

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, January 27, 2020

Call to Order

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

Pledge of Allegiance

President Thomas 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, Dan Bills, Jeff Ott, Heather Hernandez-Fort, Cassie Crittenden, Dana Dean, Julie Nemitz and Matt Underwood.

Public Present: William Eubanks, Avery Wiseman, John Lenahan, Marissa Burt, Greg Schneider, Carl Dock, Diane Graves, Debra Sedwick, Paul Olmstead, and Alan Driscoll.

Election of District Officers

- Election of District Officers – Appointment of District Secretary and Treasurer**
General Manager Dan York (GM York) presented the staff report.

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

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

Announcements

GM York announced:

- Director McPherson provided the “four Fundamental Guidelines for a Successful Board Meeting” handout she received from a workshop at the ACWA Conference she attended;

- Government Finance Officers Association awarded the District with the Comprehensive Annual Financial Report Certificate of Achievement for Excellence in Financial Reporting for the 9th consecutive year.
- Save the date for an ACWA Region 2 and 4 Shasta Dam all day event on March 26, 2020, more information to follow.

Public Comment

None.

Consent Items

2. **Minutes of the December 16, 2019 Regular Board Meeting**
3. **Training and Career Development Policy (PL – HR 004)**
4. **Resolution No. 20-01 Honoring Einar Maisch on His Retirement**
5. **Resolution No. 20-02 A Resolution of the Board of Directors of the Sacramento Suburban Water District Authorizing Bank Account Signatories**
6. **Water Service Charges and Rate Setting Policy (PL - Fin 009)**

Director Wichert requested to pull Item 6 for discussion.

President Thomas moved to approve the Consent Items 2 through 5, Director Jones seconded. The motion passed by unanimous vote.

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

Regarding Item 6, Director Wichert commented that the planning documents such as the Asset Management Plans and the Water Service Master Plan do have an impact on rates, and he wanted to be sure that staff didn't present them as not impacting rates.

Director McPherson disagreed with the proposal that rates would be based on the information provided by the Bureau of Labor Statistics (BLS) on wage increases in the Sacramento area, as she felt that could raise rates significantly.

Dan Bills (Mr. Bills) stated that the BLS number is a published index and represents the best wage increase estimate for District customers. He noted that the percentage wage increase would be only one of many factors for the Board to consider as rates are set and is viewed best as a cap above which the District may be negatively impacting customers.

Director Wichert commented that the proposal would allow staff to consider the effects on the District customers, but that it would not fix or drive the rates.

Director McPherson additionally suggested adding the possibility of lower rates if it was determined that not as much revenue was necessary.

Director Wichert pointed out that under section 200.00 C. 6. the language read that rates shall be set at the lowest responsible rate, but did not have language to lower rates.

President Thomas requested for the Board to make their suggested edits to the policy and return them to staff by February 3rd.

President Thomas moved to table the item until the February regular Board meeting, Director Wichert seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

7. **2020 – 2024 Water Transfer Program**

William Eubanks (Mr. Eubanks) inquired if the objective was to put a 5 year limit, and additionally inquired if signing into the California State Water Contractors program allowed the General Manager to sell water to anywhere in the state of California, including Southern California.

GM York answered that the staff report was requesting permission to sign agreements to implement the water transfer program at a \$200 per acre foot minimum.

Mr. Eubanks expressed that he was opposed to selling water to Southern California.

Assistant General Manager Mike Huot (AGM Huot) presented the staff report.

AGM Huot expressed that the water markets initiate discussions at the end of February and beginning of March, so staff was hoping to have direction from the Board in order to move forward if there were any interested buyers.

GM York further expressed that with direction from the Board, the Committee could meet to provide input and discuss the status of the transfers.

Discussion ensued regarding justification for setting the minimum cost.

Paul Olmstead (Mr. Olmstead) supported granting authority to the General Manager and allowing him the discretion to set the agreements as he believed the General Manager would make decisions based on what is in the best interest of the District.

Director McPherson agreed with Mr. Olmstead adding that it would be excess water that the District rate payers didn't directly need.

President Thomas suggested to place "a reasonable rate" in the place of the minimum cost, as he agreed that the General Manager could make those determinations.

Director Jones noted that in the past there was a restriction not to sell water south of the Tehachapi.

GM York cautioned the Board that a restriction like that could exclude the District from future water transfers.

Director Locke noted that transfers were not a large profit, and that he was more in favor of transfers regionally to enhance regional cooperation.

Mr. Bills offered to provide the Board with the cost impact if interested.

Discussion ensued regarding selling water south of the Tehachapi.

Directors Jones expressed that he did not support selling water south of the Tehachapi.

Director Locke commented that if a transfer was agreed upon south of the Tehachapi, it would be more desirable if it were for a larger profit. He further suggested to delegate the authority to the Committee to make decisions about water transfers.

Director Wichert expressed that he also did not support selling water south of the Tehachapi.

Mr. Eubanks inquired where the District had excess water to sell.

AGM Huot expressed the District had banked water from groundwater substitution transfers.

President Thomas expressed that there were several good comments and recommended to send the item to the Committee for further discussion.

Director Wichert reminded the Board of the urgency to make a decision for the current item.

President Thomas moved to authorize the General Manager to execute and sign agreements necessary to implement the District's Temporary Water Transfer Program at a reasonable cost statewide for 5 years (2020-2024), subject to approval by District

legal counsel of any non-substantive changes to such agreements; Director McPherson seconded. The motion died by a 2/3 vote, Directors Wichert, Jones and Locke opposed.

