Roscoe presented the staff report.

**19. Elections Process and Dates**

GM Roscoe presented the staff report.

**20. CEQA Exemption for El Prado/Park Estates Well (#2A) Pump Station Improvements Project**

GM Roscoe presented the staff report.

**21. 2821 Lerwick Road – Damaged Water Main**

GM Roscoe presented the staff report.

**22. General Manager’s Report**

GM Roscoe presented the staff report.

*a. McClellan Restoration Advisory Board (RAB) Meeting*

A written report was provided.

*b. Long Term Warren Act Contact Update*

A written report was provided.

*c. Amendment No. 2 to the Groundwater Stabilization Agreement Between PCWA and SSWD*

A written report was provided.

*d. City of Sacramento Surface Water*

A written report was provided.

*e. US Cold Storage Facility McClellan Business Park*

A written report was provided.



f. *California Water Commission Adoption of Emergency Regulations for Groundwater Management Plans*  
A written report was provided.

g. *ACWA/JPIA Annual Risk Assessment*  
A written report was provided.

h. *SWRCB-DDW 2016 Compliance Inspection*  
A written report was provided.

23. **Legislative and Regulatory Update**  
GM Roscoe presented the staff report.

24. **Upcoming Policy Review**  
GM Roscoe presented the staff report.

a. *Sustainability Policy (PL – Adm 005)*  
A written report was provided. Directors' comments are due by Tuesday, July 5<sup>th</sup>.

b. *Workplace Violence Policy (PL – HR 013)*  
A written report was provided. Directors' comments are due by Tuesday, July 5<sup>th</sup>.

25. **Upcoming Water Industry Events**  
GM Roscoe presented the staff report.

### **Committee Reports**

26. a. Facilities and Operations Committee (Director Locke)  
No report.

b. Finance and Audit Committee (Director Thomas)  
Notes from the May 26, 2016 Meeting and Notes from the June 13, 2016 Meeting were provided.

c. Government Affairs Committee (Director Locke)  
No report.

d. Ad Hoc Water Banking and Transfer Committee (Director Wichert)  
No report.

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

27. a. Regional Water Authority (Director Thomas)  
No report.

Regional Water Authority Executive Committee (General Manager Roscoe)  
No report.

- b. Sacramento Groundwater Authority (Director Schild)  
The agenda from the June 9, 2016 meeting was provided.
- c. Water Forum Successor Effort (General Manager Roscoe)  
GM Roscoe reported on the June 9, 2016 meeting.

Carryover Storage Working Group Meetings  
No report.

Water Forum Dry Year Conference Meeting  
No report.

Water Caucus Meeting  
The agenda from the June 8, 2016 meeting was provided.

- d. Other Reports  
President Thomas provided an oral report regarding his meeting with AGM York on June 1, 2016.

#### **Miscellaneous Correspondence and General Information**

- 28. Certain correspondence received by the District was provided.
- 29. 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)**

None.

#### **Adjournment**

President Thomas adjourned the meeting at 9:38 p.m.

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