

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, March 27, 2017

Call to Order

President Wichert called the meeting to order at 6:30 p.m.

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones, 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, Annette O'Leary, Mitch Dion, Lynne Yost, David Espinoza, James Arenz, Doug Cater and David Armand.

Public Present: William Eubanks, Avery Wiseman, Paul Selsky, Melanie Holton, Ralph Felix.

Announcements

General Manager Robert Roscoe (GM Roscoe) announced:

- The invitation at the dais from the Sacramento Taxpayers Association and that it was not a compensable meeting as it was not a water industry event;
- An amendment to Item 17, the Legislative staff report, noting that the recommended District position regarding AB 885 has changed to oppose.

Public Comment

Ralph Felix, the General Manager with Rio Linda Elverta Community Water District (RLECWD), expressed that the District had the support of RLECWD with regards to helping combat the chromium 6 legal issue.

Consent Items

1. **Minutes of the February 27, 2017 Regular Board Meeting**
2. **Minutes of the March 9, 2017 Special Board Meeting – Closed Session**
3. **Improvement Standards and Technical Specifications Policy (PL – Eng 001)**
4. **Resolution No. 17-03 Accepting Grant of Easement and Right of Way for 3124 Auburn Blvd.**

Director Thomas moved to approve all Consent Items. Director Schild requested to pull Item 1 for discussion. Director Thomas amended his motion to only approve Items 2 through 4; Director Locke seconded. The motion passed by unanimous vote.

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

Regarding Item 1, Director Schild noted that under “Public Present,” Mike Grace was listed twice. GM Roscoe noted that staff will correct the duplication.

Director Schild also commented that it was recorded that he attended the FISH group, however, he clarified that it was a webinar and that he would like for it to be listed as such. GM Roscoe expressed that staff would correct that to show that he attended via web link.

Director Schild moved to approve Item 1 with the noted amendments; Director Jones seconded. The motion passed by unanimous vote.

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

Items for Discussion and Action

5. Water System Master Plan Update

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

He further introduced Paul Selsky (Mr. Selsky) and Melanie Holton (Ms. Holton) from Brown and Caldwell who presented the PowerPoint presentation.

President Wichert inquired if there was an economic analysis preformed that showed a return on investment. Ms. Holton expressed that there was not an economic analysis in the Master Plan.

President Wichert inquired if debt service was a part of the assumptions. Dan Bills (Mr. Bills) clarified that the budget that he provided to Ms. Holton was what the District had been spending on CIP, not including the debt service. He noted that it would be an addition of 7 million dollars.

Director Schild requested that the information be updated including the debt service. Mr. Bills expressed that he would have that corrected in the Master Plan.

President Wichert also requested to see a breakout of the last 5 years to show what the money has been spent on, using the same categories.

Director Thomas inquired how often other districts update their Master Plans.

Mr. Selsky answered anywhere between 5 and 10 years.

President Wichert commented that he appreciated the work that Brown and Caldwell did, but noted that he was not ready to approve the Master Plan yet. He stated that once the Master Plan was approved, it would be used in every rate discussion going forward. He believed that it needed an economic analysis and he further commented that he believed the transmission improvements were engineering improvements, and that they were not necessarily economically justified.

GM Roscoe expressed that the Master Plan was not any kind of a financial commitment but that staff could use it when planning for future budgeting. He also noted that the Board has the authority to approve, or not approve a budget. He further noted that if the District was going to have long-term sustainable infrastructure, that groundwater facilities and opportunities to better use the District's conjunctive use assets were moving in a slightly different direction. He noted that staff was looking for the Board to accept the Master Plan as completed.

Mr. Bills reminded the Board that the Asset Management Plans incorporated economic analysis.

William Eubanks (Mr. Eubanks) complimented Brown and Caldwell on a job well done. He further expressed that he was unaware why President Wichert was reluctant to approve the Master Plan. He commented that the budget was approved on an annual basis and further expressed that there would be no reason why staff wouldn't bring the Master Plan out at future rate increase discussions.

Mr. Eubanks further commented that the District needed to have something to guide them along, and that approving the Master Plan was just saying that it looked like a reasonable plan with a reasonable approach, and he was in favor of that.

Director Locke commented that the Master Plan was a general idea of direction for the District. He further noted that by adopting the Master Plan he saw it as a way of embracing the possibility of moving surface water around more readily within the District.

