

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

April 27, 2011 – 7:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Pam Tobin	Vice President
Ken Miller	Director
Dave Peterson	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Mary Morris	Finance and Administrative Services Manager
Judy Johnson	Customer Service Manager
Bill Sadler	Water Treatment Plant Superintendent
Greg Turner	Chief Operator
Jason Mayorga	Distribution Operator IV
Teri Hart	Board Secretary/Administrative Assistant
Joshua Horowitz	Counsel

OTHER ATTENDEES

Bob Churchill	Citrus Heights Water District
Alex Enneking	Rate Payer
Paul Enneking	Rate Payer
Karen Bosworth	Rate Payer
Jeanette Roberts	Rate Payer
Ken Roberts	Rate Payer
Lianne Peterson	Rate Payer
Greg Umphenour	Rate Payer
Lisa Umphenour	Rate Payer
Dave Hodson	Rate Payer
Mark Vincenzini	Rate Payer
Crystal Vincenzini	Rate Payer
Jenny Lyon	Rate Payer

AGENDA ITEMS

- I. Public Forum**
- II. Public Hearings/Presentations**
- III. Consent Calendar**
- IV. Old Business**
- V. Committee Reports**
- VI. Information and Action Items**
- VII. Upcoming Events**
- VIII. Closed Session**
- IX. Open Session**
- X. Adjourn**

President Costa called the meeting to order at 7:00 p.m. He commented that the agenda was revised and posted on April 22, 2011.

I. PUBLIC FORUM

Ms. Roberts inquired if the District has always paid into Social Security and CalPERS. President Costa responded that he believes in the beginning the District probably wasn't with CalPERS and entered the CalPERS system in the 1970's. Ms. Morris explained that there is a coordination component when an agency is in Social Security, which gives a reduction in the calculation for the retirement benefit.

Ms. Bosworth inquired what the purpose of the Board is, who represents the rate payers, if it was the policy to keep the rates as low as possible and what do bonuses have to do with keeping the rates as low as possible. President Costa responded that the five Board members represent the rate payers and set the policy for the District, and that it is the mission of the District to provide good quality water at the lowest possible cost. Ms. Lorance responded that the Pay for Performance program is an incentive based program that keeps employees operating above expectations especially with only 18 wholesale employees operating the treatment plant when other agencies have significantly more employees. President Costa commented that the Incentive Award Program has been in place for years and in the long run saves the District money, but will not be implemented in the next budget year.

Mr. Roberts requested to address the Board with a 3½ page written comment. President Costa accepted his request to address the Board and a copy of his comments will be attached to the meeting minutes. Since Mr. Robert's comments were in part directed at Vice President Tobin, President Costa inquired if Vice President Tobin wanted to respond to the comments. Vice President Tobin commented that she believed what she said at the last meeting was taken out of context. She does support the incentive pay and the hold on it for this year and possibly next year due to the economic climate. She explained that the District kept staff at a minimum even when the economy was booming and the District is fiscally prudent, delivers water at the lowest possible rate and employee benefits are reasonable. Her opinion is that the employees should not share the "pain" since the District has done due diligence and has kept rates low. She commented that the popular attitude in this economy is that you can take away employee benefits and she doesn't believe that this should be done just because it's the popular thing to do.

President Costa commented that in most public agencies, such as public education or transportation, 85-90% of the budget is allocated to salaries and benefits, while at the District less than 50% is allocated to salaries and benefits. President Costa commented on the projects and programs that are mandated by law that the District is required to complete, and the potential for water rates to more than double over the next ten years as a result of new regulations. President Costa offered to review the budget with Mr. Roberts.

Mr. Roberts commented that the District is a relatively small agency as compared to other public entities and he feels that the pay scales, benefits and raising rates are all “out of whack”. Director Miller thanked Mr. Roberts and requested a copy of his written comments.

Mr. Hodson commented that he’d like to see some detailed salary information. President Costa commented that it’s available and for the past three years it was pretty flat and will be reviewed tonight.

Ms. Peterson commented that there have been rate increases of 5-7% each year over the last several years and there has been no reaction from the Board – then when people started showing up to meetings, there is a zero percent increase. She voiced concern that once rate payers stop coming to the meetings that the bonuses will be put back on the table.

Public comment was made inquiring if the District pays for dependent coverage on the health plan. President Costa responded that the District does pay for dependent coverage.

Mr. Enneking requested clarification on information on the website which states that employees will forgo cost of living increase, step increases and incentive compensation; however, in the meeting agenda there is a motion by Vice President Tobin to increase employee salaries by 4% and to deduct the EPMC from employee salaries by 4%. President Costa explained that about 20 years ago the District decided that in lieu of a pay raise, the District would cover the 8% EPMC for employees. In order to be transparent, the District is looking at changing this policy; therefore, Vice President Tobin’s motion of exchanging the percentages would effectively be reversing the policy by starting at 4% for now. In addition, when comparing the District’s salaries to other agencies 8% is added to the employee salary amount so that the comparison is made on a total compensation basis.

Mr. Vincenzini commented that in a fiscally responsible organization, in a competitive environment, you respond to what’s happening in the market place. Prudent management requires that costs are in line with revenue in a changing environment such as we’ve had. He commented that to continue to increase salaries, benefits or bonuses in a time of declining revenue is actually irresponsible. He also commented that many businesses do not contribute to retirement and a higher percentage is paid by the employee for benefit premiums.