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

Director Locke requested to bring the item to the Committee to present more figures as he was not too concerned with such a small profit.

President Thomas noted that the motion was temporary, and that the item was going to be presented to the Committee for further discussion to ultimately be brought back to the full Board.

President Thomas moved to authorize the General Manager to execute and sign agreements necessary to implement the District’s Temporary Water Transfer Program at a reasonable cost, only selling water north of the Tehachapi, for 5 years (2020-2024), subject to approval by District legal counsel of any non-substantive changes to such agreements; Director Wichert seconded. The motion passed by unanimous vote.

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

8. Sacramento Suburban Water District and Del Paso Manor Water District 2x2 Ad-Hoc Committee

GM York presented the staff report.

Director Wichert commented that he supported helping Del Paso Manor Water District (DPMWD) but that he also wanted to ensure that the District customers were not disadvantaged in any way.

John Lenahan (Mr. Lenahan) commented that DPMWD didn’t currently have a General Manager, but that the Board President would be appointing a 2x2 Committee. He expressed that the intent of the Committee was to establish which direction to go.

President Thomas appointed a 2x2 Ad Hoc Committee with DPMWD, with the two Committee members being Director Locke and Director Wichert.

President Thomas moved to approve a 2x2 Ad Hoc Committee with DPMWD, Director Locke seconded. The motion passed by unanimous vote.

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

9. **New Policy – Disconnection of Residential Water Service Policy (PL – CS 001); Resolution No. 20-03, A Resolution of the Board of Directors of the Sacramento Suburban Water District Amending Regulations Nos. 2, 3, 5 and 6 of the Regulations Governing Water Service and Adopting Disconnection of Water Service Policy; Updates to Regulations Nos. 2, 3, 5 and 6.**

Mr. Bills presented the staff report.

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

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

10. **Hemlock Street Mortar Lined Steel Pipeline Leak**

Matt Underwood (Mr. Underwood) presented the staff report.

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

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

General Manager’s Report

11. **General Manager’s Report**

GM York presented the staff report.

- a. *Sacramento Region Water Utility Collaboration Study Update*

GM York presented the staff report.

- b. *CY2019 Capital Improvement Program*

GM York presented the staff report.

- c. *McClellan Business Park and County of Sacramento Successor Agreements*

GM York presented the staff report.

- d. *Del Paso Manor Water District On-Call Water Services Agreement*
GM York presented the staff report.

Assistant General Manager's Report

- 12. **Assistant General Manager's Report**
AGM Huot presented the staff report.
 - a. *Regional Water Supply/Wheeling Opportunities Update*
AGM Huot presented the staff report.
 - b. *Placer County Water Agency Agreement*
AGM Huot presented the staff report.

Department/Staff Reports

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

14. **District Activity Report**

A written report was provided.

15. **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)

16. a. Regional Water Authority (Director Jones)

The agenda for the January 9, 2020 meeting was provided.

Regional Water Authority Executive Committee (General Manager York)

The agenda for the January 22, 2020 meeting was provided.

b. Sacramento Groundwater Authority (Director Wichert)

None.

c. Water Caucus Meeting (General Manager York)

None.

d. Water Forum Successor Effort (General Manager York)

None.

e. Other Reports – AB 1234

President Thomas provided an oral report on his meeting with the AGM on December 17, 2019; his meeting with the General Manager on December 20, 2019; the DPMWD Board Meeting he attended on December 18, 2019; and the meeting he had with Director Jones regarding the GM Goals on December 28, 2019.

Director Jones provided an oral report on the meeting he had with the General Manager on December 10, 2019; the SGA Board Meeting he attended on December 12, 2019; the DPMWD Board Meeting he attended on December 26, 2019 and January 7, 2020; the Carmichael Water District Open House he attended on December 27, 2019; the meeting he had with President Thomas regarding the GM Goals on December 28, 2019; the Cal American Rate Increase Meeting he attended

on January 6, 2020; the RWA Meeting he attended on January 9, 2020; and the meeting with the General Manager on January 27, 2020.

Information Items

17. **2019 Budget Reallocations**

A written report was provided.

Director Locke expressed concern regarding assigning funds to a project that is not getting done. He wanted to be sure staff was budgeting projects properly.

GM York expressed that he planned on addressing Director Locke's concerns with staff.

18. **Human Resources and Succession Plan Semiannual Report**

A written report was provided.

19. **Legislative and Regulatory Update**

A written report was provided.

20. **Upcoming Water Industry Events**

A written report was provided.

21. **Upcoming Policy Review**

A written report was provided.

a. Debt Management Policy (PL - Fin 011)

b. Electronic Mail, Internet and Computer Use Policy (PL – IT 005)

Miscellaneous Correspondence and General Information

22. **Correspondence received by the District was received.**

Director's Comments/Staff Statements and Requests

Director Locke commented that he had a leak at his home and District staff responded quickly, used acoustical equipment and located the leak. He praised staff for the great service. He additionally submitted a rebate and was pleased with the rebate program.

Director McPherson echoed Director Locke's delight regarding the rebate program, noting that her husband took advantage of the program and was very pleased as well.

Director Locke additionally requested to add an action item to the February regular Board meeting agenda to consider changing the time of the regular Board meeting to earlier in the day.

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

The Board convened in Closed Session at 7:25 p.m. to discuss the following:

23. 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 7:37 p.m. There was no reportable action.

Adjournment

President Thomas adjourned the meeting at 7:38 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District