

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

December 9, 2009 – 7:00 p.m.

BOARD OF DIRECTORS

Bob Walters	President
Dave Peterson	Vice-President
Ted Costa	Director
Kenneth Miller	Director
Pam Tobin	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
Teri Hart	Administrative Assistant/Board Secretary
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

None

AGENDA ITEMS

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

President Walters called the meeting to order at 7:00 pm

I. 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 4, 2009

Vice President Peterson moved to approve the November 4, 2009 Board of Director's Meeting Minutes. Director Tobin seconded the motion and it carried unanimously.

II. COMMITTEE REPORTS

1. PUBLIC INFORMATION COMMITTEE (11/18/09)

Director Miller reported that the committee met on November 18, 2009 and discussed the following:

1.1. Review Water Gram

The committee reviewed the Water Gram and recommended a few revisions.

For information, no action requested.

1.2. Wholesale Informational Mailer

Ms. Lorance informed the committee that a mailer to the wholesale customers which discusses water legislation and how it impacts customers is being created. The mailer would show what the Board has done to mitigate efforts to reduce the impact of the legislative bills to the District, what the Board has done to keep costs down for customers, list Board actions on various projects and how the projects affect customers – such as replacing pipelines to improve water reliability.

The committee discussed various topics that should be in the mailer and a draft of the mailer will be produced.

President Walters inquired how soon a draft of the mailer would be ready. Ms. Lorance informed the Board that she is meeting with LucyCo this week and will bring the draft and approximate costs back to the Board for review.

For information, no action requested.

1.3. Customer Request for Senior Water Rate

Ms. Lorance informed the committee that a customer requested that the District implement a Senior Water Rate. Ms. Lorance informed the customer that it would be illegal for the District to have a subsidized rate per Proposition 218. The committee discussed the response to the customer, and the information legal counsel has provided at past meetings regarding subsidized water rates. The committee agreed the answer provided to the customer was appropriate.

For information, no action requested.

1.4. Other Public Information Matters

Ms. Lorance informed the committee that the district issued a news release on behalf of the retail agencies to advise customers of a scheduled water outage by the United States Bureau of Reclamation (USBR) on December 1 and 2. The USBR has scheduled the temporary outage as part of a parallel pipeline project at Folsom Dam that is scheduled to be operational in 2010. We expect the outage to go unnoticed by customers.

Ms. Lorance informed the Board that the outage actually occurred December 8th and 9th and there were no complaints or issues from customers. In addition, due to the recent cold weather, water production at the plant increased 6 mgd, approximately 30%, during the recent below-freezing temperatures.

1.5. Public Comment

There was no public comment.

The meeting adjourned at 9:36 am.

2. PERSONNEL COMMITTEE (12/07/09)

Vice President Peterson reported that the committee met on December 7, 2009 and discussed the following:

2.1. WTP Temporary Staffing

Ms. Lorance informed the committee that the WTP is hiring a temporary worker as a Facility Maintenance Helper. The person being hired is a previous SJWD temporary worker and is a Certified Treatment Operator II. The position will be used to help with the increase in traffic at the WTP due to the numerous projects that are being completed at this time. The anticipated duration of the position is six months.

In order to comply with regulations, all persons entering the gate at the WTP must receive safety instructions. One of the main duties of this position will be to greet incoming contractors, check IDs, review safety procedures and all other requirements for entering the facility. Mr. Durkin informed the committee that he is working with the contractors to try to keep the same personnel entering the facility, thereby eliminating the extensive instructions each time they return. The contractor only has to sign in each time with an ID check confirming that the initial safety instructions were received.

Vice President Peterson was concerned that since this procedure must be done from here on out that a permanent position might be needed. Ms. Lorance explained that once the projects are completed at the WTP, the best approach to deal with the required procedure will be reviewed. Right now, the traffic in and out of the WTP has increased and is not anticipated to continue at this pace after the projects are completed.

For information only; no action requested.

