

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, May 17, 2021

Location:

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #862 8501 6959

Call to Order – Videoconference/Audioconference Meeting

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

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 Matt Underwood, Heather Hernandez-Fort, Jeff Ott, Dana Dean, Julie Nemitz, Greg Bundesen, Dave Morrow, Robin Geiger, Jim Arenz, Erik Flaa, Todd Artrip, and Susan Schinnerer.

Public Present: William Eubanks, Patricia Olson, Melanie Holton, Andrew Ramos, David Alvey, Preston Romero, Alice Tully, Barbara Evoy, Jeni Buckman, and Paul Helliker.

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Announcements

General Manager Dan York (GM York) announced:

- The RWA Executive Committee meeting was canceled.
- Congratulations to Matt Underwood, for accepting his new position of Assistant General Manager.

President Wichert announced that there was a long agenda for the evenings' meeting, and offered for any Directors to pull items to place them on the June regular Board meeting agenda.

Director Jones pointed out that there was a customer comment for Item 11.

Public Comment

None.

Consent Items

1. **Minutes of the April 19, 2021, Regular Board Meeting**
2. **Policy Review - Unclaimed Check Policy (PL - Fin 007)**
3. **Policy Review - Drug and Alcohol Program Policy (PL - HR 010)**
4. **Policy Review - Electronic Mail Management and Retention Policy (PL – IT 003)**
5. **Memorandum of Understanding with Placer County Water Agency for the Right to Convey up to 15 Million Gallons Per Day of Wheeling Capacity through the Cooperative Transmission Pipeline and Antelope Transmission Pipeline**

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

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

William Eubanks (Mr. Eubanks) requested to speak on Item 5, asking for clarification on the item. He asked if any of the questions raised at the April Board meeting had been addressed. He additionally expressed his opposition for the Item, noting he was not interested in selling any of the District's capacity.

GM York stated that based on the minutes of that meeting, all questions were addressed in the current staff report. GM York also commented that this document was not committing any part of capacity or infrastructure.

President Wichert noted he didn't believe many of the Directors were interested in selling the Districts capacity, but also that nothing was decided on yet.

Public Hearing

6. **2020 Urban Water Management Plan and Water Shortage Contingency Plan – Public Hearing**

President Wichert opened the Public Hearing and asked GM York to provide a summary of the circumstances that brought forth the need for the Public Hearing.

GM York provided a timeline from the Board action calling for the Public Hearing through legal notices provided to the public. He explained the order of the proceeding for the Public Hearing. After all public comment has been received, the Public Hearing would be closed and the Board would then deliberate.

Dave Morrow (Mr. Morrow) presented the PowerPoint presentation on the 2020 Urban Water Management Plan and answered clarifying questions.

Greg Bundesen (Mr. Bundesen) presented the PowerPoint presentation on the Water Shortage Contingency Plan and answered clarifying questions.

Barbara Evoy (Ms. Evoy) asked clarifying questions.

Patricia Olson (Ms. Olson) additionally asked clarifying questions.

Paul Helliker (Mr. Helliker) provided responses to some clarifying questions.

GM York provided a summary of the written comment received from the public up to the opening of the Public Hearing and stated that there was a total of 2 comments submitted.

President Wichert then called for public comment.

Mr. Helliker clarified that the 6,000 acre feet surface water transfer agreement has been placed on hold to ensure retention of water supplies in the Folsom reservoir. He expressed that 4,000 acre feet per year was a reasonable number to include in the Urban Water Management Plan and additionally stated that he supported the Urban Water Management Plan and recommended the Board approve it.

Ms. Olson requested a 2 week extension to allow more time to review the document due to the number of pages and to allow the alternative population data to be released. She expressed she felt there were several issues that required follow-up and requested additional time.

Mr. Eubanks urged the Board to approve the staff recommendation.

Dana Dean (Mr. Dean) expressed that if a 2 week extension was granted, the state deadline would not be met.

Director McPherson expressed she wanted to allow the public sufficient time to review the document, and wanted to try to accommodate the 2 week extension request.

Ms. Evoy additionally requested a 2 week extension to allow more time to allow public comments.

Mr. Helliker expressed that the purpose of the Urban Water Management Plan was to provide a worst case scenario, noting the District's projected demands up to 2045 is less than current demand, additionally noting he felt the projections were reasonable, and that staff has done a good job.

Ms. Olson expressed there was an over-projection with regards to demand, and she felt the Board should consider her comments on the Urban Water Management Plan before approving it.

President Wichert acknowledged Ms. Olson's request for 2 additional weeks.

