

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

October 13, 2010 – 7:00 p.m.

BOARD OF DIRECTORS

Dave Peterson	President
Ted Costa	Vice President
Kenneth Miller	Director
Pam Tobin	Director
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Judy Johnson	Customer Service Manager
George Machado	Field Services Manager
Tony Barela	Senior Engineer
Greg Turner	Chief Operator
Teri Hart	Board Secretary/Administrative Assistant
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Madelaine Kiliany	Customer
Sandy Harris	Customer

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Committee Reports**
- IV. Information and Action Items**
- V. Upcoming Events**
- VI. Adjourn**

Vice President Costa called the meeting to order at 7:01 p.m.

I. PUBLIC FORUM

There was no public comment.

II. 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.

1. 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 September 22, 2010

Director Tobin moved to approve the September 22, 2010 Board of Director's Meeting minutes. Director Walters seconded the motion and it carried unanimously.

III. COMMITTEE REPORTS

1. Public Information Committee (9/20/10)

Director Miller reported that the committee met on September 20, 2010 and discussed the following:

- Review WaterGram
- Wholesale Newsletter
- Municipal Service Review – LAFCO

The committee minutes will be attached to the Board meeting minutes.

For information only – no action is requested at this time

2. Personnel Information Committee (9/27/10)

President Peterson reported that the committee met on September 27, 2010 and discussed the following:

- Workshop Preparation
 - PERS Policy
 - Policy on Pay for Performance (or Incentive Pay)
 - Policy on Employee Cost Sharing of Other Benefits (Health, Dental, Vision)
 - Salary Survey
 - Facilitator Selection
- Request for Proposal for Consultant for General Manager Evaluation

The committee minutes will be attached to the Board meeting minutes.

The Board discussed the workshop and proposed December 14th at 3pm. Vice President Costa suggested that the Personnel Committee meet with legal counsel prior to the workshop to review their findings and recommendations. Director Walters would like information sent to the Board members regarding the Center for Collaborative Policy. Ms. Lorance will send an email to the Board members with the information.

President Peterson moved to set the date for the Board Workshop for December 14, 2010 at 3:00 pm. Director Walters seconded the motion and it carried unanimously.

The Board discussed vesting in PERS and requested legal counsel to provide opinions on the following:

- a. If a District employee leaves employment prior to retirement age and does not go to work for another public agency, does the District pay for health benefits (OPEB) when they reach retirement age since they are vested.
- b. If an employee is rehired by the District, and they have previous years vested with PERS and they reach retirement age while working for the District, where do they fall within the PERS percentage for vesting for OPEB.

Director Walters requested that the handouts which compare premium costs are provided at the workshop.

3. Joint Agency Wholesale Budget Review Ad Hoc Committee (10/5/10)

Vice President Costa reported that the committee met on October 5, 2010 and discussed the Wholesale Financial Plan. The committee discussed the wholesale water rates, and unanimously recommended the SJWD Board of Directors reduce the wholesale water rate increase from 8% to 5%.

The committee reviewed the charge for the committee and recommended the Ad Hoc Committee be disbanded. President Peterson officially dissolved the committee and thanked them for their work.

President Peterson passed out a document with his comments on using the Wholesale Financial Plan for establishing rate increases over the five year period of the plan. A copy of the document will be attached to the meeting minutes. President Peterson would like the budget process to include “truing up” the financials in order to make sure that the proposed rate increase is accurate and necessary to avoid renegeing on the District’s debt obligations. He also mentioned that the Board should give direction to staff regarding the budget and whether it should reflect an austere, bare bones budget, a fully funded budget or something in-between.

President Peterson requested that staff contact bond counsel to see what happens if the District falls below the 1.15 ratio of revenue to expenses. Ms. Lorance will inquire with bond counsel and report back at the next meeting.

4. Finance Committee (10/12/10)

4.1 Property Taxes

Vice President Costa reported that the committee discussed the property tax revenue allocations. The staff report and written public comments will be attached to the meeting minutes. He commented that if the Board was to allocate the revenue based on the request from Citrus Heights Water District

then the wholesale rates would increase approximately 11% and retail rates would increase higher than the 11%.

For information only – no action is requested at this time

4.2 Review and Pay Bills

The committee reviewed the presented bills and claims. In accordance with recommended practices, the committee specifically reviews any credit card charges and reimbursements for the General Manager and Assistant General Manager. The reviewed bills and claims were found to be in order.

Staff update: the total amount of bills and claims provided for approval for September payables is \$1,206,879.79.

Vice President Costa moved to approve Resolution 10-21. Director Tobin seconded the motion and it carried unanimously.

4.3 Treated Water Pipeline & Cooperative Transmission Bypass Pipeline Project

Mr. Durkin informed the Board that the District received eight bids for the WTP Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project on September 28th as shown on the attached summary sheet. The lowest bid was received from Mountain Cascade, Inc., for the amount of \$3,754,170.

Vice President Costa moved to award the construction contract for the WTP Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project to the lowest responsive, responsible bidder, Mountain Cascade, Inc., for the amount of \$3,754,170 with an authorized budget of \$4,129,587. Director Tobin seconded the motion and it carried unanimously.

