

## Minutes

### Sacramento Suburban Water District **Regular Board Meeting** Monday, October 21, 2019

#### **Call to Order**

President Jones called the meeting to order at 6:00 p.m.

#### **Pledge of Allegiance**

President Jones led the Pledge of Allegiance.

#### **Roll Call**

Directors Present: Dave Jones, Craig Locke, Kathleen McPherson, Kevin Thomas, and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Director of Finance and Administration Dan Bills, Heather Hernandez-Fort, Cassie Crittenden, Julie Nemitz, Dana Dean, Matt Underwood, Doug Cater, and Raul Palomar.

Public Present: William Eubanks, Alan Driscoll, Avery Wiseman and Robert Cassinelli.

#### **Announcements**

General Manager Dan York (GM York) announced:

- Reminder that Friday, October 25, 2019 is the Well N6A Open House
- SSWD Employees won the Top Ops competition for the second time in the last 4 years

#### **Public Comment**

Robert Cassinelli (Mr. Cassinelli) requested additional information from staff regarding the charges he claims he paid to have his water meter installed back in 2004.

President Jones requested staff contact Mr. Cassinelli to look into his concerns.

William Eubanks (Mr. Eubanks) inquired about Director McPherson's comment in the Special Board Meeting on October 8, 2019, stating that she commented that she was working on getting rates based on income for the ratepayers.

Director McPherson explained that she informally discussed the topic with GM York and legal counsel to gain a better understanding of the options available.

Director Wichert commented that the Board briefly discussed looking into a voluntary contribution by ratepayers, but that nothing was decided.

## Consent Items

1. **Minutes of the September 16, 2019 Regular Board Meeting**
2. **Records Inspection, Retention and Disposal Policy (PL – Adm 002)**
3. **Rules for Proceedings of the Board of Directors (PL – BOD 002)**

Director Wichert requested to pull Item 2 for discussion.

Director Thomas moved Items 1 and 3, Director Locke seconded. The motion passed by unanimous vote.

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

Regarding Item 2, Director Wichert inquired about the rule for having emails on personal devices such as cell phones.

Dan Bills (Mr. Bills) explained that the intent was to protect the Directors from having their personal computers be subject to discovery because they contained District information.

Director Wichert moved to approve the item.

Director Locke expressed that he would feel more comfortable if the Policy was clear as to when items needed to be deleted or removed from personal communication devices.

GM York expressed that staff could get better clarification from legal counsel and bring the item back at a future Board meeting.

Director Wichert withdrew his motion.

## Items for Discussion and/or Action

4. **Fiscal Year 2020 Budget – First Draft**

Mr. Bills presented the staff report and PowerPoint Presentation.

Director Wichert expressed that he would prefer that all finance items go to the Finance and Audit Committee prior to a regular Board meeting.

Director Wichert recalled that there was money budgeted for surface water from the City of Sacramento.

Mr. Bills expressed that he would look into it and correct if needed.

Discussion ensued regarding the cost of taking 215 water.

Director Wichert requested to list the total cost of 215 water in future presentations.

Discussion ensued regarding the proposed 4% merit increase.

Discussion ensued regarding the 2019 compensation study.

The Board agreed to have the topic further discussed at the next Employee Benefits Ad Hoc Committee meeting.

Director Wichert suggested staff continue to assess the need for hiring contract engineers as there were already several on staff.

Director McPherson requested for the category “other” in the Operations and Maintenance (O&M) budget be broken out into further detail.

Director McPherson requested to correct slide 17, the O&M Expense Detail Water Cost slide, to show the actual trend.

Further discussion ensued regarding merit and COLA percentages.

Director McPherson recommended to use the average of the Western Cities Index (2.9%) and the Social Security Index (1.6%) 2.25% COLA, and the average of 2.6% for merit.

Director Locke recommended reviewing ways to balance the internal inequity between the PEPRAs employee’s and Classic employees, and was hopeful the discussion could take place at the Employee Benefits Ad Hoc Committee meeting.

President Jones noted that it was determined from the compensation study just performed that the District was almost at the bottom of the pay scale in the region by not keeping the pay at a consistent rate. He expressed that cutting salaries to try to balance the budget was not responsible, and that would only position the District to be back in the same situation down the road.

Mr. Bills reminded the Board that there were several other expenses in the budget to review as well.

Director Locke stated that the topic would be reviewed at the Employee Benefits Ad Hoc Committee meeting, and requested to move on to the CIP portion of the budget.

Director Wichert requested to budget 3 million dollars in 2020, then 3 million dollars in 2021 for well replacement, instead of 6 million in one year. He further explained his

recommendation to smooth out the well replacement projects over more time. He requested more justification for doubling the budget for well replacements.

Director Locke reminded the Board that well replacement was generally a three year process.

Director McPherson noted that she wanted to be sure staff was looking at getting land at a low cost.

Director Locke wanted to be sure there was enough in the budget for property acquisition.

Director Locke requested a copy of the vehicle replacement guideline the District utilizes.

