

## **Minutes**

### **Sacramento Suburban Water District**

### **Regular Board Meeting**

Monday, July 18, 2016

#### **Call to Order**

President Thomas called the meeting to order at 6:32 p.m.

#### **Roll Call**

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

Directors Absent: Craig Locke.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, David Espinoza, Annette O'Leary, Lynne Yost, James Arenz, John Valdes, Mitch Dion and Hannah Dunrud.

Public Present: Avery Wiseman, Jim DeHart, William Eubanks, Brenda Davis, Ted Costa, Steve Medley and Cathy Medley.

President Thomas announced that he was feeling fatigue and passed the gavel to Vice President Wichert to conduct the meeting.

#### **Public Comment**

Avery Wiseman (Mr. Wiseman) passed out a handout and commented regarding the preapproved rate increase pertaining to the District's net position. He expressed his disapproval of the rate increase.

#### **Announcements**

General Manager Robert Roscoe (GM Roscoe) announced:

- Form 470 was at the dais for Directors to sign.
- An additional customer comment requested to be added after the Board packet was printed.
- Currently in the process of recruiting for the recent loss of a Distribution Operator.
- One of the Customer Service Representatives was going out on maternity leave for the next three months.

President Thomas inquired why the Operator left the District. GM Roscoe expressed that the staff member left due to higher wages elsewhere.

#### **Consent Items**

1. **Minutes of the June 20, 2016 Regular Board Meeting**

- 2. **Sustainability Policy (PL – Adm 005)**
- 3. **Workplace Violence Policy (PL – HR 013)**

President Thomas moved to approve all Consent Items; Director Schild seconded. The motion passed by unanimous vote.

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

**Items for Discussion and Action**

- 4. **Master Service Agreement for Main Replacements**

GM Roscoe introduced Mitch Dion (Mr. Dion) who presented the staff report.

William Eubanks (Mr. Eubanks) commented that the program was something that the Board members should be proud of and he gave credit to the management and the staff that have worked over the years on it. He further noted that it is efficient, and the customer service aspect of it has been refined and that the District was doing a terrific job.

President Thomas echoed Mr. Eubanks noting that the contractor was very efficient and that their work was impressive.

Director Schild expressed his concern that the District should be advertising to be sure to get the lowest bid.

Director Gayle expressed there are other factors in determining a contract, not just cost.

GM Roscoe clarified that the District buys a lot of the materials to save on contractor mark ups.

Director Wichert requested to find out the mark up on the materials that they purchase, the markup on the labor that they charge the District, and what overhead management charges there are. He requested to find out what the contractor’s profit was.

Finance Director Dan Bills (Mr. Bills) clarified that the District pays the prevailing wage on the labor charges. He further noted that staff can attempt to collect the info requested on the components, but was unsure if it could be attainable.

Mr. Dion expressed that staff can request the profit information that the contractor is making, however cannot guarantee that they will give it to us.

Director Schild commented that the information should be on the original bid information.

Director Wichert suggested taking the feet of pipe installed and wages paid and computing the hours of work to install the pipe.

Mr. Dion expressed that staff could deduce some of that information.

Director Wichert expressed that it is common to have mark ups on labor and materials, and that contracts are awarded based on mark up. He further noted that the mark up on the wages is an important aspect of the contract, stating that such information should be in the contract.

GM Roscoe stated the contract was based on unit prices (numbers of hydrants and valves, feet of mainline installed) and was not a cost plus mark-up form of contract.

Director Schild moved to table this item until the next meeting to get all of the information, President Thomas seconded.

Director Gayle expressed that he was comfortable with the current contract.

GM Roscoe stated that if the current motion passed, this item could come back to the Facilities and Operations Committee (F&O Committee) meeting with more information.

President Thomas requested for this item to come straight back to the Board instead of it being presented to the F&O Committee.

Director Schild expressed that staff could bring this back when it was ready.