President Wichert closed the public comment portion of the Public Hearing.

President Wichert closed the Public Hearing.

Items for Discussion and/or Action

7. **Resolution No. 21-04 Adopting an Urban Water Management Plan and Resolution No. 21-05 Adopting a Water Shortage Contingency Plan**

Mr. Morrow presented the staff report.

Mr. Eubanks withdrew his comment.

Director Jones moved to approve the staff recommendation; Director Locke seconded.

President Wichert expressed that he welcomed any suggested edits to the plans, and reminded the Board that the plans can be changed after approved. He additionally stated he was not in favor of delaying the plans at this time.

Director McPherson expressed that she felt two additional weeks would allow for members of the public to feel more comfortable with the plans, noting she didn't want to discourage members of the public from attending meetings and participating.

GM York commended staff and the consultant on a job well done on putting such a large document together, and on time.

Andrew Ramos (Mr. Ramos) echoed President Wichert, noting that the plans can be updated at any time as necessary, as noted in the resolutions.

President Wichert encouraged any members of the public to review the plans and provide staff with any suggested changes, and that he would consider those suggestions, but that he was not interested in extending the due date at this time.

The motion passed by a 4/1 vote, Director McPherson opposed.

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

8. **2021 Water Conservation Stage Declaration**

Mr. Bundesen presented the staff report and answered clarifying questions.

Ms. Evoy encouraged the Board to consider utilizing outreach to solicit public participation in these topics.

Mr. Helliker emphasized that San Juan Water District's (SJWD) water supplies were reliable and were still on track to deliver the 6,000 acre feet as previously agreed upon, whenever needed. He added that SJWD was looking forward to working with the District on the Hinkle Reservoir project as well.

Mr. Eubanks commended staff on a great presentation.

Ms. Olson expressed that she was surprised that with the drought conditions throughout the state, that the District was going to allow customers to water up to 3 days or more per week.

President Wichert expressed he was not comfortable using the term "normal water year."

Director McPherson expressed she was concerned with declaring a drought, as in the past, customers were really great about conserving, thus causing revenue to drop significantly.

President Wichert noted that he felt the rate setting policy supported revenue fluctuations such as those, and would be ok with it.

Director Jones promoted a "normal water year" with emphasis on water efficiencies.

Director Locke stated that he was uncomfortable characterizing the current condition as a "normal water supply," however, he noted, due to the conservation measures the District had taken over the years, the District was in a better position than most. He inquired what would be the point in taking those extra measures, if as soon as there was a drought, you were unable to use the water saved.

Director McPherson expressed that the District should be commended for its conservation efforts, however, she was concerned over the potential for needing to raise rates due to loss in revenue.

Mr. Bundesen expressed he was not suggesting that the water conditions in the state were "normal," he noted that it was only defined in the water shortage contingency plan so staff knows what actions to follow for the year. He expressed that technically the District had a normal water supply because it can meet the customer demand without negatively impacting the long term sustainability of the groundwater basin.

Director Thomas noted he was in favor of declaring a "normal water year," and suggested adding funding to conservation and education.

President Wichert supported Director Thomas’s suggestion, however, he noted he was not comfortable with calling it a “normal water year.” He suggested the Board not declare a “normal water year,” but rather in appreciation of the situation in California, list supplemental conditions, including allowing for watering 3 or 4 days per week.

Director McPherson did not want to push customers to the extremes, but she expressed that the message to customers should be honest and clear, as the ratepayers would appreciate that.

Director Jones moved to go forward carefully in a normal water year, and increase the budget to \$50,000 for increased water conservation outreach efforts. Director Locke seconded.

Ms. Olson expressed concern with allowing customers to water so much, noting there was potential in endangering salmon and steelhead due to warmer temperatures in the river.

President Wichert expressed he was not in favor of calling it a “normal water year,” therefore, he planned on voting against the motion, but suggested to amend the motion to include a mandatory 3 day per week watering schedule.

Directors Jones and Locke agreed with the amendment to the motion.

Director McPherson inquired if there was a way to call it an “adequate supply for what we anticipate will be the demand” instead of using the term “normal water year.”

President Wichert expressed he was in favor of Director McPherson’s suggestion.

President Wichert called the question. The motion failed on a 3/2 vote. Directors Wichert, McPherson and Thomas opposed.

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

President Wichert moved to not declare a Stage 1, and not declare a normal water year, instead, make a statement that in appreciation of the California water emergency we will increase the conservation budget to \$50,000, and require a mandatory 3 day per week watering schedule.