Mr. Hodson voiced concern on the three tiers of water rates being condensed to two tiers and the impact to the rate payer. He commented that if the rate payers are cutting back 15-20% then why isn’t the District cutting back so that the rates don’t have to be raised.

II. PUBLIC HEARINGS/PRESENTATIONS

1. FISCAL YEAR 2011-2012 WHOLESALE BUDGET AND RATES – MARY MORRIS

President Costa opened the Public Hearing at 7:42 p.m.

The Public Hearing was duly posted and published to the five wholesale customers. There were no formal written comments received.

Director Miller requested that an explanation of the difference between wholesale and retail be provided to the audience. President Costa explained that the wholesale customers are Fair Oaks Water District, Orange Vale Water Company, Citrus Heights Water District, the City of Folsom north of the American River, and San Juan Retail. Wholesale customers receive water from the Water Treatment Plant and in turn provide that water to customers. The District provides water to customer through San Juan Retail. The District maintains two separate budgets, one wholesale and one retail.

Ms. Morris reviewed the proposed fiscal year 2011-2012 Wholesale Budget. She explained that the District Mission Statement guides staff in preparing the budget, as the ultimate goal is the *“delivery of a reliable water supply of the highest quality at reasonable and equitable costs.”*

Ms. Morris explained that the assumptions included no increases in staff compensation such as COLA, merit increases or incentive awards. The assumptions also included 3% increases for typical operating costs and 4% for construction related costs in the event it is not possible to more precisely predict those costs.

Staff proposed no rate increase for 2011-12, while maintaining excellent service levels, proceeding with the capital improvement program, and funding reserves prudently to maintain financial resiliency.

Director Miller requested that the printed information that was supplied to the Board members is available to the public at their request.

Director Peterson inquired if the rate stabilization reserve was used to balance the budget and obtain a zero percent rate increase. Ms. Morris stated that rate stabilization reserve was not used and that the revenue from Sacramento Suburban Water District is the main reason for no rate increase, along with some savings in projects. Ms. Morris explained that the cost savings from the Solar Project will come into operating and then be used to offset capital.

Public inquired why solar savings was included as a revenue. Ms. Morris explained that the District budgeted for the energy expense in total, with the energy credit and rebate as an offset which would then be used to pay back the capital fund for the capital cost of the Solar Project.

Mr. Roberts inquired who composes the Finance Committee which Ms. Morris meets with regarding the budget. Ms. Morris stated that there are two Board members, Director Peterson and Director Costa, and staff members besides herself include Ms. Lorance and Mr. Durkin as needed. The committee meeting is a public meeting and can be attended by anyone.

Mr. Churchill, General Manager of Citrus Heights Water District, commended the District for proposing the zero percent rate increase as it will help their district, since they have delayed projects over the years due to annual rate increases.

Ms. Morris stated that there are a few more changes that she needs to make to the budget document prior to it being considered for adoption at the May 25th Board meeting.

President Costa closed the Public Hearing at 8:12 p.m.

III. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

2. BOARD OF DIRECTOR'S MEETING MINUTES

Approval of San Juan Water District's Board of Director's meeting minutes as follows:

1. Minutes of the Board of Directors Meeting April 13, 2011

Director Peterson moved to approve the Consent Calendar. Vice President Tobin seconded the motion and it carried unanimously.

IV. OLD BUSINESS

1. February 15th and 16th, 2001 Board of Directors Workshop

Ms. Lorance informed the Board that the final meeting notes for the February 15-16 Board of Directors Workshop are ready for consideration of approval.

Director Peterson moved to approve the meeting minutes of the February 15-16, 2011 Board of Directors Workshop. Director Miller seconded the motion and it carried unanimously.

2. Finance Committee (3/21/11)

Ms. Lorance informed that Board that the Finance Committee recommended that the Board ratify the issuance of a check to JPIA in the amount of \$41,674 for a bill that became due prior to the April 13th Board meeting. The recommendation was inadvertently missed at the last Board meeting.

Director Peterson moved to ratify the payment to JPIA in the amount of \$41,674. President Costa seconded the motion and it carried unanimously.

3. Personnel Committee (4/5/11)

President Costa tabled the agenda item until the next Board meeting so that all Board members are present.

V. COMMITTEE REPORTS

1. Public Information Committee (4/11/11)

Ms. Lorange reported that the committee met on April 11, 2011 and discussed the following:

- Wholesale Newsletter (W)
- Feedback from Legislative and Other Meetings (W)
- Other Personnel Matters (W/R)
 - ◆ Next Meeting Date
- Public Comment (W/R)

The committee meeting minutes will be attached to the original board minutes.

Wholesale Newsletter (W)

The committee reviewed the mockup of the Wholesale Newsletter for formatting and content. Some minor revisions were suggested by the committee. A final mockup of the newsletter will be reviewed at the next committee meeting.

For information, no action requested.

Feedback from Legislative and Other Meetings (W)

Ms. Lorange informed the Board that the meetings with legislators were postponed until the week of April 18th due to state budget discussions.

Ms. Lorange met with Roger Patterson and Laura King Moon to discuss involvement by the Sacramento Region in Delta issues. An additional meeting with MET, State Water Users, Kern County, Westlands and local regional water agencies was held on April 25th. The main focus of these meetings was to discuss water supply reliability, constraints placed on area of origin water suppliers, ability for conjunctive use and the proposed 50% conservation requirement in the Delta Plan.

