

AGENDA ITEM II-1

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes
December 8, 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
Mary Morris	Finance and Administrative Services Manager
Rick Hydrick	Operations Manager
Judy Johnson	Customer Service Manager
George Machado	Field Services Manager
Bill Sadler	Water Treatment Plant Superintendent
Rob Watson	Engineering Services Manager
Greg Turner	Chief Operator
Teri Hart	Board Secretary/Administrative Assistant
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Madelaine Kiliany	Customer
Kim Silvers	Silvers HR, LLC
Bob Reed	The Reed Group
Jason Russell	Marcia Fritz & Company
Kevin Thomas	Sacramento Suburban Water District

AGENDA ITEMS

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

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

I. OATH OF OFFICE

Oath of Office for Directors Costa, Peterson and Walters

At the start of each new term, all Directors must sign the Oath of Office. Ted Costa, Dave Peterson and Bob Walters are beginning a new term, and signed the

Oath of Office forms for Placer and Sacramento Counties. Ms. Lorance administered the Oath of Office.

II. PUBLIC FORUM

There was no public comment.

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.

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 November 10, 2010

Vice President Costa moved to approve the November 10, 2010 Board of Director's Meeting minutes. Director Walters seconded the motion and it carried unanimously.

IV. PRESENTATIONS

1. Fiscal Year 2009-2010 Comprehensive Annual Financial Report

Ms. Morris introduced Jason Russell, Marcia Fritz & Company, who conducted a presentation on the Fiscal Year 2009-2010 Comprehensive Annual Financial Report. A copy of the presentation will be attached to the meeting minutes.

Ms. Morris reviewed a list of written questions from President Peterson. There were some titles in the assets table that he requested changed and the staffing table needs to reflect engineering staff at 4, Water Treatment Operations at 9 and PEs at 4. Mr. Russell confirmed that he could make the changes to the titles and the staffing table.

Director Walters moved to accept the Fiscal Year 2009-2010 Comprehensive Annual Financial Report. Director Tobin seconded the motion and it carried unanimously.

2. GM and Legal Counsel Evaluation

Ms. Silver informed that Board that she needed the performance criteria for the General Manager and for the Legal Counsel reviews. The Board began discussions on the GM competencies and decided to table the discussion until prior to the closed session portion of the meeting.

V. COMMITTEE REPORTS

1. Personnel Committee (11/12/10)

President Peterson reported that the committee met on November 12, 2010 and discussed the upcoming workshop. The committee meeting minutes will be attached to the original board minutes.

President Peterson requested that the Board Workshop agenda be forwarded to the wholesale customer agency's General Managers and Board of Directors and emailed to customers on the email alert list. Ms. Lorance informed the Board that the District doesn't have all of the email addresses for all the board members, but will make sure that the General Managers receive the agenda as usual.

For information only; no action requested.

2. Public Information Committee (11/17/10)

Vice President Costa reported that the committee met on November 17, 2010 and reviewed the WaterGram.

The committee was informed of the extra workload that Judy Johnson took on covering for Jerry Spencer, who handles the District billing while she's been on vacation. In addition, Ms. Lorance will report to the Board regarding any compliments or complaints that the District receives from customers.

The committee was informed that an e-mail notification was sent on November 16 to let customers know they can opt-in if they want to receive news updates from the District via e-mail, and that the wholesale newsletter will be worked on next and should be completed soon for review. Lucy Co is working with staff to put together a public outreach event in May. The District will work with Lowe's and possibly other volunteer vendors to provide giveaways and educational material on water

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

For information only; no action requested.

3. Conservation Committee (11/18/10)

Ms. Lorance reported that the committee met on November 18, 2010 and discussed the following:

- School Programs
- UWMP and USBR Plan
- CUWCC Update
- SB x7-7 Method 4 Update
- 20x2020 Update
- WEL Garden

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

School Programs

Ms. Lorance informed the Board that the former WaterBucks Program was replaced with a rebate program to encourage schools to install water efficient landscapes and irrigation systems to help us reach our goal of achieving a 20% reduction in water use by 2020. The schools will submit receipts for reimbursement up to \$25,000. The committee will report back on the progress of this program. Director Walters suggested that the presentation of the rebate check be in a press release with photograph.