2.2. Employee Manual Update

Ms. Lorance informed the committee that SJWD is required by the Department of Public Health (DPH) to have a Pandemic Policy, since we are a public service agency. Vice President Peterson inquired if legal counsel needed to review the policy. Ms. Lorance stated that Ms. Mary Morris prepared the attached policy for insertion as Policy Number 10060 in the

Employee Manual, and that she reviewed the policy and confirms that it meets the basic requirement of the DPH.

Vice President Peterson inquired if there was another plan in place for the actual operation of the WTP, since this policy only covers what is expected from employees during times of outbreaks. Ms. Lorance stated that Mr. Rick Hydrick is working on the emergency plans for the operation of the WTP which includes pandemic outbreaks. Currently, SJWD does have agreements to work with other agencies in emergency situations, which includes bringing in operators from other agencies.

President Walters stated a concern that if there is a policy in place and not followed then we might be liable for not following that policy. Mr. Bartkiewicz stated that if there is a basis for a claim against the District and the District didn't follow a policy, then that would not help the case. However, the reason for the policy is for guidance to the staff during certain situations. Ms. Lorance stated that the District intends to follow the policy.

Vice President Peterson moved to approve an addition to the Pandemic Policy Number 10060 under Safety and Health in the SJWD Employee Manual. Director Costa seconded the motion and it carried unanimously.

(A copy of the policy will be attached to the original meeting minutes.)

2.3. General Manager's Evaluation

Ms. Lorance informed the committee that the GM Annual Evaluation was drawing near and that she would not be taking a merit increase or incentive award since those were frozen for the regular employees at SJWD.

Ms. Lorance discussed that she will present the Annual Report at the December Board meeting. This report is considered a self-evaluation and is used in the Annual Evaluation process.

For information only; no action requested.

2.4. General Manager's Employment Contract

Ms. Lorance informed the committee that she would like to revise her employment contract regarding the required 90-day notification prior to her termination of the contract. There is no pending action on her part; she requested this as an update to her contract to be inline with current trends.

Ms. Lorance stated that she would like to change the 90-day requirement to a 4-week notice of termination. Ms. Lorance suggested updating the contract rather than developing an addendum to keep the contract easy to follow.

Director Costa made a suggestion that if the contract is changed to reflect a 4-week notice of termination then the severance pay should be reduced accordingly to 8 weeks instead of 6 months – a 1:2 ratio. Vice President Peterson stated that the committee didn't link this request to the severance pay when the committee discussed the item. Vice President Peterson commented that since an Assistant General Manager position is staffed that a shorter notice period would not be detrimental to the District.

Director Costa inquired if there were other items in the contract that needed to be updated then that should happen at this time. Vice President Peterson commented that if a new agreement is drafted then there should be an update to the contract date and it should reflect Ms. Lorance's current salary.

Ms. Lorance will work with Mr. Bartkiewicz to bring the agreement up-to-date, including the revised notice of termination, and will bring the contract back to the Board for approval.

For information only; no action requested.

2.5. Other Personnel Matters

Director Miller asked for an updated staff directory with photos. An updated staff directory has been provided to the board members.

The committee discussed the Annual Board Workshop. It was suggested that one topic be *Implementing BMPs on the Wholesale Level*. Director Miller suggested that a list be compiled showing SJWD responsibilities for non-compliance of BMPs by the retail agencies, and showing requirements for implementation of BMPs.

2.6. Public Comment

There was no public comment.

The meeting was adjourned at 12:10 pm.

3. CONSERVATION COMMITTEE (12/07/09)

Director Tobin reported that the committee met on December 7, 2009 and discussed the following:

3.1. SJWD USBR Water Management Plan

Ms. Lorance informed the committee that SJWD is required to submit the Draft Five-Year Water Management Plan Update to the USBR. The draft plan was prepared by Brown & Caldwell and was sent to the SJWD Board of Directors for review with the board packet last week. Once the Board approves the draft of this plan, SJWD staff will submit it for approval to the USBR.

