

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, February 24, 2020

Call to Order

President Thomas called the meeting to order at 6:02 p.m.

Roll Call

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

Directors Absent: Robert Wichert.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Jeff Ott, Heather Hernandez-Fort, Cassie Crittenden, Dana Dean, Julie Nemitz, Matt Underwood, and District Legal Counsel Josh Horowitz.

Public Present: William Eubanks, Avery Wiseman, Rob Swartz, Ted Costa, Tom Gray, Linda Brown, Rod Wood, Paul Olmstead, and Alan Driscoll.

Announcements

General Manager Dan York (GM York) announced:

- Director Wichert was absent due to an emergency work related issue.
- The District and Del Paso Manor Water District (DPMWD) 2x2 Ad Hoc Committee Meeting was scheduled for Monday, March 2, 2020 at 5:00 p.m. at the District office.
- Staff requested to pull Item 4 from the Consent Items for discussion.

Public Comment

None.

Consent Items

1. **Minutes of the January 27, 2020 Regular Board Meeting**
2. **Debt Management Policy (PL – Fin 001)**
3. **Electronic Mail, Internet and Computer Use Policy (PL – IT 005)**
4. **Antelope Pump-Back Booster Pump Station Operations Agreement**
5. **Memorandum of Understanding – San Juan Water District Hinkle Reservoir Relining Project**

President Thomas acknowledged the request from staff to pull Item 4, Director Locke moved to approve all Consent Items except Item 4; Director Thomas seconded. The motion passed by unanimous vote.

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

Regarding Item 4, Assistant General Manager Mike Huot (AGM Huot) presented the staff report.

GM York expressed that staff requested to pull the Item from the Consent Items to provide additional history, the intent of the Item, and inform the Board of the letter received from Best, Best and Krieger, LLP, attorneys representing the Citrus Heights Water District (CHWD) regarding the Item (See attachment 1).

Rod Wood (Mr. Wood) representing CHWD, read the letter that was written to the Board, requesting the Board to not take any action on the proposed amendment to the Pump-Back Agreement until further operational and other details were worked out among all owners of the Cooperative Transmission Pipeline (CPT), (attachment 1). He additionally requested for CHWD to be included in any further discussions regarding the CTP.

GM York reminded the Board that there was a Pump Back Agreement with San Juan Water District (SJWD), as well as a Mutual Aid Agreement with SJWD, which supplied water for emergency purposes, and reminded the Board that the District also contributed 4.7 million dollars to the construction of the CPT pipeline. He additionally reminded the Board that the intent of the Antelope Pump-Back Booster Pump Station Operations Agreement was to use it for Aquifer Storage and Recovery (ASR), Groundwater recharge, and a potential for Placer County Water Agency (PCWA) as well as other local water purveyor’s participation.

Josh Horowitz (Mr. Horowitz), District Legal Counsel, expressed that the districts could still discuss negotiations regarding additional uses of the CTP; however, for the purpose of amending the Antelope Pump-Back Booster Pump Station Operations Agreement, he supported staff’s recommendation.

President Thomas agreed with Mr. Horowitz.

Director Locke requested to place the word “regional” back into the language under section A.

Staff agreed with Director Locke’s recommendation.

Director Locke moved to approve the staff recommendation, with the amendment of including the word “regional” back into the agreement; Director Jones seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

6. **Presentation by Rob Swartz on the History of the Sacramento Groundwater Authority**

Rob Swartz, (Mr. Swartz) Manager of Technical Services with Sacramento Groundwater Authority (SGA) presented a PowerPoint presentation on the History of SGA.

The Board thanked Mr. Swartz for the presentation.

7. **Consider Changing the Regular Board Meeting Time**

President Thomas requested to table the Item, as Director Wichert requested to be present to provide input.

Director McPherson expressed she would be absent at the March regular Board meeting.

Director Jones expressed he was available any time of the day for the monthly regular Board meeting.

Director McPherson echoed Director Jones, expressing she was ok with whatever time was decided.

Mr. Eubanks inquired if staff made any public outreach attempts regarding changing the time of the regular Board meeting.

GM York expressed that staff would make an announcement on the District website.

Linda Brown (Ms. Brown) expressed that she had a comment about billing.

