

## **Minutes**

### **Sacramento Suburban Water District Regular Board Meeting Monday, October 19, 2020**

#### **Location:**

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #884 1277 6582

#### **Call to Order – Videoconference/Audioconference Meeting**

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, Heather Hernandez-Fort, Jeff Ott, Dana Dean, Lynn Pham, Matt Underwood, Julie Nemitz, James Arenz, and Josh Horowitz.

Public Present: William Eubanks, Brett Husa, Alan Driscoll, and Allen Trux.

#### **Announcements**

General Manager Dan York (GM York) announced:

- Reminder of the Facilities and Operations Committee Virtual Meeting on Tuesday, October 27th at 5:00 p.m.
- AWWA Fall Virtual Conference, October 26-29, 2020.

#### **Public Comment**

None.

#### **Consent Items**

1. **Minutes of the September 21, 2020, Regular Board Meeting**
2. **Minutes of the October 12, 2020, Special Board Workshop**
3. **Employment Rules and Procedures Policy (PL - HR 001)**
4. **Employee Performance Evaluation, Merit and COLA Policy (PL - HR 003)**

5. **Disposing of Surplus District Real Property, Vehicles, and Large Equipment and Other Personal Property Policy (PL - Adm 003)**
6. **Placer County Water Agency Agreement - Amendment No. 3**

Director Wichert moved to approve all Consent Items; Director Jones 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. **Skip’s Music Rent Relief Request**  
Jeff Ott (Mr. Ott) presented the staff report.

District Legal Counsel Josh Horowitz (Mr. Horowitz) verified that the staff recommendation was not a gift of public funds.

Director Wichert expressed he supported deferring the rent for Skip’s Music, but was not in favor of forgiving it all together.

Director McPherson supported the staff recommendation, expressing that Skip’s Music was shut down for several months and unable to earn income during that time.

Director Locke moved to approve the staff recommendation, Director Jones seconded. The motion passed by a 4/1 vote, Director Wichert opposed.

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

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

Mr. Horowitz provided a brief history to the Board of the three different classes of employees. He stated the pre-merger 3% at 60 employees had a vested right to the continued payment of the EPMC, or if not, the Board would need to provide another equal benefit; however, there was a potential for more flexibility with the other classes of employees. He reminded the Board that they already took action for all new, pre-PEPRA, employees.

GM York presented the PowerPoint presentation and answered clarifying questions.

Director Wichert noted that doing nothing would cost nothing additional: however, changing the plan would cost the District \$12,400 per year.

Director McPherson disagreed with Director Wichert noting eventually there would be a cost savings. She expressed that if you got rid of the financial responsibility of the 8%, there would be a short term cost, but a long term savings.

GM York continued presenting the PowerPoint presentation.

Discussion ensued regarding additional net costs to the District for making the change such as increases to Social Security, Medicare taxes, and Pension costs.

Director McPherson expressed there should be an outline of the cost savings and that her goal was to get everyone on the same page with regards to benefits, noting the PEPRA employees were paying their own retirement and the rest of the employees were not.

Director Locke pointed out that it could be viewed as a win/win, stating if the employees received 2% increase to offset the COLA increase, and every year thereafter for the next 4 years to add up to a total of an 8% increase, the employees' pension would be based on a higher salary.

Director McPherson stated she was not in favor of giving a 2% increase to the PEPRA employees.

Director Locke expressed it is what would be fair.

Director Wichert restated there would be additional costs to the District.

Director Jones stated that integrity was an important part of the District's Goals and stressed how important it was to do what they said they would do at the time of the offer to the employee. He noted it would not be an everlasting cost to the District and there were only a few employees left on the plan. He urged the Board to stay the course.

President Thomas noted he was in favor of doing the 4 year implementation plan at 2% each year, but additionally expressed there were only a few employees left on the plan and those employees would eventually retire.

Director Locke expressed he was not in favor of the staff recommendation, noting it would only affect two classes of employees and not the PEPRA employees.

Further discussion ensued regarding cost to the District.

William Eubanks (Mr. Eubanks) recommended the Board either leave everything alone, or increase all salaries by 8% and discontinue paying the EPMC all at once like San

Juan Water District (SJWD) did, in an effort to not have this discussion continue every year.

Director McPherson suggested to leave the pre-merger employees as is, as there was too much cost and confusion involved; however, she recommended doing a phase out for all post-merger employees to get them on to same place as the PEPRAs employees.

Mr. Eubanks expressed that the different classes of employees came about by different circumstances that occurred many years ago. He expressed that some Board members were more interested in nickels and dimes than integrity.

Director Wichert agreed with Mr. Eubanks and Director Jones stating that leaving the plans alone is a reasonable approach and saves the District money.

Director McPherson disagreed stating there would be a cost savings to the District, as she did not promote increasing salaries by 2% each year, noting it was not a legal requirement.

Director Wichert expressed he was completely against that suggestion based on integrity.

Director Locke expressed he agreed with Mr. Eubanks and would be interested in looking at making the change all in one year.

Director McPherson stated there was more flexibility with the post-merger employees than they originally thought.

Mr. Horowitz clarified that the Alameda ruling that the Supreme Court issued recently did seem to indicate that the EPMC most likely would not be regarded as a core vested part of the pension, but that the ruling did not reach the EPMC issue, noting he believed there was more flexibility. He additionally noted there was still some level of risk; however, it is much lower than it was in the past.