For information only, no action requested

UWMP and USBR Plan

Ms. Lorance informed the Board that the Urban Water Management Plan (UWMP) and the United States Bureau of Reclamation (USBR) Plan due dates were moved to June 2011. In the past, consultant services were used to prepare the reports, however, the reports will be prepared in-house by Ms. Sacksteder.

For information only, no action requested

CUWCC Update

Ms. Lorance reported that Lisa Brown was elected to the California Urban Water Conservation Council Board of Directors - the first Northern California representative. She replaced Tim Blair, Metropolitan Water District of Southern California. In addition, a representative from Santa Rosa was elected.

For information only, no action requested

SB X7-7 Option 4 Update

Ms. Lorance informed the Board that DWR is still trying to figure out Option 4 and this option will probably not be used.

For information only, no action requested

20x2020 Update

The committee discussed 20x2020 during the Urban Water Management Plan discussion. We will provide a 20x2020 update to customers in our March/April WaterGram.

WEL Garden

Ms. Lorance informed the Board that the current landscape maintenance contractor agreement was terminated. The District plans to use a landscape service to provide minimal maintenance of our grounds and WEL Garden.

Ms. Lorance reported that the committee discussed some topics and ideas for modification of the garden to further reduce costs.

For information only, no action requested

Other Conservation Matters

Ms. Lorance reported that Robert "Mitch" Mitchell will retire from our Conservation Department in January 2011 and will be missed.

Ms. Lorance reported that Director Walters commented that more information on conservation needs to be communicated to the public and suggested that another article be provided in the WaterGram and other venues of communication.

For information only, no action requested

4. Finance Committee (11/9/10)

Vice President Costa reported that the committee met on December 7, 2010 and discussed the following:

- Review and Pay Bills
- Water Treatment Plant Filter Repair Project
- Wholesale Rate Study and Financial Report
- Fair Oaks 40-inch Pipeline

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

Review and Pay Bills

Vice President Costa reported that the committee reviewed the presented bills and claims for November payables in the amount of \$714,823.09. The reviewed bills and claims were found to be in order.

Vice President Costa moved to approve Resolution 10-26. Director Tobin seconded the motion and it carried unanimously.

Water Treatment Plant Filter Repair Project

The District issued plans and specifications for the Water Treatment Plant Filter Repair project to 17 potential bidders. On November 23, 2010, 10 bids were received and opened. The apparent low bidder, Sierra Valley Construction, withdrew their bid of \$98,597.00 after providing proof of a mathematical error to staff. Mr. Durkin informed the Board that had Sierra Valley Construction corrected their error and resubmitted their bid, they indicated they would have come in approximately as the third lowest bid; the exact figures were not available. The second lowest apparent bidder was

Koch Excavating, Inc. Mr. Durkin informed the Board that construction management will be done in house.

The Water Treatment Plant Filter Repair Project was included in the 2010/2011 Wholesale Capital Improvement Program Budget in the amount of \$230,000. The bid amount of \$118,912 plus a 10-percent construction cost contingency is within the budgeted amount.

Vice President Costa moved to award the Water Treatment Plant Filter Repair Project to Koch Excavating, Inc. in the amount of \$118,912.00 with a 10% contingency for a total not to exceed contract amount of \$130,803. Director Walters seconded the motion and it carried unanimously.

Wholesale Rate Study and Financial Report

Ms. Morris informed the committee that the Final Wholesale Rate Study and Financial Report was received from The Reed Group. The 5% wholesale rate increase was approved at the October Board meeting and there have been no changes to the information since it was reviewed by the Board at that meeting.