Ms. Lorance informed the committee that SJWD is meeting all of the BMPs except for the washing machine rebate. Ms. Lorance stated that the District is opting to change to a flex track program that allows us the flexibility of finding alternate ways to conserve water. Our flex track program will be defined and detailed in the USBR 5-Year Water Management Plan in 2010.

Director Walters inquired if an executive summary could be included at the front of the plan. Ms. Lorance stated that it might be too late to include that this year, but with the next submission, that is possible if desired.

Mr. Bartkiewicz explained that the USBR requires that the Board approve the draft of the plan.

Director Tobin moved to approve the Draft Five-Year Water Management Plan Update and submit this draft version to the USBR for their review. Director Walters seconded the motion and it carried unanimously.

3.2. Other Conservation Matters

Ms. Lorance informed the committee that the USBR is requiring the agencies to submit their water management plans to SJWD and then SJWD will have to approve the plans and submit each plan to the USBR. The Bureau is requiring this change in process as their contract is with SJWD and not the individual agencies. The committee discussed SJWD's role in the enforcement of the BMPs and the possible ramifications of non-compliance by individual agencies. There is concern that the USBR will deny grant requests to SJWD Retail in the event that one of the retail agencies are out of compliance – Ms. Lorance will be following up on this issue and working with the USBR to clarify this possible issue.

Director Walters suggested that SJWD inform the retail agencies in advance so that they understand that the USBR is requiring SJWD to perform the enforcement of their policy and what the possible penalties might be if an agency does not comply. Director Walters suggested the District ask a legislator to request from the Auditor General an audit of all water agencies in California to identify how many are meeting all BMPs – Ms. Lorance informed the committee that the RWA recently performed a study analysis on all CUWCC members, but not on all agencies in California.

Ms. Lorance suggested that this be an item on the Board Workshop, along with the 20% by 2020, dealing with reserves funds and CIP funds when projects come in under budget, BMPs under the Council & USBR, and working with retail agencies to meet the reduction.

President Walters mentioned that he has heard that there are not many agencies meeting the BMP requirements across the state. Vice President Peterson agrees that we need to enforce the BMPs to ensure that the District

water rights are not put in jeopardy. However, the issue is how to enforce and assure that each retail agencies' conservation activities are in compliance. Director Tobin is concerned with how the District can actually make the retail agencies comply. Director Costa stated that, as trustees of the water for the people, the District has the duty to ensure that all the people are using the water efficiently and if the water is wasted, then the District has to enforce restrictions or other penalties. Ms. Lorance stated that she has been contacting other agencies that are in the same situation as SJWD to determine what their course of action has been with non-compliance.

Ms. Lorance requested that this topic be delayed until the Board Workshop, since this is an item that is in need of further discussion. It is anticipated that the workshop will take place in February, and between now and then, more information will be compiled and brought forward so that the Board has detailed information. Director Tobin suggested that after the workshop, the retail agencies are given a presentation which will notify them of the decisions that the Board made regarding the items that will affect them.

3.3. Public Comment

There was no public comment.

4. FINANCE COMMITTEE (12/07/09)

Director Costa reported that the committee met on December 7, 2009 and discussed the following:

4.1. 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, Assistant General Manager and Finance & Administrative Services Manager. Other randomly selected bills were discussed by the committee.

Ms. Morris informed the committee that there will be additional bills prepared on Wednesday since the accounts payable person was fulfilling the payroll person's duties in her absence on Monday and Tuesday (due to snow). As usual, the additional bills and claims will be highlighted for Board review. Mr. Durkin inquired if the J. Fletcher Creamer progress billing was in those additional bills, as it was not on the list prepared for the committee. Ms. Morris will check with the accounts payable clerk to confirm payment of the progress billing. Note: staff confirmed that this invoice is in process as a new vendor in the system and will be paid this cycle.

Staff update: the total amount of bills and claims provided for approval for November payables is \$1,303,640.54.

