

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

November 9, 2011 – 7:00 p.m.

BOARD OF DIRECTORS

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

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Mary Morris	Finance & Admin Services Manager
Tony Barela	Senior Engineer
Gretchen Bullock	Purchasing Agent
Jason Mayorga	Distribution Operator IV
Teri Hart	Board Secretary/Administrative Assistant
Joshua Horowitz	Counsel

OTHER ATTENDEES

Kim Silvers	Silvers HR, LLC
Lianne Peterson	Rate Payer
Sandy Harris	Rate Payer
Madelaine Kiliany	Rate Payer

AGENDA ITEMS

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

President Costa called the meeting to order at 7:00 p.m.

I. PUBLIC FORUM

Ms. Lorance informed the Board that Ms. Silvers was in attendance to re-introduce herself to the Board. Ms. Lorance commented that in March the Board approved utilizing the same process for the General Manager and Legal Counsel evaluations. Ms. Silvers informed the Board that she will be working with the Personnel Committee and passed out a draft of the general outline for the evaluations. She plans to meet with each Board member individually.

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 October 26, 2011

Director Walters moved to approve the Consent Calendar. Director Miller seconded the motion and it carried 4 Aye votes and 1 Abstain (Director Peterson was not in attendance at the 10/26 meeting).

ACTION AND INFORMATIONAL ITEMS

III. COMMITTEE REPORTS

1. Finance Committee (11/8/11)

President Costa reported that the committee met on November 8, 2011 and discussed the following:

- Review and Pay Bills (W/R)
- Update on OPEB Trust (W/R)
- OPEB Actuarial Valuation – June 30, 2010
- CalPERS Actuarial Valuation – June 30, 2010
- Engineering Services Fees and Charges (R)
- Fair Oaks 40-Inch Pipeline ARC Crossing Replacement Project
- Quarterly Financial and Investment Reports (W/R)
- Finance and Administrative Services Staffing (W/R)
- Other Finance Matters

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

Review and Pay Bills (W/R)

President Costa reported that the committee reviewed bills and claims in the amount of \$2,003,690.76 and found them to be in order.

Vice President Tobin moved to approve Resolution 11-18. Director Walters seconded the motion and it carried unanimously.

Update on OPEB Trust (W/R)

President Costa reported that Ms. Morris provided the committee with a staff report which outlined the background and recommendations regarding the OPEB Trust. A copy of the staff report will be attached to the original

committee meeting minutes. In addition, Legal Counsel provided a memo to the Board at the last Board meeting.

The committee discussed the staff recommendations, with staff noting that the funds contributed to CERBT are kept separate from PERS retirement contributions. The Finance Committee recommended that this topic be discussed by the Board for consideration and action. The Board discussed the staff recommendation.

Director Peterson moved to approve staff's recommendation to authorize staff to invest the OPEB Trust with CERBT. Director Miller seconded the motion and it carried with 4 Aye votes and 1 No vote (Costa).

OPEB Actuarial Valuation – June 30, 2010

President Costa reported that Ms. Morris provided the committee with a staff report which briefly discussed the OPEB Actuarial Valuation prepared by EFI Actuaries. A copy of the staff report and OPEB Actuarial Valuation will be attached to the original committee meeting minutes.

Director Peterson moved to accept the OPEB Actuarial Valuation. Director Miller seconded the motion and it carried unanimously.

CalPERS Actuarial Valuation – June 30, 2010

President Costa reported that Ms. Morris provided the committee with a staff report which briefly discussed the CalPERS Actuarial Valuations which were attached. A copy of the staff report and CalPERS Actuarial Valuations will be attached to the original meeting minutes.

Director Miller moved to accept the CalPERS Actuarial Valuation. Director Walters seconded the motion and it carried unanimously.

Engineering Services Fees and Charges (R)

Mr. Durkin informed the Board that both the Engineering Committee and Legal Affairs Committee have reviewed staff's recommendation for a rate schedule for engineering services that are provided to customers at their request. He informed the Board that some customers and staff would prefer the district have a set fee rather than a time and material estimate for work on residential construction, excluding developments. Many of these engineering charges are a result of regulatory requirements for new construction. The Legal Affairs Committee agreed with staff that a rate schedule would make it easier for a home builder or small developer to obtain a list of fees when requested. Therefore, staff developed a rate schedule, which includes information that informs the public of the regulations requiring the District to charge these fees. A copy of the rate schedule and Board Resolution will be attached to the original meeting minutes.