Director Thomas requested she fill out a comment card.

Julie Nemitz (Ms. Nemitz) Customer Service Manager, assisted Ms. Brown with her concerns offline.

The Board agreed to table the Item and requested staff solicit customer input regarding changing the time of the regular Board meeting on the District website and on the bill message and bring the Item back to the April regular Board meeting for discussion.

8. **Sacramento Region Water Utility Collaboration/Integration Study Memorandum of Understanding and Professional Services Agreement.**

GM York presented the staff report.

Director Locke recommended to approve \$80,000 as the maximum amount, if needed, for the agreement.

Director Thomas moved to approve the staff recommendation, including approving an \$80,000 maximum for the Agreement; Director Locke seconded. The motion passed by unanimous vote.

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

9. **Water Service Charges and Rate Setting Policy (PL - Fin 009)**

Jeff Ott (Mr. Ott) presented the staff report.

Director McPherson explained her suggested changes to the Policy, including her concerns for adding language regarding including wage estimates when determining rates. Her recommendation was to remove the following language from the Policy: “The estimated wage increases of District customers since the time of the last rate increase. This will be accomplished by utilizing the latest published data from the U.S. Bureau of Labor Statistics, “Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimate” for the “Sacramento-Roseville-Arden Arcade Area.” She believed it gave the wrong message.

Director Locke agreed to remove the language.

Mr. Eubanks agreed with Director McPherson’s suggestion as well, and further expressed that he found a lot of redundancy in the Policy, and offered to review the Policy with Mr. Ott.

Mr. Ott accepted Mr. Eubanks offer.

The Board agreed to table the Item until the March regular Board meeting.

10. **Directors’ Compensation and Expense Reimbursement Policy (PL – BOD 003)**

AGM Huot presented the staff report.

Director Jones requested to change the policy to reflect compensation for 2 meetings per day, excluding conferences, and not to exceed 10 meetings per month.

Mr. Horowitz expressed that statutorily, the way it was written was “per day of service,” therefore, being compensated for two meetings per day would not be permitted.

Director Locke requested to include the states of Nevada and Washington D.C. in Section 200.20 e. following the language “events held outside the State of California...”

Mr. Horowitz expressed no concern over Director Locke’s request.

Director McPherson expressed that similar to the policy of the State of California, if an employee wished to travel out of state on business, it required another layer of approval, which she agreed with.

Director Locke additionally requested to change the amount under Section 300.10, in the third paragraph, second sentence, from \$4,000 of reimbursable expenses to \$7,500.

He additionally requested to remove any “in advance” language from the final paragraph in Section 300.10 which reads, “Any exceptions for expenses that do not come within the District’s expense reimbursement policy must be approved by the Board in a public meeting in advance of the time when the expense will be incurred. (Government Code, §53232.2, subd. (f).) Any question concerning the propriety of a particular expense should be resolved by the Board before the expense is incurred.

President Thomas and Director Jones agreed with Director Lock’s recommendations.

Director McPherson wanted to be careful from allowing any opportunity for Directors to take advantage of the Policy.

Director Locke moved to approve the staff recommendation, including his three proposed changes; Director Jones seconded. The motion passed on a 3/1 vote.

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

11. Claims Processing Policy (PL – Adm 007)

AGM Huot presented the staff report noting that Director comments were due to staff by March 6, 2020.

General Manager’s Report

12. General Manager’s Report

GM York presented the staff report.

a. *Grant of Easement and Right of Ways at 1310, 1314, 1320, 1330 and 1340 Fulton Avenue*

GM York presented the staff report.

b. *McClellan Business Park Successor Agreement Update*

GM York presented the staff report.

c. *Water Forum Agreement Re-Negotiations*

GM York presented the staff report.

Assistant General Manager's Report

13. Assistant General Manager's Report

AGM Huot presented the staff report.

a. Surface Water

AGM Huot presented the staff report.

b. Regional Water Supply/Wheeling Opportunities Update

AGM Huot presented the staff report.

Mr. Eubanks withdrew his comment.

Department/Staff Reports

14. Financial Report

A written report was provided.

Mr. Eubanks inquired how many customer accounts were in delinquent status.

Julie Nemitz (Ms. Nemitz) advised him that she could provide the figures he requested to him via email.