Ms. Lorange informed the Board that she signed a joint coalition letter in opposition of the second draft of the Delta Plan. The third draft has since been completed since the committee meeting and she is signing a letter in opposition of the third draft with recommendations for the 4th draft. The 4th draft of the Delta Plan is anticipated to come out at the beginning of May with

comments being received until May 6th. It has been stated that it will only take one month to complete the environmental impact report, which essentially means that they have already completed the report, since the average is close to 18 months to complete this type of report.

Ms. Lorance mentioned that she will be attending Cap-to-Cap in May and will be voicing the District's concerns regarding the impacts to water supply due to various reasons, such as Delta demands and the introduction of fish above the dam.

Other Public Information Matters

Ms. Lorance informed the Board that she received a request from Sacramento Metro Chamber to submit a letter to the Editor at local newspapers discussing the benefits of the Cap to Cap trip. The committee discussed the draft Letter to the Editor and made some minor revisions.

For information, no action requested.

Next Meeting Date

The next meeting date was April 25, 2011 at 10:00 am and will be reported at the next Board meeting per Board policy.

Director Miller emphasized the impact on rates that some of these Delta issues will have on the District if implemented. Director Peterson mentioned the affect on lifestyle if the 50% conservation requirements are implemented, which would eliminate all outdoor watering by the year 2100.

Ms. Lorance mentioned that the District has a lobbying firm, which represents six agencies in the region, working on opposing many pieces of the proposed Delta legislation.

2. Engineering Committee (4/19/11)

Director Peterson reported that the committee met on April 19, 2011 and discussed the following:

- FO40 Rehabilitation Project - American River Canyon Crossing (W/R)
- FO40 Rehabilitation Project Engineer's Report (W/R)
- Filter Basin Leak Repair Project (W)
- SCADA Project Schedule (W/R)
- Other Engineering Matters (W/R)
- Next Meeting Date
- Public Comment (W/R)

The committee meeting minutes will be attached to the original board minutes.

FO40 Rehabilitation Project - American River Canyon Crossing (W/R)

Director Peterson informed the Board that CDM completed the field investigation regarding the American River Canyon Crossing (ARC Crossing). The final report was received and it confirmed the preliminary opinion that the ARC Crossing is categorically exempt from CEQA requirements. Mr. Durkin commented that the Notice of Exemption that will be filed with Sacramento County is slightly different than the one that was printed for the Board, reference to the CDM report was made in the notice as requested by the committee.

President Costa moved to approve the CEQA Notice of Categorical Exemption. Vice President Tobin seconded the motion and it carried unanimously.

The committee discussed the four proposals regarding engineering services for the design of the FO40 Pipeline ARC Crossing Replacement Project that were received and the staff recommendation to award the contract to Kennedy/Jenks Consultants, Inc. After discussing the various differences of the proposals, the committee agreed with the staff recommendation.

Vice President Tobin moved to approve the agreement for professional engineering services for design of the FO40 Pipeline ARC Crossing Replacement Project to Kennedy/Jenks Consultants, Inc., in the amount of \$116,950 with a total authorized project budget of \$128,650. President Costa seconded the motion and it carried unanimously.

FO40 Rehabilitation Project Engineer's Report (W/R)

The committee reviewed the draft of the Engineering Report that Mr. Durkin prepared regarding the FO40 Pipeline Rehabilitation Project. The report will be included with the 150-day notice which will be sent to Fair Oaks Water District, Orange Vale Water Company and San Juan Retail regarding the rate increase necessary to cover the cost of this project.

The committee suggested that a consultant review the final draft in order to obtain an outside, independent opinion. Staff will look into the cost of obtaining this opinion and the availability of a consultant. Mr. Durkin expects the final draft to be completed next week.

For information only; no action requested.

Filter Basin Leak Repair Project (W)

Koch Excavating, Inc., completed the work on the Filter Basin Leak Repair Project to the satisfaction of the District. The project was budgeted for \$230,000 and approximately \$233,000 was spent including \$215,000 for construction and \$18,000 in materials and capitalized District labor.

Mr. Durkin informed the committee that the full plant is currently in operation, but it will be necessary to cut back to operating only half the plant in a couple weeks as maintenance and construction at the WTP continue.

Vice President Tobin moved to accept the Filter Basin Leak Repair Project as complete and authorize staff to file the Notice of Completion with Placer County. President Costa seconded the motion and it carried unanimously.

SCADA Project Schedule (W/R)

The SCADA Project is out for bids with the deadline to receive the bids by April 27, 2011. The bid results will be reviewed by the Finance Committee at their May 10th meeting. Mr. Durkin informed the Board that three bids were received. Mr. Durkin informed the committee that he has a meeting with Tesco scheduled for April 28th to discuss the letter they sent to the Board.

For information only; no action requested.

Other Engineering Matters

Mr. Watson gave an update to the committee on the Auburn Folsom Road Project which is being completed in conjunction with Placer County. He informed the committee that Placer County is in negotiations with a few property owners regarding an approximate 60 foot easement just southeast of Eureka Road. The project is expected to go to bid in December with construction in the summer of 2012.

