

Minutes

Sacramento Suburban Water District

Regular Board Meeting

Monday, November 21, 2016

Call to Order

President Thomas called the meeting to order at 6:37 p.m.

Roll Call

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

Directors Absent: Neil Schild.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Finance Director Dan Bills, Amy Bullock, Annette O’Leary, James Arenz and Mitch Dion.

Public Present: Avery Wiseman, William Eubanks, Larry Ernst, Doug Brown and Anthony Chacun.

Public Comment

None.

Announcements

General Manager Robert Roscoe (GM Roscoe) announced:

- SSWD Ribbon Cutting event at Eden/Root well site on December 14, 2016 at 9:00 a.m.

Consent Items

1. **Minutes of the October 17, 2016 Regular Board Meeting**
2. **Setting the Dates for January and February 2017 Regular Board Meetings**
3. **Resolution No. 16-25 in Recognition of Robert A. Churchill**
4. **Debt Management Policy (PL – Fin 011)**

Director Wichert moved to approve all Consent Items; Director Locke seconded. The motion passed by unanimous vote.

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

Items for Discussion and Action

5. Review of Debt Obligation Continuing Disclosure Policy (PL – Fin 013)

Dan Bills (Mr. Bills) presented the staff report and turned the presentation over to Doug Brown with Stradling Yocca Carlson & Rauth Attorneys at Law (Mr. Brown).

Mr. Brown reviewed his presentation on the Board and Staff’s continuing obligations related to debt disclosures with the Board.

William Eubanks (Mr. Eubanks) stated that Mr. Brown’s presentation was clear and concise and that all of his questions were answered or addressed in the presentation.

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

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

6. Series 2009B Refinancing Opportunity

Dan Bills (Mr. Bills) presented the staff report noting that the item was presented to the Finance and Audit Committee (F&A Committee) with two opportunities and was being presented to the full Board for direction.

Director Locke inquired if the item would have to come in front of the full Board again once the bond was drafted.

GM Roscoe reminded the Board that the staff recommendation included identifying the principal members of the refinancing team, and stated that if Mr. Brown is bond counsel, Mr. Brown would likely feel comfortable spending the time in advance preparing the legal documents for when we are ready.

Mr. Eubanks withdrew his comment.

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

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

7. 2016 Audit Engagement Letter and Contract

Mr. Bills presented the staff report.

Director Wichert inquired how much the increase would be.

Mr. Bills stated that the increase was \$1,000.00 due to a new pension disclosure.

President Thomas inquired if the F&A Committee agreed with staff recommendations, and was informed they did.

Director Wichert inquired if the District had ever considered arbitration instead of settling in Superior or Federal court on a contract dispute.

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

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

8. Resolution No. 16-22 Amending District Conflict of Interest Code

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

AGM York stated that after careful review of the language, staff recommended not changing the language in an attempt to make it shorter. He suggested one minor edit to re-word “his” to read “his or her” in item two, middle of the paragraph.

Mr. Eubanks commented on designated staff regarding the form 700, and inquired if the form 700’s were kept at the District office.

GM Roscoe expressed that he believed that the forms were kept online and through the FPPC website.

Director Wichert noted that the forms were now completed electronically online.

GM Roscoe stated that it is a public document, and believed it could be found on the FPPC website.

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

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

9. Treasury Management Services Provider

Mr. Bills presented the staff report.

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

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

10. Director Compensation and Travel Reimbursement Policy and Reporting

Mr. Bills presented the staff report.

President Thomas inquired about how mileage was reimbursed.

Mr. Bills clarified the two options and the forms and documentation needed in order to be reimbursed for mileage.

Director Wichert expressed that he was against the process requiring Director's to turn in timecards noting that the minutes reflect what meetings he has attended.

GM Roscoe noted that Board members are covered by the District's workers compensation insurance and that the District needs to provide what meetings the Board members attend and would prefer that information come from the Board members.

Director Wichert noted that if the item passed, that he would comply and fill out a timecard notifying of his meetings attended but still not request compensation.

Director Locke inquired about doing the timesheets quarterly verses monthly noting that he was in favor of that process; and he suggested extending it to 60 days.

Mr. Eubanks suggested that if a Director chose not to be reimbursed, that there should be a letter on file of such. He further suggested that the Director should also provide a letter stating that they would not sue the District if they were involved in any insurance claims during the time that Director conducting District business.

GM Roscoe noted that there could be a potential for additional lawsuits should something happen while a director was on District business.

President Thomas noted that the Board was in agreement that the travel expense should show in the report.

Director Locke moved to do quarterly reporting and that there is transparency in reporting Director's travel expenses; President Thomas seconded.

GM Roscoe suggested an amendment to the motion to direct staff direction to amend the staff report and bring it back to the December regular Board meeting. Director Locke agreed to the amendment to the motion.

Mr. Eubanks commented that some Directors may feel that serving on the Board of Directors is a public service and that they chose to not be compensated for it; however there should be a letter on file explaining that.

GM Roscoe clarified that the motion on the floor was to direct staff to come back with a compensation travel reimbursement policy that requires a minimum of a quarterly report, and have a more complete travel expense report.