President Thomas inquired if staff could provide him with more information on the hardware refresh and software, enhancement programs.

Mr. Ott expressed that he would provide him with the information.

a. Draft - Financial Highlights – January 2020

A written report was provided.

b. Draft - Financial Statements – January 2020

A written report was provided.

c. Investments Outstanding and Activity – January 2020

A written report was provided.

d. Cash Expenditures – January 2020

A written report was provided.

e. Credit Card Expenditures – January 2020

A written report was provided.

f. Draft - District Reserve Balances – January 2020

A written report was provided.

g. *Information Required by LOC Agreement*
A written report was provided.

h. *Financial Markets Report – January 2020*
A written report was provided.

15. **District Activity Report**

Matt Underwood (Mr. Underwood) presented the staff report and provided an update.

16. **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.

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

17. a. Regional Water Authority (Director Jones)
None.

Regional Water Authority Executive Committee (General Manager York)
The agenda for the February 19, 2020 meeting was provided.

b. Sacramento Groundwater Authority (Director Wichert)
The agenda for the February 13, 2020 meeting was provided.

Director McPherson provided an oral report of the meeting.

c. Water Caucus Meeting (General Manager York)
The agenda for the February 12, 2020 meeting was provided.

d. Water Forum Successor Effort (General Manager York)
The agenda for the February 13, 2020 meeting was provided.

e. Other Reports – AB 1234

Director Locke provided an oral report on the meeting he had with the General Manager on January 10, 2020; and the AEROJet CAG meeting he attended on January 15, 2020.

President Thomas provided oral reports on the meetings he had with Director Locke on February 8th and February 23rd, 2020; his meeting with Director McPherson on February 16, 2020; the SJWD meeting he attended on January 8, 2020; his meeting with Director Jones on February 15, 2020; and his meeting with the General Manger on February 20, 2020.

Committee Reports

18. a. Facilities and Operations Committee (Director Jones)
Committee update from the February 13, 2020 meeting were provided.
- b. Finance and Audit Committee (President Thomas)
Committee update from the February 18, 2020 meeting were provided.

Information Items

19. **Sensus Advanced Meter Infrastructure Master Services Agreement**
Mr. Underwood provided an oral report of the item.
20. **Legislative and Regulatory Update**
A written report was provided.
21. **Upcoming Water Industry Events**
A written report was provided.
22. **Upcoming Policy Review**
A written report was provided.
 - a. Disposing of Surplus District Real Property, Vehicles and Large Equipment and Other Personal Property Policy (PL - Adm 003)
 - b. Ethics Policy (PL – BOD 004)

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 7:58 p.m. to discuss the following:

23. Conference with legal counsel – potential litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving the State Water Resources Control Board's proceedings related to the California Water Fix and the Bay-Delta Water Quality Control Plan Update.
24. 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 8:39 p.m. There was no reportable action.

Adjournment

President Thomas adjourned the meeting at 8:40 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



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February 20, 2020

VIA EMAIL AND U.S. MAIL

Kevin Thomas, President
Members of the Board of Directors
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Re: Proposed Amendment to Antelope Pump-Back Station Agreement

Dear Mr. Thomas and Members of the SSWD Board of Directors:

Best Best & Krieger LLP serves as general counsel to Citrus Heights Water District (CHWD). CHWD understands that Sacramento Suburban Water District (SSWD) will consider at its February 24, 2020 Board of Directors meeting a proposed amendment to the Antelope Pump-Back Booster Pump Station Operations Agreement (“Pump-Back Agreement”) designed to expand the potential use of that facility through increased pumping of groundwater in reverse (i.e., uphill) through the Cooperative Transmission Pipeline (CTP) “to assist conjunctive use and water banking operations” and “for other intended purposes”. We believe SSWD Board consideration of that amendment is premature until further operational details are addressed and related agreements are reached with all of the owners of CTP capacity rights, including CHWD.

CHWD invested more than \$5 million in its ratepayer funds to purchase proportional capacity entitlements in the CTP. Those entitlements provide the CHWD system with needed redundancy to ensure delivery of surface water from Folsom Reservoir to CHWD customers can continue in all water year types and during outage or maintenance of CHWD’s 42” main. That investment is, of course, entirely stranded during times when the CTP is operated contrary to gravity in a manner that deprives CHWD of access to surface water through the CTP.