The Solar Project is proceeding as planned with a slight delay due to weather conditions in March. The footings for the panels are in place and security fencing will be constructed soon. In addition, some trenching work is being completed in the parking lot outside the Administrative Building for the power lines coming into the property. The project is on track for completion in June 2011. The committee suggested that the Public Information Committee discuss promotion of the project including a ribbon cutting ceremony.

For information only; no action requested.

Next Meeting Date

The next meeting date is May 16, 2011 at 3:00 pm.

Mr. Churchill requested to review and comment on the FO-40 cost allocation report. Director Peterson stated that there will be a start and end date for the comment period. Ms. Lorange commented that the report will be sent to all wholesale customer agencies.

Mr. Roberts inquired if the Auburn Folsom Road Project received any state or federal funding. Mr. Durkin explained that the District did not receive any

funding but the county did receive funds for the road project; however, the District saved over \$1.5 million on the project by working in conjunction with the county.

Public inquired if there is a buyback of power of the unused energy from the Solar Project. Mr. Durkin explained that the District will receive credit for the unused energy since the Solar Project does not power every District facility - the District will see an offset to the charges incurred that are not covered by the Solar Project.

Mr. Hodson commented that there is a product called Bloom Energy (a solid oxide fuel cell) which could possibly help further reduce the District's energy costs. Director Miller commented that there are several large companies utilizing this product.

VI. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 Report Back Items

Director Peterson inquired on status of the wholesale cost allocation policy. Ms. Lorance stated that the Legal Affairs Committee recommended that all policies discussed at the workshop be looked at together after the budget process.

For information, no action requested

1.2 Miscellaneous District Issues and Correspondence

Ms. Lorance reported that she had a meeting regarding the Delta Plan, Version 3 came out and still has serious issues.

Ms. Lorance reminded the Board that there is no second meeting regularly scheduled in July, as long as the budget is approved in June.

Ms. Lorance reported that the District received an email from a customer today related to the Incentive Award Program. A copy of the email with Ms. Lorance's response was handed out at the meeting and will be attached to the meeting minutes. In addition, there was a customer appreciation email directed toward Mike in the field for his assistance.

For information, no action requested

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

There were no items discussed.

2.2 Miscellaneous District Issues and Correspondence

- Meeting with James Peterson, Legislative Assistant to Senator Dianne Feinstein

Mr. Durkin informed the Board that he met with James Peterson, a new Legislative Assistant to Senator Dianne Feinstein, on April 19th, along with Ken Payne from the City of Folsom and Ed Kriz from the City of Roseville. They used the opportunity as an introductory meeting to educate Mr. Peterson on the region issues and priorities, along with background on the R3 partners. Their discussion touched on the operation of Folsom Dam and Reservoir, concerns regarding implementation of OCAP and the BO, water conservation, and water transfers. In addition, they discussed the re-introduction of Senator Feinstein's bill from last year regarding the process of conducting water transfers.

For information; no action requested

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

Ms. Morris informed the Board that she requested President Costa assist with getting the Placer County Treasurer/Tax Collector to schedule a presentation on pooled-money accounts to the District.

For information only; no action requested.

3.2. Miscellaneous District Issues and Correspondence

Director Peterson complimented Ms. Morris on the wholesale budget process as being vastly improved over previous year's budgets.

For information only; no action requested.

4. LEGAL COUNSEL'S REPORT

Mr. Horowitz informed the Board that the fees for the Delta Plan are still being worked on as SB 34 is still in committee. ACWA is in opposition of the bill. There was a meeting on Monday regarding BDCP, which did not accomplish anything.

Mr. Horowitz commented that there are a lot of governance bills in the legislature this year, including bills that could significantly affect the District regarding cost associated with conducting business. One bill, AB 32, would hinder information coming to the Board less than 72 hours prior to a meeting.

For information only; no action requested.

5. DIRECTORS' REPORTS

5.1 SGA

Vice President Tobin reported that SGA met April 14th.

5.2 RWA

Vice President Tobin reported that RWA meets May 5th.

5.3 Executive Committee

Mr. Durkin reported that the Executive Committee met on April 26th and all agencies were represented. The meeting minutes will be available at the next Board meeting.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

President Costa reported that CVP Water Users Association met on April 19, 2011. The meeting attendees discussed and reviewed the federal rates. Ms. Lorance commented that Ms. Kathy Kitchell could assist if needed.

5.6 LAFCO

President Costa reported that he attended the LAFCo Advisory Committee meeting and it was announced that the District's review will be held on May 4th. Ms. Lorance commented that she will attend the review.

5.7 Other Reports and Comments

President Costa commented that the Water Forum met, but Roger Niello was not present. Ms. Lorance explained that Mr. Niello informed her that he would not be attending the meeting as there was nothing on the agenda that warranted his attendance.

VII. UPCOMING EVENTS

1. Metro Chamber Cap to Cap
May 7-11, 2011
Washington DC
2. ACWA Spring Conference
May 11-13, 2011
Sacramento, CA

Director Peterson moved to move the May 11, 2011 Board of Directors meeting to May 9, 2011 at 7:00 pm, with the Finance Committee meeting being held on the same date at 6:00 pm. Director Miller seconded the motion and it carried unanimously.

President Costa called for Closed Session at 9:02 pm

VIII. CLOSED SESSION

Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(b); significant exposure to litigation involving construction contract claims of Preston Pipelines, Inc. related to WTP Pipeline Improvements Project.