The committee discussed the item and agreed with the staff recommendation to adopt the resolution and rate schedule. The Board discussed the topic and Ms. Morris commented that she will be establishing a general ledger account for the fees in order to track them separately.

Director Miller moved to adopt Resolution No. 11-19. Vice President Tobin seconded the motion and it carried unanimously.

Fair Oaks 40-Inch Pipeline ARC Crossing Replacement Project

President Costa informed the Board that the committee discussed the bids and agreed with the staff recommendation to award the contract to the lowest bidder, Steve P. Rados, Inc. Mr. Durkin informed the Board that the District received nine bids for the construction on the ARC Crossing Replacement Project. The bids ranged from \$676,950 to \$1,190,770. The lowest bid was received from Steve P. Rados, Inc. for the amount of \$676,950. Mr. Durkin informed the Board that a proposal for Construction Management Services for this project will be brought to the Engineering Committee at their December meeting.

Vice President Tobin moved to award the construction contract for the FO-40 ARC Crossing Replacement Project to Steve P. Rados, Inc., for the amount of \$676,950 with an authorized construction budget of \$744,645. Director Miller seconded the motion and it carried unanimously.

Quarterly Financial and Investment Reports (W/R)

Ms. Morris informed the Board that she provided the Quarterly Financial Report to the committee and is completing the Investments Report. The financial report did not get sent to the Board so Ms. Morris will send that out after the Board meeting.

For information only; no action requested.

Finance and Administrative Services Staffing (W/R)

President Costa informed the Board that the Finance Committee reviewed the request to add a new Administrative Services Analyst position in the Finance and Administrative Services Department. Ms. Lorance mentioned that the Personnel Committee supported the General Manager's recommendation for a new position within the Finance and Administrative Services Department and referred the matter back to the Finance Committee for review. The Finance Committee discussed the matter and requested that Ms. Morris provide more information at the Board meeting. Therefore Ms. Morris conducted a presentation regarding the request to add the new position. The presentation provided a summary of how internal and external responsibilities of the Finance and Administrative Services Department have increased over the years with no increase in staff to handle the additional

workload, a full list of duties for all positions within the department, the proposed delegation of duties for the new position, and the difficulties of fulfilling the responsibilities of the department with overtime, temporary help, or “increased efficiencies”.

Per the Board’s request for Ms. Lorance to provide recommendations to the Board, she commented that she very strongly requests and recommends that this position be added. In addition, she commented that this would increase District staff to 46 employees, which is still below the District’s high of approximately 50 employees over 15 years ago.

The Board discussed the General Manager’s recommendation at length. Areas discussed included filling the position based on education and experience versus hiring a CPA; budgeting for the position; clarification of the salary range based on the salary chart, job title and beginning salary amount; number of positions in the department; need for the position since the District received a clean audit report and GFOA award; need for more controls; need for more review capability; job duties of new position and existing positions and potential for shifting job duties to existing employees utilizing overtime; capability of existing employees to perform the level of duties required; amount of work performed by existing employees; functional consolidation with other agencies; and pros and cons of hiring a temporary contractor instead of a new employee.

Vice President Tobin moved to approve the new position in the Finance and Administrative Services that the General Manager has recommended. There was no second.

Director Walters moved to table the matter until the next Board meeting. President Costa seconded the motion and it carried with three Aye votes and two No votes (Miller, Peterson).

Other Finance Matters

Ms. Morris conducted a brief presentation to the Board regarding Board members being contacted by vendors directly. She provided a standard response to Board members if contacted by vendors. A copy of the presentation will be attached to the meeting minutes.

For information only; no action requested.

IV. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER’S REPORT

1.1 Sacramento Sierra Water Resources Coalition

Ms. Lorance reported that she attended the Sacramento Sierra Water Resources Coalition meeting on November 1st. The group is being formed

with water and business groups, north of the Delta, to fight some very large issues which are believed to be coming forward in this year's legislation.

For information only; no action requested.

1.2 Report Back Items

There were no items discussed.

1.3 Miscellaneous District Issues and Correspondence

Ms. Lorance reported that she received a copy of a study that PCWA conducted concerning impacts to their system if the flow criteria into the Delta was at 75% of unimpaired flow, as proposed. When applied to the District, the study shows that the Folsom Reservoir level will be below the District's intake 50% of the time. Ms. Lorance informed the Board that the State Board will begin to identify the flow criteria into the Delta in March/April 2012. Director Walters suggested that customers be informed of the potential impacts that will affect them. Ms. Lorance informed the Board that as soon as the study is finalized then she will work to get the information out.