The March 17, 1998 Agreement for Ownership, Utilization, Operation and Maintenance of the Cooperative Transmission Pipeline signed by SSWD, CHWD, San Juan Water District (SJWD), Fair Oaks Water District (FOWD) and Orange Vale Water Company (collectively, the “Participants”) makes abundantly clear that the primary, and perhaps only contemplated, purpose



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Mr. Kevin Thomas, President
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of the CTP is to deliver surface water to the Participants. It is for this reason that the Agreement states:

“The principal source of water to be conveyed through the Project to the Participants is surface water from the American River diverted by means of United States Bureau of Reclamation facilities at Folsom Lake. SJWD shall not allow any change in the source of water to be conveyed through the Project without first obtaining the written consent of the affected Participants, which consent shall not be unreasonably withheld or delayed.” (CTP Agreement, Para. 7(G), pp. 22-23.)

In addition, the CTP Agreement also states:

“No Participant shall use a share of the available capacity in a pipeline segment that is greater than the share that Participant is entitled to as set forth in Exhibit C if that use would diminish, impair, restrict or otherwise adversely impact the operation of the Project or the use of capacity to which another Participant is entitled.” (CTP Agreement, Para. 3(C), p. 12.)

Notwithstanding the above language of the CTP Agreement, in June 2015 SSWD and SJWD approved the Pump-Back Agreement over the concerns expressed by CHWD and FOWD. In particular, CHWD and FOWD raised five major issues: (1) risk to their water supply reliability; (2) ambiguous frequency (of when the CTP was proposed to be operated in reverse); (3) impacts to CHWD and FOWD water management opportunities; (4) potential cost impacts to those not benefitting from the pump station; and (5) lack of compliance with the California Environmental Quality Act. These concerns are described in a February 25, 2015 comment letter submitted by CHWD and FOWD. A copy of that 2015 comment letter is attached. Five years later, these comments have still not been meaningfully considered, and consensus was never reached on the need to potentially amend the CTP Agreement to address pump-back matters.

CHWD supports regional approaches to solving water resource issues. Indeed, CHWD is participating in the regional ASR study and discussions related to water banking, as well as other efforts being spearheaded by the Regional Water Authority. And, CHWD does not object to use of the CTP in reverse during emergency circumstances to ensure all customers can be served.



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However, in order to avoid unnecessary conflicts, CHWD asks that SSWD not take further action on the proposed amendment to the Pump-Back Agreement until further operational and other details are worked out among all CTP capacity owners.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steven Anderson', with a long horizontal line extending to the right.

Steven M. Anderson
of BEST BEST & KRIEGER LLP

cc: Josh Horowitz, General Counsel, SSWD
Rob Donlan, Counsel, Fair Oaks Water District
David Aladjem, Counsel, Orange Vale Water Company
Dan York, SSWD



February 24, 2020

Mr. Kevin Thomas, President
Members of the Board of Directors
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

RE: Antelope Pump Back Station Project

Dear Mr. Thomas and Members of the SSWD Board of Directors:

The Fair Oaks Water District (FOWD) was copied on a letter from legal counsel representing the Citrus Heights Water District (CHWD) dated February 20, 2020. The letter was addressed to the Sacramento Suburban Water District (SSWD) Board of Directors and requested that SSWD not take further action on the proposed amendment to the Antelope Pump Back Project Agreement until operational issues related to San Juan Member Agencies are resolved.

Upon review of the information received from CHWD, the FOWD Board President requested that a letter of support of the CHWD position be sent from FOWD. The purpose of this letter is to highlight FOWD concern over issues that seem to be having a negative impact on the relationship between multiple Agencies. Without getting into details and legalities of individual Agency positions, it is obvious that important issues remain unresolved.

Sincerely,

Tom R. Gray
General Manager
Fair Oaks Water District

C: Dan York, SSWD General Manger
Paul Helliker, SJWD General Manager
Hilary Straus, CHWD General Manager
Joe Duran, OVWC General Manager
Steve Anderson, General Counsel, CHWD

Attachment: February 20, 2020 letter to SSWD from BBK