Mr. Eubanks reminded the Board that they had a spending plan, not a budget, and encouraged the Board to look into building more wells in the South Service Area as he felt there was an inequality between the North and South Service areas. He further complimented Mr. Bills on his efforts with the “spending plan.”

The Employee Benefits Ad Hoc Committee members agreed to hold the meeting on November 7, 2019, as a public meeting.

## **General Manager’s Report**

### **5. General Manager’s Report**

GM York presented the staff report.

- a. *Placer County Water Agency Wholesale Water*  
GM York presented the staff report.
- b. *Sacramento Region Collaboration Study Update*  
GM York presented the staff report.
- c. *McClellan Business Park/County of Sacramento Agreement Update*  
GM York presented the staff report.

Mr. Eubanks suggested the Board send a letter to the Board of Supervisors requesting them to expedite the signing of the contract.

## **Department/Staff Reports**

### **6. Financial Report**

A written report was provided.

- a. *Financial Highlights – September 2019*  
A written report was provided.
- b. *Financial Statements – September 2019*  
A written report was provided.
- c. *Investments Outstanding and Activity – September 2019*  
A written report was provided.
- d. *Cash Expenditures – September 2019*  
A written report was provided.
- e. *Credit Card Expenditures – September 2019*  
A written report was provided.
- f. *Directors Compensation and Expense Accounting Quarterly Report*  
A written report was provided.
- g. *District Reserve Balances – September 2019*  
A written report was provided.
- h. *Information Required by LOC Agreement*  
A written report was provided.
- i. *Financial Markets Report – September 2019*  
A written report was provided.

7. **District Activity Report**  
A written report was provided.

8. **Engineering Report**  
A written report was provided.

- a. *Major Capital Improvement Program (CIP) Projects*  
A written report was provided.
- b. *Planning Documents*  
A written report was provided.
- c. *Other*  
A written report was provided.

Mr. Eubanks inquired about the water modeling, and asked when it would be complete. He additionally inquired about the surface water placement.

Dana Dean (Mr. Dean) answered that the modeling would be done within the next few days, and additionally showed Mr. Eubanks where the surface water would be used on the map.

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

- 9. a. Regional Water Authority (President Jones)  
None.

Regional Water Authority Executive Committee (General Manager York)  
The agenda for the September 25, 2019 meeting was provided.

- b. Sacramento Groundwater Authority (Director Thomas)  
The agenda from the October 10, 2019 meeting was provided.
- c. Water Caucus Meeting (General Manager York)  
None.
- d. Water Forum Successor Effort (General Manager York)  
None.
- e. Other Reports – AB 1234

Director McPherson provided an oral report on her meeting with the General Manager on May 29, 2019; her time spent listening to the recording of the Finance and Audit Committee meeting on June 10, 2019; the RWA meeting that she attended on July 11, 2019; the Jonas Main Line Replacement Open House she attended on July 18, 2019; and her meeting with the General Manager on July 31, 2019.

Director Thomas provided an oral report his GM Performance Evaluation meeting he attended on September 12, 2019; the Western Groundwater Conference he attended September 17 – 19, 2019; his two meetings with the General Manager on September 20 and 24, 2019; the General Manager Performance Evaluation meeting he attended on October 3, 2019; the Auburn Dam Counsel Meeting he attended on October 4, 2019, and the General Manager Performance Evaluation meeting he attended on October 7, 2019.

President Jones provided an oral report on the RWA meeting he attended on September 12, 2019; the Tour of the Delta that he attended on September 17, 2019; and the CSDA Conference he attended September 25-28, 2019.

**Committee Reports**

- 10. a. Facilities and Operations Committee (Director Jones)  
None.

- b. Finance and Audit Committee (Director Wichert)  
None.
- c. San Juan Water District/Sacramento Suburban Water District Water Management/Re-Organization Committee (Director Jones)  
None.

**Information Items**

- 11. **ACWA Region Election Results**  
A written report was provided.
- 12. **Moody’s Annual Issuer Comment Report**  
A written report was provided.
- 13. **Well Efficiency Testing Annual Report**  
A written report was provided.

Director Wichert inquired why the highest efficiency wells were in lag.

Matt Underwood (Mr. Underwood) stated that staff would look into it.

- 14. **Legislative and Regulatory Update**  
A written report was provided.
- 15. **Upcoming Water Industry Events**  
A written report 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 8:18 p.m. to discuss the following:

- 16. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); *Sacramento Suburban Water District v. United States*, United States Court of Federal Claims case no. 1:17-cv-00860-RHH, and *Sacramento Suburban Water District v. United States, et al.*, United States District Court for the Eastern District of California, case no. 2:17-cv-01353-TLN-AC.
- 17. Conference with legal counsel – potential litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving one case.
- 18. 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 8:48 p.m. There was no reportable action.

**Adjournment**

President Jones adjourned the meeting at 8:49 p.m.

---

Dan York  
General Manager/Secretary  
Sacramento Suburban Water District