President Costa returned to Open Session at 9:04 pm

IX. OPEN SESSION

1. Report from Closed Session
President Costa reported the following action:

Director Peterson moved to approve the settlement agreement with Preston Pipelines, Inc. in the amount of \$19,500. President Costa seconded the motion and it carried unanimously.

X. ADJOURN

The meeting was adjourned at 9:05 p.m.

EDWARD J. "TED" COSTA, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary

4/27/11

To: SJWD Board Members,
SJWD Management and Staff
From: Ken Roberts, Rate Payer

Several weeks ago Vice President Tobin admonished the public attendees during one of these public meetings. She stated that anyone attending the meetings who wished to speak should first do their homework, before addressing the board. I have done my homework, and there are several issues I would like to address.

First, in a statement during the last meeting, and documented as item **5.7 Other Reports and Comments** in the meeting minutes, Vice President Tobin made the following statements:

Vice President Tobin commented that incentive pay should be paid that is deserved, regardless of position or title (rank and file). She commented that the San Juan Water District is financially sound and should not be compared to outside businesses that are not providing bonuses because of the current economy. Situations at other businesses or agencies regarding lost jobs and layoffs should not be used to evaluate the District's incentive program.

To make such a statement shows a lack of understanding how business works in a free market society. Revenue, and ultimately profits, should be derived from providing a product or service that is desired and willingly requested by the consumer. This is known as "Supply and Demand". In a situation such as ours in the San Juan Water District, the consumer has only one source for their product, and the price for that product is dictated not by demand, but by the supplier. In that situation, it is even more important to compare SJWD to other businesses, both public and private, to measure current economic conditions, and most importantly, to how the Rate Payers are being impacted by SJWD's financial decisions. The suggestion that SJWD is financially sound, or that it should not be evaluated or compared to other businesses or agencies when discussing salaries, bonuses, layoffs, lost jobs or other incentives leads me to believe that Vice President Tobin has not been doing her homework.

Since 2007, the Sacramento region has seen available jobs in the private sector decline by over 10%. Businesses have closed their doors, and Rate Payers have lost their jobs and homes. Many Rate Payers are struggling to put food on the table for their families, and every dollar counts. Allow me to compare that to the public sector business climate at SJWD.

- 1) Has SJWD annual income declined each year since 2007? Yes
- 2) Have there been any layoffs, work furloughs, voluntary quits, or staffing adjustments reflected by the diminishing annual income? No.

- 3) Have there been any adjustments to health or retirement benefits since the revenue declines began? No
- 4) Have there been any adjustments to the amount of overtime allowed by employees? No.
- 5) Has there been any decrease in the amount of bonuses paid to employees since the decline of revenue. No.
- 6) Has there been any increase in costs to the Rate Payers since the decline in revenue. YES!

Regarding Employer Contributions to PERS and Social Security:

In a normal business, Social Security and Medicare costs are shared by both employer and employee. The employer pays about 7-1/2% on top of every dollar earned by the employee, while the employee receives about \$.925 cents after contributing their 7-1/2%. So the total cost to the Employer for every \$1 earned by the Employee is \$1.075. In this regard SJWD operates the same as a normal business.

However SJWD is also a member of PERS. Normally, the employee contributions to PERS would be 8% of every dollar earned, and the employer contribution would be 14.8% on top of every dollar paid for a total contribution of \$1.15. But on top of the 14.8% contribution, SJWD also pays the 8% employee contribution. This brings the PERS contribution for SJWD to about 22.5% on top of every employee dollar earned, or about \$1.23

This brings the total cost of retirement contributions for SWJD to a total of over 30% on every employee dollar earned. And that doesn't include miscellaneous costs and bonuses, which have historically been paid to up to 75% of the employees.

So ultimately, the cost to the Rate Payers is, at the bare minimum, an additional \$.30 cents for every dollar earned by an SJWD employee.

Regarding Health Benefit Plans offered to SJWD employees: Each year every employee is given a choice of three different Health Plans. Each plan offers differing levels of coverage, from a minimal plan to a Cadillac plan. But since the employee has zero share of the cost, they always choose the Cadillac plan. How is this program being fiscally responsible to the Rate Payers?

Regarding the Retail Financial Plan:

As Rate Payer I reject the Retail Financial Plan and the estimated 4% per year increase in revenue it projects. There is little indication of any economic change in the next several years, particularly in California. Businesses are leaving the state, jobs are leaving the state, workers are leaving the state, and ultimately revenue is leaving the state.

Instead, I suggest that SJWD immediately begin cutting it's cost of doing business by a minimum of 5% per year, for each of the next three years, for a reduction of costs totaling 15% after year 2014. Additionally, I recommend no increases to the Rate Payers for at least the next three years. This would

certainly begin to bring SJWD more in line with the economic conditions for the region.

Retirement Program: I suggest that SJWD drop out of the PERS program in favor of the Social Security program, and immediately begin passing on any and all employee related costs to the actual employees. It is unfair to force the Rate Payers to support not one, but two retirement programs. Should dropping PERS not be an option, then I would suggest that the employees immediately begin paying the entire 24% of PERS costs, as SJWD is already paying 7-1/2% to Social Security, and there is no reason for the redundant costs to SJWD or the Rate Payers.