Discussion ensued regarding normal water supply language versus a modified stage 1 declaration.

The Board recommended staff change the language in Regulation 15 to state an “adequate supply” in place of “normal water supply.”

President Wichert moved to call the water conditions to be an “adequate water supply,” with a suggestion of 3 day per week watering schedule, and increasing the conservation budget to \$50,000; Director McPherson seconded. The motion passed by unanimous vote.

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

9. **2020 Comprehensive Annual Financial Report and Annual Audit Results**

Mr. Ott presented the staff report and answered clarifying questions.

Director Thomas noted it was a very clean audit.

Director Thomas moved to approve the staff recommendation, Director Jones seconded.

Mr. Eubanks commented that the financial auditing was one of the strengths of the District, noting that staff should be commended for continuing to do such a great job.

The motion passed by unanimous vote.

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

10. **Employee Handbook Overview**

Director McPherson presented the staff report.

GM York expressed that SJWD recently revised their Employee Handbook and that he believed it took them a year to complete the process. He additionally requested for Board approval to start the process.

Director Jones expressed that with staff time as well as legal counsel time working on the Employee Handbook, there could be a significant cost involved.

Director McPherson pointed out that it was long overdue, but that once it got started, it should go quickly.

Director Jones inquired if there was a deadline for completion.

Director McPherson expressed that there was not a date selected, however the Employee Benefits Ad Hoc Committee was arranged to meet monthly to review the progress.

Director Thomas 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:			

11. **Employee Handbook Review**

Director McPherson introduced the Item.

Susan Schinnerer (Ms. Schinnerer) presented the staff report.

Jim Arenz (Mr. Arenz) expressed the Health Insurance Coverage Program (HICP) was mutually beneficial, as it is a cost savings to the District.

Erik Flaa (Mr. Flaa) provided a handout and echoed Mr. Arenz, noting he advocated for the current amount in the HICP, as any decrease could jeopardize employee’s participation, resulting in a higher cost to the District.

Director Jones inquired if staff has provided any additional feedback on the proposed changes.

Mr. Flaa stated he believed most employees would leave the program, and enroll in full coverage based on the financial impact of the changes.

Director McPherson expressed this was a very generous program, noting the rate increased each year as the cost of health care increased.

Director Jones stated it would cost the ratepayers more by terminating or lowering the amount of the program. He added it was an additional incentive to retain employees, stating the District was only as good as the staff it has. He expressed he was not in favor of changing either one of the programs.

President Wichert strongly urged staff to take their vacation, as opposed to cashing it out.

Director McPherson agreed the employees were very valuable to the District, but expressed she didn’t feel it was a good look to be paying so much money for a program like this.

Director Locke expressed that everywhere he had worked, these were standard benefits. He expressed that the HICP was a savings to the District and a good partnership with staff, and he was not in favor of changing it.

Director Thomas expressed that it was an old benefits that had not been reviewed, noting he thought there was a moral obligation to review it.

President Wichert noted he believed the HICP program was a savings to the District, and he felt it would be wise for other companies to consider the same program.

Director McPherson moved to approve Option 1, with a \$300 cap on the HICP.

Mr. Eubanks supported Director McPherson's position.

Director Thomas seconded Director McPherson's motion.

The motion failed on 2/3 vote, Directors Wichert, Locke and Jones opposed.

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

Director Locke moved to leave the HICP exactly how it is; Director Jones seconded. The motion passed on a 3/2 vote. Director McPherson and Thomas opposed.

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

Director Jones moved the keep the vacation accrual the same as it is.

The motion failed for lack of a second.

Director Thomas moved the staff recommendation, to initiate a cap of 400 hours on District employee vacation hours (remove the "unlimited" clause for employees 55 and older) and update the Employee Handbook accordingly.

Director McPherson seconded.

Director Locke inquired for those employees that have more than 400 vacation hours, if the District then buys out the hours over the 400 hours.

Ms. Schinnerer expressed Director Locke was correct, that any employee that was over the cap of 400 hours, there would be a cash payout of the overage.

Jeff Ott (Mr. Ott) noted there was no cap on how many hours could be cashed out, the only requirement was that an employee needed to take 40 hours of vacation in the previous 12 months prior to having any vacation cashed out.

President Wichert expressed he supported the 400 cap on vacation, noting he was more in favor of employees taking vacation time off, rather than a payout.

Director Locke inquired how it would be implemented, asking if there would be a transitions period for those over the 400 hours now. He additionally noted he wanted to ensure the employees were still able to earn their vacation as well.