Vice President Peterson asked what the negative amount for the Bureau was for. Ms. Morris informed the Board that the District pays the Bureau, according to the contract, two months in advance and then the amounts are reconciled. However, the District has not been using the total amount that was paid for, so there is a credit with the Bureau that is shown and will be used in the next month.

Director Costa moved to approve Resolution 09-26. Director Walters seconded the motion and it carried unanimously.

4.2. CIP Savings in Reserves

Ms. Lorance informed the committee that, at the last Board meeting, Director Dave Peterson made the suggestion that CIP funds that were not used on projects be transferred to the Rate Stabilization Reserve. The item was referred to the Finance Committee for review. Ms. Lorance informed the committee that from completed projects there are \$40K from the Wholesale budget and \$250K from the Retail budget that could potentially be transferred.

The committee discussed the topic and is recommending that this be an item discussed at the Annual Board Workshop.

For information only; no action requested.

4.3. Other Finance Matters

Ms. Morris informed the committee that there is a new state regulation that will be effective starting January 2010 with regard to the use of leaded brass. The state regulation will make it unlawful to use leaded brass parts for construction or repair of pipelines. Staff has been preparing for this and has diligently worked to minimize inventory while using parts on hand. Currently, SJWD has approximately \$7,500 worth of parts containing leaded brass. SJWD plans to use some of these parts prior to January 1, 2010; however, there will still be some remaining. A Nevada state company has offered to purchase some of the parts at approximately 40% of their value. The remaining parts will be salvaged and the result may be a net loss of approximately \$3,200.

For information only; no action requested.

4.4. Public Comment

There was no public comment.

The meeting was adjourned at 4:20 p.m.

III. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1. 2009 Annual Report

Ms. Lorance presented the 2009 Annual Report. The report and presentation is attached to the original meeting minutes. Ms. Lorance informed the Board that she will be presenting the 2009 Annual Report at both Orangevale and Citrus Heights board meetings in January, but has not heard back from Fair Oaks Water District. Vice President Peterson suggested presenting to SSWD – Ms. Lorance will contact them.

Director Miller inquired if there will be time to answer questions regarding the report at the Annual Workshop. Ms. Lorance informed the Board that while it's not planned to go over the entire report, if there are specific questions to answer then there will be time allotted for that and she would encourage the directors to submit their questions in advance so that she can plan accordingly. Director Miller was curious regarding the staffing of the plant and how the shift workers are compensated for sleep time and calls for alarm – how often does that happen and what's the annual expense incurred for this. He mentioned that he has several items for questions, so it was decided to review his questions at the workshop.

Vice President Peterson commented that it was a very impressive report with lots of successes and congratulated Ms. Lorance. Director Costa agreed and had a couple comments. First, when the report compared water rates for the City of Sacramento to SSWD then SJWD should compare for delivery to SSWD. Ms. Lorance explained that since SSWD rates are for treating SSWD water and not for delivery of their water, then that comparison would not be correct since it does not include the cost of water. Second, he was under the impression that the District did not use ACWA's salary survey as it was stated by past staff that it was not good for direct comparisons due to the variability of who provides information for the survey. Ms. Lorance explained that the survey was used to pull different information than salaries, such as total staff and number of connections.

President Walters stated that it was a good report.

No action requested, for information

1.2. Legislative Update

Ms. Lorance did not provide an update on any legislative issues, as they are covered in the Annual Report and the memorandum that will be attached to the original meeting minutes.

1.3. Report Back Items

There were no items to discuss.

1.4. Miscellaneous District Issues and Correspondence

Ms. Lorance informed the Board that she sent out a memorandum regarding SJWD Wholesale Activities to the Board of Directors and General Managers for CHWD, FOWD, OVWC and City of Folsom, which was sent in the board packet. She plans to send updates every three months or so.