GM Roscoe expressed that he would prefer to bring it to an F&O Committee so that the F&O Committee could make a recommendation.

Director Schild moved to table this item until a future meeting to allow staff to collect more information, President Thomas seconded. The motion passed by unanimous vote.

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

**5. Fraud Prevention Presentation**

Mr. Bills presented the staff report.

Director Schild suggested setting a regular review time period for Fraud Prevention.

**6. Resolution No. 16-18 Recommendation to Initiate Application by Sacramento Suburban Water District and Carmichael Water District to Initiate LAFCo's Proceeding for Annexation/Detachment**

David Espinoza (Mr. Espinoza) presented the staff report.

Director Schild commented that the customers have not been approached regarding this annexation.

GM Roscoe expressed that all of the District customers have been contacted following the F&O Committee meeting. He noted that after staff got approval from the F&O Committee, staff began outreach efforts to the customers, which are presently Carmichael Water District customers.

GM Roscoe further explained the staff report and the process of the annexation.

Mr. Espinoza explained the options to the Board.

Director Wichert went over the two options and inquired why staff opted to go thru the LAFCo process.

GM Roscoe expressed this would create cleaner District boundaries and also create a record for future Boards.

President Thomas moved staff recommendation; Director Wichert seconded. The motion failed on a split vote.

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

President Thomas recommended staff communicate the District's rates with the customer that sent in a correspondence.

AGM York expressed that he has contacted her and offered to set up a meeting.

Director Schild expressed that he wanted the ratepayers to buy into this and work with them before staff proceeded. He further expressed that this is the right thing to do, but staff needs to do some more outreach work on this.

Director Gayle expressed that the General Manager and staff can do the additional outreach work.

GM Roscoe clarified the policy decision before the Board.

Director Schild suggested staff do more outreach to the customers and then bring it back to the full Board.

President Thomas moved the staff recommendation including directing staff to talk to the customers and coordinate with Carmichael Water District and bring back an update to the Board; Director Gayle seconded. The motion passed by a 3/1 vote.

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

**7. Mutual Aid and Assistance Agreement Between City of Roseville and Sacramento Suburban Water District**

John Valdes (Mr. Valdes) presented the staff report. GM Roscoe further explained the staff report.

President Thomas expressed his support and moved to approve the staff recommendation; Director Gayle seconded. The motion passed by unanimous vote.

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

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

GM Roscoe presented the staff report.

Director Gayle moved to vote for Gil Albiani from Consumnes Community Services District; President Thomas seconded. The motion passed by unanimous vote.

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

**9. 2016 Triennial Public Health Goal Report**

GM Roscoe introduced David Armand (Mr. Armand) and Hannah Dunrud (Ms. Dunrud) who both presented the PowerPoint presentation.

Director Wichert suggested staff revise the presentation. He requested to see what contaminate was found where, what staff has done about it, the level of contamination compared to the guidelines, and also to discuss future action.

Staff explained that they will revise the PowerPoint.

Director Wichert requested that staff present this at the public hearing with more information. He suggested presenting it in a way that the District is careful and taking care of the District customers.

GM Roscoe noted that the water meets all State and Federal drinking water standard regulations.

Director Schild moved the staff recommendation to hold a public hearing and that staff revise the staff report to include more information, President Thomas seconded. The motion passed by unanimous vote.

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

**10. Continuous Flow Report from Network – Read Water Meters**

GM Roscoe presented the staff report.

Director Schild recommended monitoring the progress of the information. He suggested collecting data over a year or two time period to see if anything has changed.

GM Roscoe expressed that staff will continue to gather data over a time period and present it at a future Board meeting for a decision from the Board on next steps.

There was no formal Board action.

**Information Items**

**11. District Activity Report**

A written report was provided.

*a. Water Operations and Exceptions Report*

A written report was provided.

*b. Water Conservation and Regional Water Efficiency Program Report*

A written report was provided.

