

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, June 15, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #852 4440 1226

Call to Order – Videoconference/Audioconference Meeting

President Thomas called the meeting to order at 6:03 p.m.

Pledge of Allegiance

President Thomas led the Pledge of Allegiance.

Roll Call

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

Directors Absent: None.

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

Public Present: William Eubanks, Paul Olmstead, Dane Wadle, Alan Driscoll, Greg Zlotnick and Paul Helliker.

Announcements

General Manager Dan York (GM York) announced:

- ACWA Summer Conference will be held virtually on July 29-30, 2020.
- F&A Committee Meeting will be held virtually on June 16, 2020, at 5:00 p.m.
- Sacramento Suburban Water District/Del Paso Manor Water District 2x2 Ad Hoc Committee will be held virtually on Monday, July 6, 2020, at 5:00 p.m.
- The District office will be closed on Friday, July 3, 2020, in observance of Independence Day.

Public Comment

Dane Wadle (Mr. Wadle) of the California Special Districts Association provided information on HR 7073, urging the Board to consider providing a letter of support, and answered clarifying questions.

Director Wichert expressed he supported helping make funds available to those special districts in need due to the COVID 19 Pandemic; however, he did not support the District applying for stimulus funding, as he believed the District did not need it.

GM York expressed he would contact President Thomas offline for support on behalf of the Board and report back to the Board in July.

Consent Items

1. **Minutes of the May 18, 2020, Regular Board Meeting**
2. **Discrimination and Harassment Prevention Policy (PL – HR 012)**
3. **Workplace Violence Policy (PL - HR 013)**

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

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

Items for Discussion and/or Action

4. **CalPERS Pension – Employer Paid Member Contribution**
GM York presented the staff report.

Discussion ensued regarding how to balance the different tiers of benefits among the District employees.

Director Wichert inquired if it was a possibility to lay off all employees and then hire them back in an effort to get all employees on the same benefit plan.

Legal Counsel Josh Horowitz (Mr. Horowitz) explained that the employees in classic plans would be grandfathered in, and still entitled to their existing plans. He further explained that firing employees and then hiring them all right back could be seen as a pre-text by trying to deprive employees of something they have vested, and would expose the District to significant legal risks.

Mr. Eubanks commented that if the District did something like that, he would offer the names of several good lawyers to the employees, and further expressed the Board would have a very bad reputation for doing so.

Director Wichert inquired about the idea of hiring special legal counsel to look into the benefit options.

Director Jones inquired why he would want to do that, noting it would just be an extra cost and that they already knew the answers.

Director McPherson expressed she was not interested in doing that at this point as she felt the Board spent enough time and has gathered enough information to make a decision. She further inquired how to treat the staff fairly when half of the staff were already paying into the EPMC, a smaller portion of the staff were not paying into EPMC, and the Board was not able to change anything for rest of the staff. She commented that she didn't see how the Board would be able to phase in something that would be considered fair without everyone being impacted in some way.

GM York expressed that a 9/80 work schedule could just be a part of the package to offer to staff. He further expressed that he proposed several options in the staff report for the pre-merger employees, post-merger employees, and classic members and began describing some of those options.

Director Locke expressed that he did not support the two tiered COLA option and stated he was hoping for a cost analysis. He additionally suggested hiring a consultant such as Raftelis, to figure out how to make it fair for all of the employees, as he didn't believe any of the options in the staff report made it fair for all.

Director Jones inquired if anyone asked the employees what they wanted.

Mr. Horowitz pointed out that there were two cases pending in the California Supreme Court on the "California Rule," which is a similar topic. He noted that one of the cases has been argued and there should be a ruling sometime within the next two to three months, which could provide some clarity to this situation. He further recommended for staff to talk to the employees to see what they were willing to agree to.

GM York expressed that throughout all the discussion on this topic through the years with the different Boards, all previous Boards have chosen to honor the offer letter, which employees were provided at the time of hire. He additionally explained that he has spoken with a few PEPRAs employees who have expressed that they do not want to see anything taken away from their fellow workers, as each employee knew what their offer was at the time of hire.

Director McPherson noted that the Board was looking at long term cost savings and ways to treat all of the staff equitably.