Ms. Morris reviewed a list of written questions from President Peterson. The list of questions and associated answers will be attached to the meeting minutes. After discussing question number 1, Mr. Reed will add all Reserves so that page 2 and page 6 are the same.

Vice President Costa moved to accept the Final Wholesale Rate Study and Financial Report. Director Tobin seconded the motion.

The Board discussed the topic and Vice President Costa suggested that this agenda item be tabled until the next meeting to allow time for all questions to be answered; therefore, he withdrew his motion.

Fair Oaks 40-inch pipeline

Mr. Durkin reported that there has not been any change in the status of the project since the last committee meeting. The District was expecting a proposal and comments from FOWD regarding the cost allocations by November 16th; however, that did not happen and it is now understood that FOWD will have their proposal to the District later this week.

Mr. Durkin informed the committee that work on the ARC crossing needs to be completed during the winter of 2011-12. In order to accomplish this, environmental work and permit acquisition for CEQA compliance needs to be completed in advance. This work could take 10 to 12 months. Mr. Durkin will report back at the next meeting.

For information only; no action requested.

Vice President Costa suggested that staff start on the preparation of the 2011-12 budget in January by requesting input from the Board members regarding the budget process. Ms. Morris suggested staff bring forward a recommended process and timeline for review and comment by the Board in January. Staff will also provide a list of the assumptions used in the five-year financial plan for the 2011-2012 fiscal year, along with recommendations on actual criteria to use in the development of the budget.

Ms. Morris informed the committee that the mileage rate will be increased from \$0.50 to \$0.51 per mile for reimbursement starting in January.

Mr. Durkin mentioned that the front entrance sign was repaired today.

VI. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 2011 Board Officers

Ms. Lorange reported that the Board Rules for Proceedings calls for elections of the Board Officers at the first Board of Directors meeting in December.

The normal rotation procedure would be the election of the following officers:

President – Ted Costa

Vice President – Pam Tobin

Director Tobin moved to elect Ted Costa as Board President. Director Walters seconded the motion and it carried unanimously.

Director Peterson moved to elect Pam Tobin as Board Vice President. Director Walters seconded the motion and it carried unanimously.

Ms. Lorange stated that the Board previously appointed Teri Hart as Board Secretary and Mary Morris as Treasurer. Unless the Board wishes to change the appointment, the existing appointments will remain.

1.2 Public Relations/Delta Education

Ms. Lorange reported that the Sacramento Regional Water Alliance was formed to coordinate a joint effort to protect the region's interests during the Water Legislation in 2009 and the bills that followed in 2010. The Alliance jointly funds Soyla Fernandez as a state lobbyist.

The Alliance agreed that a subscription program to fund a public relations outreach program within the Regional Water Authority, paid for by those agencies that are interested, would be appropriate. Therefore, John Woodling is in the process of creating a request for proposal (RFP) to send out to politically savvy public relations firm. The intent of the RFP will be to identify a firm that can create a plan, and implement the plan, for the region.

The initial effort is anticipated to cost a total of approximately \$100,000. The wholesale customer agencies have requested that each agency participate on a retail level. The anticipated cost for SJWD retail will be less than \$10,000. This is not a budgeted expense, and would need to be funded through transfers from a reserve account. The operational reserve may be the best location for this transfer.

It is important to understand that the effort will likely cost more than \$100,000, depending on the actions elected for public education. However, the agencies do not have the knowledge to estimate an ultimate cost. When obtained from the selected firm, the agencies will have an opportunity to identify whether or not to continue to participate.

Ms. Lorance commented that unless the Board of Directors has issues with proceeding, staff will proceed with the regional agencies to identify the cost for SJWD retail, and bring this item back for future action.

For information only; no action requested.

1.3 2010 Annual Report

Ms. Lorance presented the 2010 Annual Report. The presentation will be attached to the original meeting minutes. Director Miller requested a hardcopy of the report, while the other directors requested a copy via email.

For information only; no action requested.

1.4 Report Back Items

There were no items discussed.