Mr. Eubanks referred to Director Jones comment about integrity noting employee morale would be impacted.

Director McPherson expressed that the PEPRAs employees do not receive the benefit.

Director Jones reminded Director McPherson that the PEPRAs employees accepted the job with full knowledge of that. He additionally commented that there was always a cost to making savings. He expressed that the employees could feel like the Board didn't value them, leading employees to retire early, in turn losing institutional knowledge and mentors.

Director Locke stated he was suggesting an option that the employees would benefit from by ending up with a higher ending salary.

President Thomas expressed he was not interested in a large jump all at once.

Director Jones moved to do nothing, Director Wichert seconded. The motion passed by a 3/2 vote, Directors' McPherson and Thomas opposed.

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

9. **Fiscal Year 2021 Budget – 1<sup>st</sup> Draft Update**

Jeff Ott (Mr. Ott) presented the staff report and PowerPoint presentation, and answered clarifying questions.

Director Jones inquired if there was a way to look at just the construction costs of the District over the last 3 years.

Mr. Ott expressed that staff would look at that, and continued with the PowerPoint presentation.

Discussion ensued regarding the Capital Budget amount from the rate study conducted by Raftelis.

President Thomas requested to put the Merit at 3%.

Director McPherson agreed with President Thomas.

Discussion ensued regarding options for the Reserve budget and options for the Capital Budget.

Director Wichert moved to approve the staff recommendation, Director Jones seconded. The motion passed by 3/2 vote, Director's Thomas and McPherson opposed.

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

Mr. Eubanks inquired why the distribution main allocation changed for 2021.

Assistant General Manager Mike Huot (AGM Huot) answered that in 2021 a lot of the effort was based on the condition assessment.

**General Manager's Report**

10. **General Manager's Report**

GM York presented the staff report.

- a. *City of Sacramento Surface Water Update*  
GM York presented the staff report.
- b. *Del Paso Manor Water District Update*  
GM York presented the staff report.
- c. *Arden Park Vista Service Area*  
GM York presented the staff report.
- d. *Carmichael Water District – Groundwater Well Cost Sharing Partnership*  
GM York presented the staff report.

### **Department/Staff Reports**

#### **11. Financial Report**

Mr. Ott presented the staff report and noted the corrections to the balance sheet and the Reserve spreadsheet.

- a. *Financial Highlights – September 2020*  
A written report was provided.
- b. *Financial Statements – September 2020*  
A written report was provided.
- c. *Investments Outstanding and Activity – September 2020*  
A written report was provided.
- d. *Cash Expenditures – September 2020*  
A written report was provided.
- e. *Purchasing Card Expenditures – September 2020*  
A written report was provided.
- f. *Directors Compensation and Expense Accounting – Third Quarter 2020*  
A written report was provided.
- g. *District Reserve Balances – September 2020*  
A written report was provided.
- h. *Information Required by Bond Agreement*  
A written report was provided.
- i. *Financial Markets Report – September 2020*  
A written report was provided.

12. **District Activity Report**

A written report was provided.

13. **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)**

14. a. Regional Water Authority (Director Jones)

None.

Regional Water Authority Executive Committee (General Manager York)

None.

b. Sacramento Groundwater Authority (Director Wichert)

The agenda for the October 8, 2020 meeting was provided.

GM York noted that although he was originally approved by the County of Sacramento to be an alternate to the SGA Committee, upon further review, the JPIA agreement stated that staff members were not allowed to be Committee members. He expressed that SGA would be amending the minutes to withdraw any vote GM York made.

c. Director Reports – AB 1234

President Thomas provided oral reports on the meetings he had with the General Manager on September 21, 25, and October 15, 2020; the DWR webinar he attended on September 30, 2020; the SGA Board meeting he attended on October 8, 2020; The Water Forum meeting he attended on October 14, 2020; the SJWD Special Board meeting he attended on September 9, 2020; the meeting he had with Director Locke on September 19, 2020; and the RWA Board meeting he attended on September 10, 2020.

Director Locke provided oral reports of the EPA Session meeting he attended on September 3, 2020; the meeting he had with the General Manager on September 9, 2020; the RWA Board meeting he attended on September 10, 2020; the APWA webinar he attended on September 15, 2020; the AWWA webinar he attended on

September 16, 2020; the BBK webinar he attended on September 17, 2020; the meeting he had with President Thomas on September 20, 2020; the Successful IRWM meeting he attended on September 23, 2020; and the AWWA webinar he attended on September 29, 2020.

### **Committee Reports**

15. a. Water Banking and Transfer Committee (Director Thomas)  
Draft notes from the September 28, 2020 meeting were provided.

### **Information Items**

16. **Correspondence received by the District**  
A written report was provided.
17. **Legislative and Regulatory Update**  
A written report was provided.
18. **Upcoming Water Industry Events**  
A written report was provided.
19. **Upcoming Policy Review**  
A written report was provided.
  - a. Debt Obligation Continuing Disclosure Policy (PL - Fin 013)
  - b. Employee Compensation Policy (PL - HR 002)
  - c. Water Service Rates, Fees, and Charges Setting Policy (PL – Fin 009)

### **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 8:04 p.m. to discuss the following:

20. 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 8:14 p.m. President Thomas announced that he appointed Directors' Locke and Jones to the Ad Hoc General Manager Performance Review Committee.

### **Adjournment**

President Thomas adjourned the meeting at 8:15 p.m.



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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District