President Thomas expressed that doing what other Districts have done, which is increasing the COLA by 2% each year, until the EMPC was covered, seemed like the only option.

Director Jones stated it was not the only option, as they could just leave it the way it is. He noted that the 23 employees that signed their offer letter at time of hire stating that

their EPMC would be paid by the District, and has been the benefit since they started working at the District, but now was going to be taken away was not right.

President Thomas noted that it would not be taken away, but that they would be compensated by something comparable.

Director Wichert pointed out that there was not a consensus among the Board and recommended reviewing changes for prospective employees at this point.

GM York agreed with Director Wichert, noting that option 2 in the staff report proposed prospectively requiring all new employees in the 2% @ 55 Plan to begin paying EPMC, which would be included in their offer letter for that prospective employee to consider before taking a job with the District.

Director McPherson agreed with making that change, and moved to prospectively require all new employees in the classic retirement plan begin paying their EPMC; Director Wichert seconded.

Director Jones inquired if that was a vote-able motion, as it may not have been properly agendaized.

Mr. Horowitz expressed the agenda lists this item as discussion, but not action, and recommended placing an action item on the July regular Board meeting.

Director Jones inquired what the employees thought about the discussion.

Director Locke expressed that none of the options were ones he was hoping to see, and recommended taking the whole issue on, instead of piecemealing it.

Director McPherson expressed that she believed it was irresponsible of the District that it was not dealt with 10 years ago, and the Board should have been much more proactive on this topic. She additionally expressed she was not in favor of incurring additional cost by hiring a specialty firm to tell the Board what they already knew. She further explained that she supported getting additional information about the 23 employees to not legally expose themselves to any lawsuits.

The Board directed staff to bring an action item to the next regular Board meeting to prospectively require all new employees in the classic retirement plan to begin paying their EPMC.

Director Locke expressed he wanted to see the whole issue be addressed, not just parts of it.

The Board agreed to bring a separate item to the next regular Board meeting regarding hiring a consultant or special legal counsel to review their options.

Mr. Olmstead recommended for the Board to be very specific on the agenda as to what actions or discussion they would like to have, so it is very clear for the public.

President Thomas reiterated that the July regular Board meeting would have two separate action items, one to vote to prospectively require all new employees in the classic retirement plan would begin paying their EPMC, and two, to review hiring a consultant or special legal counsel to review their options.

Mr. Eubanks inquired what the problem actually was, he stated that he heard the Board saying that there was unfairness with the treatment of the employees, but pointed out that the General Manager made very clear what the benefits package was in the offer letter that each employee received. He expressed that he never worked with anyone that had the exact same salary and/or benefit package as he did, he commented that the District would never reach a point where everyone was 100% fair. He concluded by stating that sometimes doing nothing eliminated any possibility for unintended consequences.

5. **San Juan Water District Water Transfer Update**

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

President Thomas voiced his support of the item.

Paul Olmstead (Mr. Olmstead) additionally supported the staff recommendation.

AGM Huot answered clarifying questions.

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

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

6. **Committee and Liaison Appointments**

GM York presented the staff report.

President Thomas appointed Director Jones as a general back up to each of the District committees.

Director Jones agreed to be a general backup to each committee.

General Manager's Report

7. **General Manager's Report**

GM York presented the staff report.

- a. *Sacramento Region Collaboration/Integration Study Update*
GM York presented the staff report.
- b. *COVID-19 Update*
GM York presented the staff report.

Director Wichert inquired if there have been any changes to the sick leave policy to accommodate anyone impacted by COVID.

GM York expressed there were still provisions that the State put into place but the District was also looking into it.

- c. *Del Paso Manor Water District Operational Service Agreement Status*
GM York presented the staff report and expressed staff would bring back an amended service agreement at the July 2020, regular Board meeting.

Assistant General Manager's Report

8. **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. *2020 Water Transfer Update*
AGM Huot presented the staff report and answered clarifying questions.

President Thomas requested for AGM Huot to report back on the 13% depletion factor and how that would impact the District.

Department/Staff Reports

9. **Financial Report**
Jeff Ott (Mr. Ott) presented the staff report and answered several clarifying questions.

Mr. Ott additionally expressed he would run an analysis on how many customers would be in collections if the District were processing them at this time.