1.5 Miscellaneous District Issues and Correspondence

1.5.1 Sacramento LAFCo Nominations for Membership on SDAC

Ms. Lorance reported that the Sacramento LAFCo is seeking nominations for positions on the Special District Advisory Committee.

Director Tobin moved to nominate Ted Costa to be recommended for a position on the Special District Advisory Committee of Sacramento LAFCo. Director Walters seconded the motion and it carried unanimously.

1.5.2 Correspondence from customers

Ms. Lorance informed the Board of several customer service compliments and one letter of concern regarding employee benefits. Director Tobin suggested that some type of written expression of appreciation be presented to staff.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 WTP Coagulant Chemical Pilot Testing

Mr. Durkin conducted a presentation on chemical testing that has occurred at the Water Treatment Plant and included information on recent projects and the savings that the District has achieved as a result of employee innovation and initiative. A copy of the presentation will be attached to the meeting minutes.

For information only; no action requested.

2.2 SJWD Entrance Landscape Improvements

Mr. Durkin informed the Board that the landscaping near the front entrance was completed at no cost to the District due to the efforts of District staff, including staff coming in on their day off after Thanksgiving to plant the trees. Staff was able to get the trees and irrigation system materials donated.

No action requested, for information

2.1 Report Back Items

There were no items discussed.

2.2 Miscellaneous District Issues and Correspondence

There were no items discussed.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

Ms. Morris will report back on the engineer expense activities at the next meeting.

3.2. Miscellaneous District Issues and Correspondence

There were no items discussed.

4. LEGAL COUNSEL'S REPORT

Mr. Bartkiewicz informed the Board that the written legal report did not make it into the Board packet and requested that it be emailed to the Board. He mentioned that Proposition 26, which has a requirement for two-thirds vote on fees, will not affect the wholesale water rates since they are not within the definition of this proposition as they fall under contracts.

5. DIRECTORS' REPORTS

5.1 SGA

Director Tobin reported that the SGA will meet on December 9th.

5.2 RWA

Director Tobin reported that the RWA Social is December 9th and they met on November 4th and her report was included in the meeting packet. The next meeting will be January 13, 2011.

5.3 Executive Committee

Ms. Lorance reported that the Executive Committee met December 7th and a report will be provided at the next Board meeting.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

Vice President Costa reported that they met November 13, 2010.

5.6 LAFCO

No report.

5.7 Other Reports and Comments

Vice President Costa reported that he and Director Tobin went to the Placer County Special Districts meeting and the county assessor did a presentation which he would like presented to the Board.

President Peterson reported that ACWA HBA elected a new Board and he will no longer be on that board. He also attended the ACWA Finance Committee meeting and there seems to be some issues with low reserves which might result in rate increases. He also attended the ACWA Region 4 meeting and there were a couple HR presentations – one topic was general manager evaluations done by facilitators, which was well received.

Ms. Lorance reported that the Executive Committee Workshop will be held in February or March.

VII. UPCOMING EVENTS

1. RWA Annual Holiday Social
December 9, 2010
Sacramento, CA
2. Special District and Local Government Institute Governance
February 17-18, 2011
Anaheim, CA
3. 2011 ACWA DC Conference
March 1-3, 2011
Washington, DC

President Peterson called for a break at 10:20pm prior to resuming agenda item IV-2 – GM and Legal Counsel Evaluations.

I. PRESENTATIONS - Continued

2. GM and Legal Counsel Evaluation

Ms. Silver reviewed the performance criteria with the Directors for the General Manager and for the Legal Counsel evaluations. The Board discussed each review separately and gave direction to the facilitator.

President Peterson called for Closed Session at 11:30 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 Peterson returned to Open Session at 11:36 pm

IX. OPEN SESSION

1. Report from Closed Session

There was no report from the closed session.

X. ADJOURN

The meeting was adjourned at 11:36 p.m.

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

ATTEST:

TERI HART, Board Secretary