Health Benefits: The cost of health benefits at SJWD is out of step with any normal business. The employees can and should be contributing to their health care program. I recommend that all SJWD employees contribute at least 50% of their own health care costs, and 75% of their family's costs, which is closer to how normal business health programs operate. This way, when choosing from the three health care program options presented each year, the employees will choose based on their needs, rather than SJWD's willingness to waste Rate Payer dollars.

**Public Information Committee Meeting Minutes
San Juan Water District
April 11, 2011
9:00 a.m.**

Attendees: Ken Miller, Chair
Pam Tobin, Member
Shauna Lorance, General Manager
Judy Johnson, Customer Service Manager
Teri Hart, Administrative Assistant/Board Secretary
Lucy Eidam, LucyCo
Nicole Quinonez, LucyCo

Topics: Wholesale Newsletter (W)
Feedback from Legislative and Other Meetings (W)
Other Public Information Matters (W/R)

- Next Meeting Date

Public Comment (W/R)

1. Wholesale Newsletter

The committee reviewed the mockup of the Wholesale Newsletter for formatting and content. Some minor revisions were suggested by the committee. A final mockup of the newsletter will be reviewed at the next committee meeting.

For information, no action requested.

2. Feedback from Legislative and Other Meetings

Ms. Lorance informed the committee that the meetings with legislators have been postponed until the week of April 18th due to state budget discussions.

Ms. Lorance informed the committee that she met with Roger Patterson and Laura King Moon to discuss involvement by the Sacramento Region in Delta issues. An evening meeting with MET, State Water Users, Kern County, Westlands and local regional water agencies is being scheduled for further discussion. The main focus of these meetings will be to discuss water supply reliability, constraints placed on area of origin water suppliers, ability for conjunctive use and the proposed 50% conservation requirement in the Delta Plan.

Ms. Lorance informed the committee that she signed a joint coalition letter in opposition of the second draft of the Delta Plan. She will forward a copy of the final letter to the Board.

Ms. Lorance mentioned that she will be attending Cap-to-Cap in May and will be voicing the District's concerns regarding the impacts to water supply due to various reasons, such as Delta demands and introduction of fish above the dam.

For information, no action requested.

3. Other Public Information Matters

Ms. Lorance informed the committee that she received a request from Sacramento Metro Chamber to submit a letter to the Editor at local newspapers discussing the benefits of the Cap to Cap trip. The committee discussed the draft Letter to the Editor and made some minor revisions.

For information, no action requested.

6.1 Next Meeting Date

The committee set the next meeting date to April 25, 2011 at 10:00 am.

For information only; no action requested.

4. Public Comment

There was no public comment.

The meeting adjourned at 10:02 am.

AGENDA ITEM V-2

**Engineering Committee Meeting Minutes
San Juan Water District
April 19, 2011
3:00 p.m.**

Committee Members: Dave Peterson, Chair
Pam Tobin, Director

District Staff: Keith Durkin, Assistant General Manager
Rob Watson, Engineering Services Manager
Tony Barela, Senior Engineer
Teri Hart, Administrative Assistant/Board Secretary

Topics: FO40 Rehabilitation Project - American River Canyon Crossing (W/R)
FO40 Rehabilitation Project Engineer's Report (W/R)
Filter Basin Leak Repair Project (W)
SCADA Project Schedule (W/R)
Other Engineering Matters (W/R)

- Next Meeting Date

Public Comment (W/R)

1. FO40 Rehabilitation Project - American River Canyon Crossing (W/R)

Mr. Durkin informed the committee that CDM completed the field investigation regarding the American River Canyon Crossing (ARC Crossing). The final report was received and it confirmed the preliminary opinion that the ARC Crossing is categorically exempt from CEQA requirements. Director Peterson suggested that reference to the report be included in the Notice of Exemption that is filed with Sacramento County.

The Engineering Committee recommends consideration of a motion to approve the CEQA Notice of Categorical Exemption

Mr. Barela provided a written report regarding engineering services for the design of the FO40 Pipeline ARC Crossing Replacement Project. The staff report will be attached to the meeting minutes. The committee discussed the four proposals that were received and the staff recommendation to award the contract to Kennedy/Jenks Consultants, Inc. After discussing the various differences of the proposals, the committee agreed with the staff recommendation.

The Engineering Committee recommends consideration of a motion to approve the agreement for professional engineering services for design of the FO40 Pipeline ARC Crossing Replacement Project to Kennedy/Jenks Consultants, Inc., in the amount of \$116,950 with a total authorized project budget of \$128,650.

2. FO40 Rehabilitation Project Engineer's Report (W/R)

Mr. Durkin reviewed the draft of the Engineering Report that he is preparing regarding the FO40 Pipeline Rehabilitation Project. The report will be included with

the 150-day notice which will be sent to Fair Oaks Water District, Orange Vale Water Company and San Juan Retail regarding the rate increase necessary to cover the cost of this project.

The committee discussed the draft report and suggested staff consider having a consultant review the final draft in order to obtain an outside, independent opinion. Staff will look into the cost of obtaining this opinion and the availability of a consultant. Mr. Durkin expects the final draft to be completed next week.

For information only; no action requested.

3. Filter Basin Leak Repair Project (W)

Mr. Durkin informed the committee that Koch Excavating, Inc., completed the work on the Filter Basin Leak Repair Project to the satisfaction of the District. The project was budgeted for \$230,000 and approximately \$233,000 was spent including \$215,000 for construction and \$18,000 in materials and capitalized District labor.