Ms. Lorance requested that the Board identify the District's representative for the ACWA elections at the ACWA Fall Conference. The Board selected Director Peterson to be the District representative to select the recommended slate at the conference.

Ms. Lorance reported that staff is still pushing to reduce costs by being able to send out consumer confidence reports electronically. There are a couple bills in the legislature that are pending.

Ms. Lorance mentioned that the District received a customer compliment that referenced Ms. Jerry Spencer for her kindness and understanding over the years.

For information only; no action requested.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 SGA Contamination Issues Committee

Mr. Durkin informed the Board that, on behalf of the wholesale customer agencies, he participates on the Sacramento Groundwater Authority Contamination Issues Committee. At the last quarterly meeting held on October 27th, Kennedy/Jenks Consultants provided a presentation on the Groundwater Quality Vulnerability Assessment their team completed for SGA under an AB303 Grant administered by DWR. Mr. Durkin provided a copy of the presentation to the Board and discussed some of the highlights. A copy of the PowerPoint presentation is attached to his staff report which will be attached to the meeting minutes.

The committee meets quarterly and he has attended over the past several years; Vice President Tobin requested to attend the quarterly meetings with Mr. Durkin.

For information only; no action requested.

2.2 Report Back Items

Director Miller inquired if Mr. Durkin determined the number of employees at the new surface water treatment plant in Sacramento County. Mr. Durkin has a request into the County for this information along with a request for a tour of the new plant.

2.3 Miscellaneous District Issues and Correspondence

Mr. Durkin provided the Board with some additional information regarding the amount of work that Ms. Morris and the Finance and Administrative Services Department completes.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Required Employee Training

Ms. Morris informed the Board that the District is regulated by multiple agencies with respect to employee training. Over the years, these requirements have grown to include the topics on the attached table. A vast majority of these topics are required in accordance with OSHA Title 8. Some are either required in accordance with other regulatory agencies or as a recommended practice by the District's liability insurer or industry.

For information only; no action requested.

3.2. Report Back Items

There were no items discussed.

3.3. Miscellaneous District Issues and Correspondence

There were no items discussed.

For information only; no action requested.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

Mr. Horowitz provided a written report which will be attached to the original meeting minutes. In addition, he reported back that the new chemical blend would fall under a patent and not a trademark if the District decided to pursue this issue. However, he mentioned that it is a major undertaking, with at least three years to prosecute a patent and is usually very expensive. Ms. Lorange explained that the source water for the new chemical blend is very

specific to the American River watershed and might not be marketable to the broad public.

Mr. Horowitz informed the Board that there are a couple proposed initiatives to reform pensions with similarities such as raising the retirement age and requiring employees to pay a greater share into their pensions. These initiatives will be monitored.

Mr. Horowitz informed the Board that the Delta Plan draft environmental impact report is available for review. A brief review indicates that the plan is suggesting that water purveyors voluntarily give up water in order to make the Delta Plan policies work. Legal Counsel will keep the District up to date on the progress of this plan as the next step is to thoroughly review the plan and comment on the EIR. Mr. Horowitz commented that the region, including the business community and rate payers, need to get involved as this is a potential risk to the District's water rights and water supplies. Director Peterson would like the costs associated with this issue be sized up for the Board. Ms. Lorance commented that a workshop should be set up in January to cover this. In addition, she is working with Legal Counsel's firm to strategize a few issues that will be coming up and she is working to disseminate information to the public.

5. DIRECTORS' REPORTS

5.1 SGA

Vice President Tobin informed the Board that the SGA met on October 13, 2011 and she provided an outline of the meeting. A copy of her written report will be attached to the meeting minutes.

5.2 RWA

Vice President Tobin informed the Board that the RWA meets on November 10, 2011.

5.3 Executive Committee

President Costa reported that the Executive Committee met on October 25th and all agencies were represented, except the city of Folsom. The committee meeting minutes will be attached to the original board minutes.

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
There were no items discussed.

V. UPCOMING EVENTS

1. ACWA Fall Conference
November 28-December 2, 2011
Anaheim, CA

2. RWA/SGA Holiday Social
December 8, 2011
North Ridge Country Club

VI. ADJOURN

The meeting was adjourned at 9:40 p.m.

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

ATTEST:

TERI HART, Board Secretary