Mr. Eubanks inquired why there was an increase in the Board of Directors budget.

GM York explained that the Community Outreach budget was added to the Board of Directors budget for administrative purposes.

Director McPherson inquired why the Community Outreach budget did not have its own separate "Public Relations" budget.

President Thomas, Director McPherson and Mr. Eubanks all supported the Community Outreach budget having its own budget for better transparency.

Director McPherson expressed that the name of the category should represent its expense and inquired if other special districts did it this way.

Mr. Eubanks suggested increasing Director stipends.

President Thomas expressed he was happy with the stipend amount.

President Thomas requested to report back on the status of this at the July regular Board meeting.

a. Financial Highlights – May 2020

A written report was provided.

b. Financial Statements – May 2020

A written report was provided.

c. Investments Outstanding and Activity – May 2020

A written report was provided.

d. Cash Expenditures – May 2020

A written report was provided.

e. Credit Card Expenditures – May 2020

A written report was provided.

f. District Reserve Balances – May 2020

A written report was provided.

g. Information Required by LOC Agreement

A written report was provided.

h. Financial Markets Report – May 2020

A written report was provided.

10. District Activity Report

A written report was provided.

11. 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)

- 12. a. Regional Water Authority (Director Jones)
None.

Regional Water Authority Executive Committee (General Manager York)
The agenda for the May 27, 2020, meeting was provided.

GM York provided an oral report of the meeting.

- b. Sacramento Groundwater Authority (Director Wichert)
The agenda for the June 11, 2020, meeting was provided.

GM York and Director Wichert both provided oral reports of the meeting.

Discussion ensued regarding the SGA/RWA/Sacramento Central Groundwater Authority partnership.

- c. Water Caucus Meeting (General Manager York)
None.

- d. Water Forum Successor Effort (General Manager York)
The agenda for the June 11, 2020, meeting was provided.

- e. Director Reports – AB 1234

President Thomas provided an oral report on the Groundwater SIGMA webinar meeting he attended on May 12, 2020; the SJWD Board meeting he attended on May 13, 2020; the Supercomputing and Hydrologic webinar he attended on May 15, 2020; his meeting with Director McPherson on May 25, 2020; and his meeting with the General Manager on May 26, 2020.

Director Jones provided an oral report of the SGA meeting he attended on June 11, 2020.

Director Locke provided an oral report of the RWA Executive Committee he attended on May 27, 2020; and the Leveraging Near Real Time Monitoring and Control for a Smarter Approach to Water Quality Management meeting he attended on May 21, 2020.

Committee Reports

13. a. Finance and Audit Committee (Director Thomas)
The draft minutes from the May 21, 2020, meeting were provided.

Mr. Ott reported on the discussion of the Facility Develop Charges (FDC) from the meeting.

Director Wichert expressed a concern with the calculation of the FDC and further requested for staff to provide him with the relevant information from the AWWA M1 Manual.

- b. Ad Hoc Water Banking and Transfer Committee (Director Thomas)
The draft minutes from the June 8, 2020, meeting were provided.
- c. DPMWD/SSWD 2x2 Ad Hoc Committee (Director Locke)
The draft minutes from the June 1, 2020, meeting were provided.

Information Items

14. **Legislative and Regulatory Update**
A written report was provided.

15. **Upcoming Water Industry Events**
A written report was provided.

Director Locke and President Thomas requested to be placed on the AeroJET CAG meeting email list.

16. **Upcoming Policy Review**
A written report was provided.

- a. Return to Work Policy (PL - HR 007)
- b. Environmental Sustainability Policy (PL - Adm 005)

Director Wichert requested for the environmental sustainability policy to include a requirement for a recycling program.

Director's Comments/Staff Statements and Requests

None.

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

The Board did not meet in closed session, as there were no updates to discuss.

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 the State Water Resources Control Board’s proceedings related to the California Water Fix and the Bay-Delta Water Quality Control Plan Update.
18. Conference with real property negotiator involving the purchase, sale, lease or exchange of 5334 Walnut Avenue, Sacramento, CA. Dan York, District negotiator, will negotiate with Robert Jacobs. Instructions to the negotiator(s) may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

Adjournment

President Thomas adjourned the meeting at 8:11 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District