Mr. Durkin commented that the full plant is currently in operation, but it will be necessary to cut back to operating only half the plant in a couple weeks as maintenance and construction at the WTP continue.

The Engineering Committee recommends consideration of a motion to accept the Filter Basin Leak Repair Project as complete and authorize staff to file the Notice of Completion with Placer County.

4. SCADA Project Schedule (W/R)

Mr. Durkin informed the committee that the SCADA Project is out for bids with the deadline to receive the bids by April 27, 2011. The bid results will be reviewed by the Finance Committee at their May 10th meeting. Mr. Durkin informed the committee that he has a meeting with Tesco scheduled for April 28th to discuss the letter they sent to the Board.

For information only; no action requested.

5. Other Engineering Matters

Mr. Watson gave an update on the Auburn Folsom Road Project which is being completed in conjunction with Placer County. He informed the committee that Placer County is in negotiations with a few property owners regarding an approximate 60 foot easement just southeast of Eureka Road. The project is expected to go to bid in December with construction in the summer of 2012.

Mr. Durkin informed the committee that the Solar Project is proceeding as planned with a slight delay due to weather conditions in March. The footings for the panels are in place and security fencing will be constructed soon. In addition, some trenching work is being completed in the parking lot outside the Administrative Building for the power lines coming into the property. The project is on track for

completion in June 2011. The committee suggested that the Public Information Committee discuss promotion of the project including a ribbon cutting ceremony.

For information only; no action requested.

5.1 Next Meeting Date

The committee set the next meeting date to May 16, 2011 at 3:00 pm.

For information only; no action requested.

6. Public Comment

There was no public comment.

The meeting was adjourned at 4:31 p.m.

STAFF REPORT

To: Engineering Committee

From: Tony Barela, PE
Senior Engineer

Date: April 12, 2011

Subject: Fair Oaks 40-Inch Pipeline ARC Crossing Replacement Project

Status

On March 11, 2011, the District requested proposals for engineering services for the design of the Fair Oaks 40-Inch Pipeline ARC Crossing Replacement Project. Proposals were received on April 5, 2011 from the following four firms:

- Kennedy/Jenks Consultants
- Robert Miles Consulting Civil Engineer
- Sanders and Associates Geotechnical Engineering
- West Yost Associates

Each proposal was submitted in two separate sealed envelopes consisting of a Technical Proposal and a Cost Proposal.

A review team comprised of SJWD staff (Keith Durkin, AGM, Rob Watson, Engineering Services Manager, George Machado, Field Operations Manager and Tony Barela, Senior Engineer) reviewed and ranked each Technical Proposal on the basis of project understanding, work plan, experience and qualifications, project schedule, innovation, and other specific criteria. The reviewers unanimously ranked Kennedy/Jenks Consultants as the top technical proposal.

Subsequent to the technical ranking, the cost proposals were opened and reviewed. The reviewers determined that, when subjectively compared for only the design tasks outlined in the RFP (not the optional tasks), the cost proposals were similar for three of the four firms, including Kennedy/Jenks Consultants. The reviewers unanimously determined the fourth cost proposal did not include an adequate level of effort or budget. Based on the reviewer's evaluation of the technical and cost proposals, it was determined that interviews would not be required, and that Kennedy/Jenks Consultants is the recommended consultant to complete the design work for the project.

Budget Impact

The design and permitting tasks for the ARC Crossing is included in the FY2011-2012 SJWD-W budget with expected cost recovery from FOWD, OVWC, and SJWD-R. (SJWD-R share of all project costs is included in the retail financial

plan and FY11-12 and FY12-13 budgets.) The estimated budget for the design and environmental permitting portion of this project was \$125,900. The proposed cost from Kennedy/Jenks Consultants for design services is \$116,942. The cost for design services coupled with the \$7,000 already contracted to CDM, Inc. for environmental compliance and permitting brings the total cost to date to \$123,642 for these tasks. There is no budget impact to date.

Staff Recommendation

Staff requests that the Engineering Committee recommends a motion by the Board of Directors to award an agreement for engineering services for the design of the Fair Oaks 40-Inch Pipeline ARC Crossing Replacement Project to Kennedy/Jenks Consultants, Inc. for the amount of \$116,950 with a total authorized project budget of \$128,650.

Shauna Lorange

From: Shauna Lorange
Sent: Wednesday, April 27, 2011 5:40 PM
To: 'Anita Gonsiorowski'
Subject: RE: Concerned Ratepayer

I appreciate you taking the time to write this email. If I have not provided you with adequate information, please do not hesitate to contact me for more information. I will provide a copy of this email to the entire Board of Directors.

I think you will also appreciate that staff provided recommended assumptions for the July 2011 to June 2012 budget in January 2011 that included no increase in salaries (including no cost of living increases), and no incentive awards, as staff feels strongly that in this current economic climate this is the right thing to do. I must clarify that this is only a staff recommendation at this time; the Board of Directors is scheduled to consider adopting the wholesale budget on May 25 and the retail budget on June 8.