4.4 Treated Water Pipeline & Cooperative Transmission Bypass Pipeline Project

Mr. Durkin informed the Board that a proposal for construction management services for the WTP Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project was received from Kennedy/Jenks Consultants and will be attached to the meeting minutes. Mr. Durkin stated that this will be for full services to include fulltime inspection, materials testing and special inspection support, field and office engineering. Mr. Durkin informed the Board that the total project expenses are projected to be approximately \$500,000 below budget.

Director Tobin moved to approve the agreement with Kennedy/Jenks Consultants, Inc. for construction management services for the WTP Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project in the amount of \$430,022 with an authorized budget of

\$473,024. Vice President Costa seconded the motion and it carried unanimously.

4.5 Solar Project at Baldwin Reservoir – Project Financing

Vice President Costa reported that the audited fund balances will be available shortly. This information will be utilized to provide the requested information on the annual funding of the Solar Project and the Board should be updated at the meeting in November.

For information only – no action is requested at this time

4.6 Wholesale Financial Plan

Ms. Lorance informed the Board that the Ad Hoc Joint Agency Wholesale Budget Review Committee reviewed the Five Year Wholesale Financial plan and unanimously recommended that the 8% wholesale rate increase be reduced to a 5% wholesale rate increase as reflected in the updated Wholesale Financial Plan that was prepared by Bob Reed.

Vice President Costa moved to approve Resolution 10-24 reducing the wholesale rate operating increase from 8% to 5%. Director Tobin seconded the motion and it carried unanimously.

4.7 PERS Retirement Pool Discussion

Vice President Costa reported that the committee discussed the PERS Retirement Pool and possible options for opting out of the risk pool and will defer discussion of this item until the General Manager's Report.

Vice President Costa referenced the privileged and confidential attorney-client communication memo which the Board members received in their meeting packet and asked that the memo not affect the work of the Personnel Committee.

For information only – no action is requested at this time

4.8 Wholesale Meter Replacement Update

Ms. Lorance informed the Board that Mr. Churchill is working on this project and it is anticipated that the final recommended cost allocations will be brought to the next finance committee meeting.

For information only – no action is requested at this time

4.9 Finance and Administrative Services Manager Update

Vice President Costa informed the Board that Ms. Mary Morris will return to fill this position on October 18th.

For information only – no action is requested at this time

4.10 Annual Audit Update

Vice President Costa informed the Board that the annual audit will be completed and presented to the Board of Directors at the November Board meeting.

For information only – no action is requested at this time

4.11 Other Finance Matters

Vice President Costa informed the Board that Ms. Lorance reported that there is still an issue with overgrown vegetation around approximately 1,500 customer meters which requires the one Meter Reader or field staff to perform extra work such as pruning during the course of performing repairs or reading meters. The committee discussed the issue and recommended that staff investigate remote read meters for those locations. Ms. Lorance will have staff look into the cost of replacing/upgrading the meters affected by overgrown vegetation and will report back to the committee.

Ms. Lorance informed the Board that staff is working on legislation with regard to limited and low threat discharge permits. For example, to meet the existing requirements, flushing would require a 4 person crew rather than a 2 person crew. Another example of increasing regulation is the CUWCC's BMPs that require the testing of 10% of the retail meters every year. The District has tested a dozen or so meters every year, and they have been 97% accurate, with none of the meters reading high. Revised regulations such as these will have a significant impact on the future staffing levels at the District. Staff is actively leading an effort to revise these regulations.

Vice President Costa informed the Board that Ms. Lorance will provide a brief presentation under her report on the Delta Flow Criteria which the Finance Committee discussed.

For information only – no action is requested at this time

IV. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 Board Rules Update

Ms. Lorance informed the Board that the Board Rules needed to be updated to reflect two meetings per month.

Director Tobin moved to approve Resolution 10-22. Director Walters seconded the motion.

The Board discussed further and decided to drop the wording regarding exceptions to November and December meetings, thereby removing "...except for November...each month".

Director Tobin moved to approve Resolution 10-22 as amended. Director Walters seconded the motion and it carried unanimously.

1.2 ACWA Board Workshop Update

Ms. Lorance conducted a presentation on the Interim Delta Flow Criteria and informed the Board that recent studies on the impact of the Delta Flow Criteria show Folsom Lake levels dropping to dead pool level during a significant number of years. Her presentation will be attached to the meeting minutes.

Mr. Bartkiewicz informed the Board that there is a meeting set the week of October 18th that is being organized by NCWA with export interests to discuss Delta Flow Criteria issues.

Ms. Lorance informed the Board that there is also a meeting set for October 18th with the water purveyors in the region and Chris Brown to discuss the CUWCC BMPs.

Director Miller requested that staff prepare a list of Delta issues which affect the District and show the issue, the impact to the District and what the potential cost might be to the District. Ms. Lorance will prepare the requested list.

The Board discussed the topic and will bring back at the January meeting.