Director Schild noted that he agreed with President Wichert stating that there needed to be some economic analysis done before things moved ahead.

Director Locke commented that there was some economic analysis based on the projections for what the various costs were. He further stated that there were so many different measures, and to try to plan out what a pipeline could cost 10 years in the future, it would get less and less accurate with every forecast. He noted that the plan gave the Board a generalized idea of what the direction was going to cost and what type of investment the District would have to make, then it would be up to the Board to decide if they wanted to make that type of investment on an annual basis.

Director Jones noted that the Master Plan was an overview at what the District had planned, and that costs are higher than what is available to spend.

President Wichert inquired what other water districts in the area have taken the approach of larger wells as an economic benefit. GM Roscoe answered that California American Water, Sacramento County and Elk Grove Water Districts were a few that he was aware of.

Mr. Eubanks commented that it was frustrating that the Board had such a difficult time making decisions. He commented that future rate increases were inevitable as everything costs more. He inquired that if the Board did not approve the Master Plan, what did they suggested to do instead.

President Wichert answered that he would ask staff to do an economic analysis that supported the proposed approach.

Mr. Eubanks stated that an economic analysis would recommend more money than what you have either way.

Avery Wiseman (Mr. Wiseman) agreed that the Master Plan would be used for a basis of future rate increases. He noted that it should be used as a starting place and a theoretical point of discussion, as opposed to a mandatory point of discussion.

Director Thomas noted that the Master Plan was just another tool for the District.

Director Thomas moved to approve the Master Plan including the change that Mr. Bills agreed to incorporate; Director Locke seconded. The motion passed by a 4-1 vote.

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

6. **Strategic Plan Policy (PL – BOD 001)**

GM Roscoe presented the staff report.

President Wichert inquired where the “lowest responsible water rate” was represented in the document.

Mr. Bills confirmed that there was additional language referring to the lowest responsible water rate in the body of the Policy and identified the section.

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

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

7. **General Manager’s Employment Agreement**

President Wichert introduced the staff report. He noted that he and GM Roscoe worked together to agree on rewarding GM Roscoe for his efforts in 2016 including a merit and a COLA increase, and that they collectively put in place a timetable for GM Roscoe’s retirement and plan to work together with obtaining his replacement.

Mr. Eubanks expressed that he was slightly confused on if there was an issue. President Wichert clarified that there were no issues.

President Wichert expressed that as the Board moved forward with GM Roscoe’s help to pick a new General Manager, the Board needed to establish a couple of committees to assist with the process.

President Wichert recommended establishing three Committees called the Compensation Committee, Selection Committee and Process Committee.

President Wichert made the following appointments for the three Ad Hoc Committees:

Compensation Committee.....Neil Schild, Chair
Dave Jones

Selection CommitteeBob Wichert, Chair
Kevin Thomas

Process Committee.....Bob Wichert, Chair
Craig Locke

Director Jones moved to accept the General Manager’s contract as written, Director Schild seconded. President Wichert polled Directors individually for their vote. The motion passed unanimously.

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

8. **Facility Development Charges**

Mr. Bills presented the staff report.

President Wichert noted that on page 8, Regulation 7, the Regulation should clarify that it is “meter service size,” not “service size.”

Director Thomas moved to accept the staff report with the noted change, Director Schild seconded. The motion passed by unanimous vote.

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

9. **Federal Watersmart Water Marketing Strategy Grant**

GM Roscoe expressed that Director Schild may want to consider recusing himself as his present employer would be contracted to work on the grant application.

Director Schild noted that he was no longer a stockholder of the company, just an employee.

GM Roscoe further explained the staff report.

Director Schild inquired how much it would cost for the funds that the District would get.

GM Roscoe expressed that the maximum grant amount was \$400,000 with multiple agencies participating. Matching local funds was required.

GM Roscoe expressed what the best possible outcome would be for the District.

Director Schild noted that he participated in the discussion, but that he wished to recuse himself from the vote.

Director Thomas moved to approve the staff recommendation; Director Locke seconded. The motion passed on a 4-0-1 vote.

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

Information Items

10. **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.

11. **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. *General*

A written report was provided.

f. *Planning Studies*

A written report was provided.

g. *Other*

A written report was provided.

12. **Financial Report**

A written report was provided.

a. *DRAFT - Financial Statements – February 2017*

A written report was provided.

b. *Cash Expenditures – February 2017*

A written report was provided.

c. *Credit Card Expenditures – February 2017*

A written report was provided.

d. *DRAFT - District Reserve Balances – February 2017*

A written report was provided.

e. *DRAFT - Information Required by Bond Agreement*

A written report was provided.