You have referenced a bonus program in your email below. I am assuming that you are referencing the incentive award program. As you noted, SJWD is a public agency. As this agency is determined to keep the budget as tight as possible, and as such, the rates as reasonable as possible, we do not have a goal to obtain profits. We have a goal of providing a safe, reliable water supply and excellent customer service while covering the necessary expenses each fiscal year. The incentive award program was designed to encourage employees to work above expectations for their position, such as would be expected in a private company (which I came from!) to help maintain the very austere staffing levels at this District to keep costs down (our staffing levels are very low in comparison to similar water agencies). I am very happy to say we have an excellent culture at this District of operating at a very high efficiency level. The incentive award program has pages of descriptions of what complies as "above expectations". However, I also am in agreement that a program that has been in place for a number of years usually can be improved, and at the least should be reviewed. The personnel committee is reviewing the existing program to see if there might be areas for improvement. If the board passes the budget as recommended by staff, there is adequate time for careful review due to no budget being proposed for incentive awards this year.

You reference "complete retirement by SJWD". I am not sure what you mean by "complete retirement", so I will respond in two different ways. SJWD completed a compensation survey, which included the dollar amount for employee contribution for retirement. After calculating that it would cost the District less in payroll taxes, the District elected to reduce the employees' salaries and pay the employees contribution to the retirement plan directly. The salary ranges were reduced by 8% from the comparable ranges. However, this is not as transparent and as easy to explain as direct payment by the employees. The board is considering the balance between paying more for transparency and changing this back to the approach of having the employees pay the contribution from their paychecks vs. keeping the system the way it is for maximum cost efficiency. I am sure the board will make the right decisions, whatever it is!

I am not sure if you meant full salary in retirement in your complete retirement discussion, but it is also important to note that the average retirement for existing retirees at the District is around \$2500 per month, assuming they do not choose an option to have their spouse covered, in which case it is less. The average length of employment at retirement is 18 years. The large majority of the

employees do not receive their full salary in retirement; most will receive less than 50% of their salaries. SJWD also provides the opportunity for employees to contribute to a 457 plan (the public agency version of a 401k) to supplement the amount received in retirement. The District does not contribute to that plan.

Based on the above discussion, I think we are working hard to meet all your requests below:

- 1) continue to work in my best interest as your ratepayer – The staff and Board of Directors are working hard to keep the same level of service, even with significantly increasing costs for energy, chemicals, materials and supplies necessary for us to provide water service to our customers. The Board will be considering staffs' recommendation for no rate increase this year.
- 2) continue to conduct business in the manner that most public agencies conduct ethical business. As the General Manager, I expect all staff to meet an extremely high bar in regards to ethical business. I am certain you will not find higher expectations at other public agencies.
- 3) realize that you are not operating your business in bubble. It is always good to be reminded that customers come first, regardless of the business. We will continue to keep that in mind!

Our agenda has included a significant number of topics related to benefits, budget, and cost containment (in addition to items such as the potential impact to water supply reliability and costs from actions in the Delta and the State Legislature). This is due to the District reviewing existing policies to see if they are still applicable and appropriate. In making sure we do not operate in a bubble, we need to periodically review existing policies and procedures!

It is always great to hear from customers. I appreciate the opportunity to provide you with additional and more detailed information on your comments. I agree with your comments- it is absolutely imperative to consider our customers at all times and to do our absolute best to be as efficient as possible. Our motive here is "what would you do if it was your money" before purchasing any item.

Again, if you have any additional questions, I encourage you to contact me for further discussion.

Have a great day!

Shauna Lorange | General Manager
San Juan Water District | sjwd.org
slorange@sjwd.org
Main: 916-791-0115 | Direct: 916-791-6936
Follow us on [Facebook!](#)



From: Anita Gonsiorowski [<mailto:thegonsiorowskis@surewest.net>]
Sent: Wednesday, April 27, 2011 1:30 PM
To: Shauna Lorange; dpeterson@pbieng.com
Subject: Concerned Ratepayer

I am writing to you both as a member of the Granite Bay community and, therefore, a customer. I understand there have been discussions regarding a bonus program for the SJWD employee base. I was confused when I read that because employee bonus programs are typically based on company/organization profitability. Since

SJWD is not a privately held company, I would expect that you would not have a goal to increase profits. Since I am your revenue base and since you are a public agency, I expect that you are basing the rates I pay solely on what it costs you to provide the service to me. In the past I have had a level of trust with SJWD that I am now starting to question. When I receive a letter from SJWD stating that rates are expected to increase you have given logical explanations as to why the rates have to increase and I have accepted and appreciated those explanations. But those explanations have never included things like “an employee bonus program”. Given the fact that you are a public agency and especially in this horrific economy where many are losing their jobs and homes, I would think that explanations such as rate increases due to improved employee perks would be ridiculed quite feverishly by many in the community. I have worked for a very large Fortune 500 company for 17 years. We are well known to have good benefits and when I compare them to the benefits of SJWD employee benefits, I am envious - certain benefits seem to be very generous. Prime example: complete retirement paid by SJWD. That’s certainly generous – I hope your employees realize how lucky they are. At some point though, scrutiny needs to be applied to the additional benefits you are proposing – especially since I pay for them through a basic need service that offers me no alternative supplier.

I have nothing but good experiences with the service that is provided by SJWD but I urge the board to 1) continue to work in my best interest as your ratepayer, 2) continue to conduct business in the manner that most public agencies conduct ethical business and 3) realize that you are not operating your business in bubble – many in the community are watching the decisions you pass – some of the recent items on the agenda appear to be very self-serving and as a ratepayer with no alternative, I for one am becoming concerned.

Thank you for your time.

Human Resource Professional
Anita Gonsiorowski