For information only – no action is requested at this time

1.3 Meeting with Don Glasier

Ms. Lorance reported that she met with Mr. Don Glasier regarding the CVP shortage policy. The next meeting is scheduled for October 28th.

For information only – no action is requested at this time

1.4 Report Back Items

Membership in PERS Retirement Pool

The Board discussed this item and it was suggested that staff look out for upcoming legislation next legislative session which might be appropriate to include a requirement for PERS to eliminate risk pools. This might be efficient to accomplish through the ACWA state legislative committee. Mr. Bartkiewicz suggested that Marcia Fritz be contacted to discuss this issue.

Director Walters moved to approve that the General Manager request that the ACWA Legislative Committee look at eliminating the PERS

Risk Pools. Vice President Costa seconded the motion and it carried unanimously.

Board Meeting

Ms. Lorance informed the Board that she and Mr. Durkin will not be able to attend the October 27th Board Meeting due to a schedule conflict with the AMWA Manager Training. The Board discussed the issue and decided to cancel the meeting.

Vice President Costa moved to cancel the October 27th Board of Directors meeting. Director Walters seconded the motion and it carried with 4 Aye votes and 1 absent (Director Miller stepped out of meeting room briefly).

- 1.5 Miscellaneous District Issues and Correspondence**
No items discussed.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1. 72-Inch Raw Water Bypass Pipeline Project

Mr. Durkin reported that Syblon Reid Construction satisfactorily completed all construction work on the 72-Inch Raw Water Bypass Pipeline Project. The staff report will be attached to the meeting minutes.

Director Tobin moved to accept the 72-Inch Raw Water Bypass Pipeline Project as complete and authorize staff to file the Notice of Completion with Sacramento County. Director Walters seconded the motion and it carried unanimously.

President Peterson inquired if a dedication was scheduled. Ms. Lorance explained that a low-key celebration with City of Roseville and District staff who worked on the project is planned.

2.2. CSWRCB Storm Water Discharge Permit for Construction Activities

Mr. Durkin reported that the California State Water Resources Control Board adopted Order No. 2009-0009-DWQ implementing new regulations for compliance with the state General Permit for Discharges of Storm Water Associated with Construction Activity (Permit). The District obtains coverage for storm water discharges under the Permit for many District construction projects.

The Permit regulations designates the District as the Legally Responsible Person (LRP) under the Permit and requires that the District authorize the Board President, General Manager, or one or more staff members who have managerial responsibility over construction projects covered by the Permit to act as the District's Approved Signatory for purposes of filing and certifying permit compliance documents and supervising compliance with the Permit.

Therefore, it is necessary for the Board, as designated LRP under the Permit, to designate one or more staff members as the District's Approved Signatory.

Vice President Costa moved to adopt Resolution No. 10-23 designating the General Manager as LRP representative for all purposes related to obtaining coverage under and complying with the Permit, and further authorizing the General Manager to designate the Assistant General Manager, Engineering Services Manager or any other District staff member with appropriate managerial responsibility to act as the Approved Signatory for a covered construction project. Director Walters seconded the motion.

President Peterson requested that the motion be amended to add "over construction projects" behind managerial responsibility.

Vice President Costa moved to amend the motion to adopt Resolution No. 10-23 designating the General Manager as LRP representative for all purposes related to obtaining coverage under and complying with the Permit, and further authorizing the General Manager to designate the Assistant General Manager, Engineering Services Manager or any other District staff member with appropriate managerial responsibility over construction projects to act as the Approved Signatory for a covered construction project. Director Walters seconded the motion and it carried unanimously.

2.3. Report Back Items

There were no report back items.

2.4. Miscellaneous District Issues and Correspondence

Mr. Durkin reported that the Wholesale Customer Agencies were invited to a tour of the Water Treatment Plant at the request of the Executive Committee. The tour was scheduled for October 13 and 14 to accommodate approximately 45 people who will attend the two tours, mainly agency staff personnel.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

No report.

3.2. Miscellaneous District Issues and Correspondence

No report.

4. LEGAL COUNSEL'S REPORT

Mr. Bartkiewicz provided a written legal report which will be attached to the original meeting minutes.

5. DIRECTORS' REPORTS

5.1 SGA

Director Tobin reported that the SGA will meet on October 14th.

5.2 RWA

No report.

5.3 Executive Committee

Ms. Lorance informed the Board that the next Executive Committee meeting is scheduled for October 26th.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

No report.

5.6 LAFCO

No report.

5.7 Other Reports and Comments

President Peterson reported that he attended the ACWA Region 4 tour of Folsom Dam. He commented that the group was given a presentation in a meeting room and then they proceeded to the outlook location, but did not enter the dam.

III. UPCOMING EVENTS

1. NWRA Annual Conference
November 10-12, 2010
San Diego, CA
2. ACWA Fall Conference
November 30 – December 3, 2010
Indian Wells, CA

IV. ADJOURN

The meeting was adjourned at 9:38 p.m.

ATTEST:

TERI HART, Board Secretary

DAVE PETERSON, President
Board of Directors
San Juan Water District