President Thomas noted that the motion has changed from a formal motion, to direction to staff.

Staff will represent the item at the December regular Board meeting.

11. Drayton Heights Paving Partnership with the County of Sacramento

Mitch Dion (Mr. Dion) presented the staff report.

GM Roscoe noted that staff was asking the Board for a bit of latitude with an extremely small contingency, so that there is no delay and it can remain consistent with the budget.

Director Wichert moved the staff report and for the budget to not exceed \$450,000; Director Locke second. The motion passed by unanimous vote.

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

Information Items

12. 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.

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. *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.

14. Financial Report

A written report was provided.

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

15. SAWWA Top Ops Competition

A written report was provided.

16. Succession Planning

A written report was provided.

Director Wichert inquired if the Senior Engineer position had been filled.

GM Roscoe stated that staff conducted interviews but has not extended an employment offer for the position yet.

17. Federal Tax Implications on Water Conservation Rebates

A written report was provided.

18. Elected Officials/Divisions Represented – the LAFCo Process

A written report was provided.

Mr. Eubanks commented that he did not understand why staff was going through the process and wanted clarification on the objective.

Director Locke stated that his understanding was that if you vote by District and your Board representation did not adequately reflect the population, then you can be exposed to some sort of litigation if you are at large.

Avery Wiseman (Mr. Wiseman) commented that the District is restricting itself to a geographical area and population requirement, and that he did not agree with the district re-drawing the line in previous years based on population.

GM Roscoe clarified the different options. One option was at large which meant a Director could reside wherever within District boundaries and is elected by everyone in the District. Another option was by division, at large, which means the district is segregated into zones or divisions and there would have to be residency within that division. The third option was how the District currently operates which was residency by division, and only elected by that division.

The Board unanimously agreed that no action or further discussion on this topic was needed.

Mr. Wiseman stated for the record that he did not feel like he was adequately represented.

Mr. Eubanks noted that he disagreed with the premise that things get better with the changing of an election process and that he supported the way things presently are.

19. Drought Resistant Landscape at Well 32A by Eco Landscape Inc.

A written report was provided.

20. Biannual Groundwater Elevations Report

A written report was provided.

21. Legislative and Regulatory Update

A written report was provided.

22. General Manager's Report

A written report was provided.

a. Sacramento Area Sewer District Lateral Conflict

A written report was provided.

Director Wichert inquired how many lines were affected.

GM Roscoe stated that over 40 lines were affected and that the District was working with the Sewer District on a resolution.

Director Wichert requested that the item be placed on a future agenda.

b. Payment Card Industry Compliance

A written report was provided.

c. Water Transfer – Bureau of Reclamation Update

A written report was provided.

d. Long Term Warren Act Contract Update

A written report was provided.

e. Cal WaterFix Testimony

A written report was provided.

President Thomas noted that GM Roscoe did a great job testifying for the District.

f. McClellan Business Park Improvement Issues Update

A written report was provided.

g. American River Pipeline Conveyance Project

A written report was provided.

h. HDR Engineering Review of Fees and Charges

A written report was provided.

Mr. Wiseman inquired how the District came to do business with HDR Engineering and if they were a nationwide or local company.

GM Roscoe stated that they are both local as well as nationwide.

Mr. Wiseman stated that he was not happy with the District's choice in using HDR Engineering and inquired if there were any other options.

GM Roscoe stated that the District has used other Engineering Firms in the past however the Board was not satisfied with the reports provided by those Firms.

- i. *Division of Drinking Water Annual System Inspection*
A written report was provided.

23. Upcoming Policy Review

- a. *Employee Recognition and Retention Expense Policy – (PL – HR 005)*
A written report was provided. Directors’ comments were due by Monday, December 5, 2016.
- b. *Return to Work Policy – (PL – HR 007)*
A written report was provided. Directors’ comments were due by Monday, December 5, 2016.

24. Upcoming Water Industry Events

A written report was provided.

Committee Reports

- 25. a. Facilities and Operations Committee (Director Locke)
No report.
- b. Finance and Audit Committee (Director Thomas)
Notes from the November 1, 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)

- 26. a. Regional Water Authority (Director Thomas)
Agenda from the November 10, 2016 meeting was provided.

Regional Water Authority Executive Committee (General Manager Roscoe)
Agenda from the October 26, 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
Agenda from the November 9, 2016 Meeting was provided.

d. Other Reports

Director Wichert provided oral reports regarding Robert A. Churchill's retirement event that he attended.

President Thomas provided oral reports regarding his meeting with Public Priorities of California Water; the Delta Science Council meeting, his meeting with AGM York; his N9 Well Site tour with AGM York; his meeting with the Water Education Forum in Stockton, California and his meeting with GM Roscoe.

Director Locke provided an oral report regarding attending two San Juan Water District Board Meetings and a Ribbon cutting event at the Sacramento River Treatment Plant.

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.

President Thomas noted that a closed session was not needed.

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

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

A closed session was not held.

Adjournment

President Thomas adjourned the meeting at 8:15 p.m.

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