Mr. Ott expressed staff would implement it the same way they do on the other accrual balances, by cashing out those above the cap once a year, usually in November.

Director Thomas moved to approve the staff recommendation; Director McPherson seconded. The motion passed on a 3/2 vote. Directors' Locke and Jones opposed.

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

Director Locke inquired when it would be effective.

Ms. Schinnerer expressed there was no effective date noted in the staff report.

Mr. Ott expressed that staff would implement it the same way they do the other accrual balances, once a year around November.

12. 2021 Committee and Liaison Appointments

President Wichert presented the staff report.

President Wichert requested for Director Jones to take his place as a committee member on the Finance and Audit Committee.

Director Jones agreed to take his place.

President Wichert appointed a new Carmichael Water District/Sacramento Suburban Water District 2x2 Ad Hoc Committee, which would discuss mutually beneficial projects of any kind, up to and including consolidation. He inquired who would be interested in being on that committee.

Director's Locke and Jones expressed interest.

President Wichert appointed Director Locke as Chair, and Director Jones to be on the Committee, with Director Thomas as an alternate.

General Manager's Report

13. General Manager's Report

GM York presented the staff report and answered clarifying questions.

a. 2021 Water Transfer Update

A written report was provided.

Department/Staff Reports

14. **Financial Report**

Mr. Ott presented the staff report and answered clarifying questions.

Mr. Ott additionally offered to place a table in the report of the COVID-19 tracking information.

- a. *COVID-19 Financial Update*
A written report was provided.
- b. *Cash Expenditures – April 2021*
A written report was provided.
- c. *Purchase Card Expenditures – April 2021*
A written report was provided.
- d. *Directors Compensation and Expense Accounting – First Quarter 2021*
A written report was provided.
- e. *Financial Highlights*
A written report was provided.
- f. *Statements of Net Position*
A written report was provided.
- g. *Statements of Revenues, Expenses, and Changes in Net Position*
A written report was provided.
- h. *Budgets*
A written report was provided.
- i. *Debt – March 2021*
A written report was provided.
- j. *Investments Outstanding and Activity – March 2021*
A written report was provided.
- k. *District Reserve Balances – March 2021*
A written report was provided.
- l. *Information Required by LOC Agreement*
A written report was provided.

15. **District Activity Report**

AGM Underwood presented the staff report.

16. **Engineering Report**

Mr. Dean presented the staff report.

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)

The agendas for the May 6, 2021, and May 10, 2021, meetings were provided.

Regional Water Authority Executive Committee (General Manager York)

The agenda for the April 28, 2021 meeting was provided.

b. Sacramento Groundwater Authority (Director Wichert)

None.

c. Director Reports – AB 1234

Director Thomas provided an oral report on the Webinar he attended on April 14, 2021; the Water Forum meeting he attended on April 22, 2021; the RWA Executive Committee Meeting that he attended on April 28, 2021; the Webinar he attended on April 27, 2021; the harassment training he did on April 30, 2021; and the meeting he had with Director Locke on April 25, 2021.

Committee Reports

18. a. Facilities and Operations Committee (Director Wichert)

Draft notes from the April 27, 2021 meeting were provided.

b. Employee Benefits Ad Hoc Committee (Director McPherson)

Draft notes from the May 3, 2021 meeting were provided.

c. Finance and Audit Committee (Director Thomas)

Draft notes from the May 5, 2021 meeting were provided.

Information Items

19. **Sacramento Suburban Water District Goals – 2021 Update**

A written report was provided.

20. **Winter Storm Impacts Follow-up**

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. Catastrophic Leave Policy (PL – HR 008)

Director’s Comments/Staff Statements and Requests

Mr. Eubanks expressed the meeting was a disaster as the members of the public that were attending via videoconference were able to provide comments through chat, which he was unaware was an option.

Director McPherson inquired if all Directors could attend the meeting next month in-person, as she felt the meeting was very dysfunctional.

Director Jones expressed that all Directors should be required to attend the meeting in-person.

President Wichert announced that the Directors were required to be in-person at the next regular Board meeting.

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

The Board convened in Closed Session 9:42 p.m. to discuss the following:

23. Conference with real property negotiator involving the purchase, sale, lease or exchange of APN 219-0042-016-0000, Sacramento, CA. Dan York, District negotiator, will negotiate with Pham Family Trust. Instructions to the negotiator may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)
24. 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.
25. 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.
26. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving claims related to TCP contamination.

Return to Open Session

The Board convened in Open Session at 9:57 p.m. There was no reportable action.

Adjournment

President Wichert adjourned the meeting at 9:58 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District