*c. Customer Service Report*

A written report was provided.

*d. Community Outreach Report*

A written report was provided.

**12. 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. 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.

**13. Financial Report**

A written report was provided.

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

**14. Financial Markets Quarterly Report**

A written report was provided.

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

A written report was provided.

**16. 2016 Budget Reallocations**

A written report was provided.

- 17. CIP Projects Quarterly Report**  
A written report was provided.
- 18. Human Resources Quarterly Report**  
A written report was provided.
- 19. State Water Resources Control Board Water Conservation Standard Self Certification**  
A written report was provided.
- 20. Board Packet Preparation Process And Schedule**  
A written report was provided.
- 21. 4533 Antelope Road Water Main Failure**  
A written report was provided.
- 22. Sacramento Regional County Sanitation District Notice of Violation**  
A written report was provided.
- 23. General Manager's Report**  
A written report was provided.
  - a. McClellan Business Park Improvement Issues Update*  
A written report was provided.
  - b. Long Term Warren Act Contract Update*  
A written report was provided.
  - c. Northridge Area D Water Supply – 9,000 AF*  
A written report was provided.
  - d. City of Sacramento Surface Water*  
A written report was provided.
  - e. Water Transfer – Bureau of Reclamation*  
A written report was provided.
  - f. 2016 Compensation Study Update*  
A written report was provided.
  - g. Forensic Analysis and Testing of Pipe Update*  
A written report was provided.
  - h. Water System Master Plan Update*  
A written report was provided.



- i. *Joint Defense Agreement Update*  
A written report was provided.
- j. *Review of 2017 Medical Plans, Rates and Renewal*  
A written report was provided.

**24. Legislative and Regulatory Update**

A written report was provided.

**25. Upcoming Policy Review**

a. *Procurement Policy (PL – Fin 005)*

A written report was provided. Directors' comments are due by Monday, August 1, 2016.

b. *Public Works Contracting Policy (PL – Eng 002)*

A written report was provided. Directors' comments are due by Monday, August 1, 2016.

**26. Upcoming Water Industry Events**

A written report was provided.

**Committee Reports**

- 27. a. Facilities and Operations Committee (Director Locke)  
Notes from the June 23, 2016 Meeting were provided.
- b. Finance and Audit Committee (Director Thomas)  
No report.
- 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)**

- 28. a. Regional Water Authority (Director Thomas)  
The Agenda from the July 14, 2016 Meeting was provided.  
  
Regional Water Authority Executive Committee (General Manager Roscoe)  
The Agenda from the June 22, 2016 Meeting was provided.

- b. Sacramento Groundwater Authority (Director Schild)  
No report.
- c. Water Forum Successor Effort (General Manager Roscoe)  
No report.

Carryover Storage Working Group Meetings  
No report.

Water Forum Dry Year Conference Meeting  
No report.

Water Caucus Meeting  
No report.

- d. Other Reports  
Director Schild provided an oral report on the June 9, 2016 SGA meeting.

President Thomas provided an oral report on his June 15, 2016 meeting with Mr. Bills, and the ACWA Region 2 & event on June 21, 2016. He also provided an oral report on the June 28, 2016 International Groundwater Conference in Burlingame, CA.

Director Gayle provided an oral report on the Cap to Cap trip April 9-13, 2016; the ACWA Spring Conference May 2-6, 2016; the CA Rural Water Association Conference April 26-28, 2016; and the Conversation About Water with Jeffrey Kightlinger on July 13, 2016.

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

- 29. Certain correspondence received by the District was provided.**
- 30. 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 8:06 p.m. to discuss the following:

- 31. Public Employee Performance Evaluation Involving the General Manager Under Government Code Section 54954.5(e) and 54957**

### **Return to Open Session**

The Board convened in open session at 8:32 p.m. There was no reportable action.

**Adjournment**

President Thomas adjourned the meeting at 8:33 p.m.

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