13. **California WaterFix Update**

GM Roscoe gave a brief update.

14. **McClellan Business Park and Operations Agreement Update**

A written report was provided.

Mr. Eubanks inquired why the District allowed the McClellan Business Park (MBP) to draft the guidelines.

GM Roscoe expressed that staff rejected MBP's first draft.

Mr. Eubanks asked why there was only a potential to cancel the contract.

GM Roscoe expressed that discussions were still happening and that he was optimistic that there was a chance of a positive outcome.

Director Thomas complimented staff for working with MBP on trying to get to a mutual agreement.

15. **California Special Districts Association Call for Nominations for Seat C**

A written report was provided.

16. **ACWA Bay-Delta Flow Requirements**

A written report was provided, GM Roscoe provided additional information.

President Wichert noted that this Item should have been listed with the Action Items. GM Roscoe agreed and stated that it was his error.

Director Schild moved to approve the staff recommendation; Director Jones seconded. The motion was approved by unanimous vote.

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

17. **Legislative and Regulatory Update**

A written report was provided. GM Roscoe further explained the staff report and the correction to the staff position, opposing AB 885.

18. **General Manager's Report**

A written report was provided.

a. *Easements Accepted on Behalf of the District by the General Manager*

A written report was provided.

b. *Sacramento Area Sewer District Lateral Damage*

A written report was provided.

c. *Parkland Estates Pipeline Separation Requirements*

A written report was provided.

- d. *Long Term Warren Act Contract Update*
A written report was provided.
- e. *Invitation from Doug Veerkamp General Engineering Inc.*
A written report was provided.
- f. *Update on District Action to Address Chromium 6 Contamination of Groundwater Wells*
A written report was provided.

Mr. Eubanks commented that all of his questions had been answered.

- g. *Rate Consultant Proposed Changes to Regulation*
A written report was provided.
- h. *2017 CAPIO Excellence in Communications Award*
A written report was provided. GM Roscoe provided further information and thanked Annette O’Leary and her team for their efforts with the award.
- i. *The ASCE Sacramento Section Outstanding Energy Project of the Year*
A written report was provided. Mr. Dion explained the water well project and the award-winning elements.
- j. *SIGMA and the State Water Resources Control Board Draft Fee Sheet*
A written report was provided.

19. **Upcoming Policy Review**

A written report was provided.

- a. Employee Compensation Policy (PL – HR 002)
A written report was provided. Directors’ comments are due by April 3, 2017.
- b. Reserve Policy (PL Fin 004)
A written report was provided. Directors’ comments are due by April 3, 2017.

20. **Upcoming Water Industry Events**

A written report was provided.

Committee Reports

- 21. a. Facilities and Operations Committee (Director Schild)
No report.
- b. Finance and Audit Committee (Director Thomas)
The agenda for the April 4, 2017 Meeting was provided.

- c. Water Quality Committee (Director Wichert)
The agenda for the March 27, 2017 Meeting was provided
- d. Government Affairs Committee (Director Locke)
No report.
- e. Ad Hoc Water Banking and Transfer Committee (Director Schild)
No report.

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

- 22. a. Regional Water Authority (Director Thomas)
The agenda from the March 9, 2017 meeting was provided.

Regional Water Authority Executive Committee (General Manager Roscoe)
The agenda from the March 22, 2017 meeting was provided.
- b. Sacramento Groundwater Authority (Director Schild)
No report.
- c. Water Caucus Meeting
No report.
- d. Water Forum Successor Effort (General Manager Roscoe)
No report.
- e. Other Reports
Director Jones provided an oral report on his meeting on February 23, 2017 with GM Roscoe; and his February 23, 2017 meeting with AGM York.

Director Thomas provided oral reports regarding his meetings with the General Manager on February 23, 2017 and March 6, 2017; and the meeting he attend on March 8, 2017 at San Juan Water District; and his meeting with the General Manager on March 13, 2017. He also provided an oral report on the Aerojet CAG meeting that he attended.

Director Schild provided an oral report regarding the RWA meeting that he attended.

Miscellaneous Correspondence and General Information

- 23. **Certain correspondence received by the District was provided.**
- 24. **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 Wichert adjourned the meeting at 8:28 p.m.

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