Ms. Lorance referenced the National Academy of Sciences/National Research Council announcement regarding the federal review of the Bay-Delta biological opinion. She also referenced the USBR letter that announced public hearings regarding modifying Mormon Island Auxiliary Dam to reduce hydrologic (flooding), seismic (earthquake), and static (seepage) risks. Both documents were provided in the board packet.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1. Report Back Items

Mr. Durkin had no items to report back on.

2.2. Miscellaneous District Issues and Correspondence

There were no items to discuss.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

Ms. Morris had no items to report back on.

3.2. Miscellaneous District Issues and Correspondence

There were no items to discuss.

4. DIRECTORS' REPORTS

4.1. SGA

Director Tobin announced that SGA meets on December 10th and she was on the nominating committee for the new officers. There were additional suggestions that have been made to the committee regarding potential officers. Director Tobin reported that she voiced the opinion that they stand on the original slate as it was already finalized.

4.2. RWA

Director Tobin reported that the RWA Holiday Social is scheduled for December 10th.

4.3. Executive Committee

There was no report.

4.4. ACWA/JPIA

There was no report.

4.5. ACWA Region IV

Vice President Peterson reported that the region met at the ACWA conference – it was an abbreviated meeting since there was a general assembly afterwards. They discussed having a joint region meeting with Regions 2-6 to discuss legislation and a range of responsive actions that the group would like to discuss. The general consensus was that they would like to meet in January and Region 4 will host. It is anticipated that Region 2, 3 and 4 will attend; but Region 5 is very divided and might not show up.

4.6. CVP Water Users Association

Director Costa reported that they met a couple weeks ago. They reorganized and only meet 4 times per year, with one employee in the organization. The one employee reviews the Bureau's bills and rate book. Director Costa reported that they talked about the water agencies specializing in certain areas and then other agencies would utilize and share the information.

4.7. LAFCO

Director Costa reported that they meet 4 times per year, and met 2 months ago. He believes that Gay Jones was re-elected.

4.8. Other Reports

4.8.1 Selection of President and Vice President

President Walters called for nominations for President for the 2010 year.

Director Costa nominated Vice President Peterson for President, seconded by Director Tobin. President Walters asked for additional nominations, there being none, nominations were closed. President Walters called for the vote and it carried unanimously.

President Walters called for nominations for Vice President for the 2010 year.

Vice President Peterson nominated Director Costa for Vice President, seconded by Director Miller. President Walters asked for additional nominations, there being none, nominations were closed. President Walters called for the vote and it carried unanimously.

Vice President Peterson requested that the Board discuss the funding of candidate statements and decide on whether the District should cover all or a portion of the cost for all candidates. Director Tobin inquired if there are any legal issues to be concerned with. Mr. Bartkiewicz will look into whether or not there are any legal issues. Ms. Lorance will place on the agenda for January's meeting.

5. LEGAL COUNSEL'S REPORT

Mr. Bartkiewicz reported that he and Ms. Lorance have been discussing the clean-up on the delta legislation package and what should be done this coming year. He also heard that there most likely will be a water fee bill submitted early next year. Bay-Delta conservation planning process will be a primary focus along with flow criteria and water allocations for the coming year.

Vice President Peterson inquired if the State Board process/hearings in March will deal with just the delta channels or will they go up into the tributaries. Mr. Bartkiewicz responded that he's heard only the delta flows at this point. Mr. Bartkiewicz explained the hearing process.

Mr. Bartkiewicz reported that he's heard that Phil Isenberg might chair the Delta Stewardship Council.

IV. PUBLIC FORUM

No comment.

V. UPCOMING EVENTS

1. AMWA Climate Change Impacts on Water
January 27-29, 2010
Washington, DC
2. 2010 ACWA DC Conference
February 23-25, 2010
Washington, DC

President Walters to call for Closed Session

VI. 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 Division 5-15, Inc. related to Chlorination System Improvements Project.

VII. OPEN SESSION

There was no action to report from Closed Session.

VIII. ADJOURN

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

DAVE PETERSON, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary