

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

September 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 Gagnier	Customer Service Manager
Rick Hydrick	Operations Manager
George Machado	Field Services Manager
Tony Barela	Senior Engineer
Teri Hart	Administrative Assistant/Board Secretary
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Pat King	Customer
Sandy Harris	Customer

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 7:06 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 June 9, 2009
2. Minutes of the Board of Directors Meeting June 16, 2009

3. Minutes of the Board of Directors Meeting June 24, 2009
4. Minutes of the Board of Directors Meeting July 8, 2009
5. Minutes of the Board of Directors Meeting August 12, 2009

M/S/C to approve the June 9, 2009; June 16, 2009; June 24, 2009; July 8, 2009; and August 12, 2009 Board of Director's Meeting Minutes. President Walters requested the voting be separate for each date. June 9, 2009, June 16, 2009, June 24, 2009, and August 12, 2009 – 5 Aye votes; and July 8, 2009, 4 Aye votes, 1 Abstain vote (Walters).

II. COMMITTEE REPORTS

1. LEGAL AFFAIRS COMMITTEE (8/20/09)

1.1. Current State Legislation

Ms. Lorance stated that her staff report will cover this topic. President Walters concurred and this portion will be addressed under the General Manager's report.

1.2. Other Legal Matters

President Walters requested an update on the CVP Water Shortage Policy that the Legal Affairs Committee discussed. Ms. Lorance informed the Board that Sandy Dunn sent a letter to the Bureau on behalf of the American River contractors and a response was received that stated they will hold five facilitated meetings to address our concerns before they do the environmental impact analysis.

2. FINANCE COMMITTEE (08/11/09)

2.1. Review and Pay Bills

Director Costa reported that the Finance Committee met on September 8th. Bills and claims in the amount of \$990,519.41 were reviewed by the committee and found to be in order. 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.

Director Costa reported that there was a claim regarding damage to a windshield by a SJWD vehicle and submission of the replacement cost. At the committee meeting, Director Miller questioned the payment regarding the windshield replacement and asked if the incident was witnessed by a SJWD employee. Ms. Morris will follow-up on whether this occurred and report back to the Finance Committee.

Note: While the rock was not witnessed by the driver of the vehicle, it was immediately reported by the vehicle owner to

George Machado, Field Services Manager. The specific details matched the exact time and location of the truck and mud trailer that was just leaving the District. Upon reporting to the District's insurer, they recommended following the small claims procedure which is what occurred.

Director Costa informed the Board that Ms. Lorange's CalCard was compromised by identity theft. The CalCard was cancelled immediately by the bank and the charges were reversed. In addition, the appropriate paperwork was submitted to the bank. The account statement shows the charges and the credits, and there was no cost to the district.

M/S/C to approve Resolution 09-20. 5 Aye votes.

2.2. Reserve Fund Accounting

Director Costa reported that the Reserve Fund Accounting is still being worked on and he anticipates completion by the end of December.

For information only, no action is required.

2.3. PERS Merit Increase Assumption Policy

Director Costa will be meeting with Ms. Lorange regarding this topic before suggesting any changes to the policy. This topic will be discussed after the meeting is held.

For information only, no action is required.

2.4. Emergency Water Supply Facilities Reserve Fund for Retail Service Area

Director Costa reported that at the August Board Meeting, the Board, although supportive of the revision, requested this item to be held until all five board members were in attendance. Staff revised the existing Policy 3000, District Banking and Other Financial Matters, to include a policy for the Emergency Water Supply Facilities Reserve Fund. A draft redlined version of the Policy was submitted to the Board at the last meeting.

The Policy itself does not have any direct budget impact, as it formalizes existing actions. The funding of the Emergency Water Supply Facilities Reserve Fund is in the current budget, and will allow paying cash for future projects associated with retail emergency water supply facilities.

The committee recommends adoption of revised Policy 3000, District Banking and Other Financial Matters.

M/S/C to adopt revised Policy 3000, District Banking and Other Financial Matters. 5 Aye votes.

2.5. Administration Building Roof Repair, and WTP Roof Repair and A/C Replacement

Director Costa reported that the Administrative Building roof repair and the WTP roof repair and A/C replacement is going out to bid.

For information only, no action is required.

2.6. AFR Bentley and Park Vista Main Replacement Project

Director Costa reported that bids came in on this project and there was a large difference in bids as shown in the table below.

Bidder Name	Bid Total
Doug Veerkamp General Engineering, Inc.	\$ 152,349.00
Rawles Engineering	\$ 215,468.00
L.R. Gomez	\$ 236,604.00
Biondi Paving and Engineering	\$ 249,175.00

Background checks of the contractor license status, and calls to references were made for the two lowest Bidders and were found to be satisfactory.

Staff recommends a motion to award a construction contract to Doug Veerkamp General Engineering, Incorporated, for the not to exceed amount of \$152,349.00 and an authorized construction budget of \$167,584.

M/S/C to award construction contract to Doug Veerkamp General Engineering, Inc. for \$152,349 with a total authorized construction budget of \$167,584. 4 Aye votes and 1 Abstain vote (Miller).

2.7. WTP Raw Water Pipeline Rehabilitation Project

Mr. Durkin informed the Board that bids were received on September 3rd for the WTP Raw Water Pipeline Rehabilitation Project. This project consists of removing and replacing the internal lining of the pipeline and providing a corrosion protection system for the pipeline exterior. Two bids were received, as expected since this is a very specialized project.

The two bids that came in were for \$685,965 and \$1,249,000. Staff recommended a motion to award a construction contract to the lowest bidder, J. Fletcher Creamer & Sons, Inc., for the not to exceed amount of \$685,965.00 and an authorized construction budget of \$754,562.

M/S/C to award construction contract to J. Fletcher Creamer & Sons, Inc. for \$685,965 with a total authorized construction budget of \$754,562. 5 Aye votes

Director Peterson inquired about construction management for the projects listed under 2.6 and 2.7. Mr. Durkin informed the Board that he is reviewing a proposal

and currently SJWD does not have the staff to provide construction management in house. Mr. Durkin will bring a proposal back to the Finance Committee provided the amount is above staff authorization limit.

2.8. Other Finance Matters

Director Costa informed the Board that a bid is going out for Anthracite for the WTP.

Ms. Morris will report on CalPERS under her staff report.

Director Costa informed the Board that the auditors will be at the October board meeting to present their report and any findings.

Director Costa informed the Board that Verizon is requesting additional use in the space below the tower for an emergency generator. They proposed a \$300 per month fee for the use of this area. The going rate is much higher than this proposed amount. The Finance Committee agreed that the rate needs to be higher and Ms. Morris will negotiate this amount. It was suggested that she look into trading services for use of the space in lieu of cellular service for SJWD. She will report back at the next meeting.

It was mentioned that the port-a-potty located at the main entrance needs to be removed once the outside contractor completes their work. Staff will inform the person in charge to assure that this happens.

Director Costa informed the Board that Josh Horowitz contacted Ms. Morris with information regarding a civil litigation suit that a bay area law firm is handling. The bay area law firm offered to present information regarding this at the October board meeting. The litigation alleges that public agencies have been cheated out of investment returns due to the fact that financial firms manipulated the market and bond insurance purchased by public agencies in order to secure higher bond ratings is now worthless. The District paid a bond insurance premium of \$128,000 on the 2003 COPs to secure a AAA rating and previously held that debt service reserve fund in a Guaranteed Investment Contract ("GIC") issued by MBIA which has now been terminated due to MBIA's severely impaired credit rating. Ms. Morris will obtain more information regarding this and will report back.

Mr. Durkin informed the Finance Committee that the next phase of the Water Treatment Plant Hydraulic Improvements Project is going out to bid. He will bring bid results to the next meeting.

III. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1. Legislative Update

Ms. Lorance reported that the set of pre-print bills on water went to conference committees. There were significant issues with all of the bills, so SJWD, Roseville, SSWD and Folsom wrote a joint letter that was sent out on August 31st. East Bay MUD sent a joint letter as well. In addition, PCWA sent a letter in opposition of the bills. There was a request letter to Ken Salazar, Secretary of the U.S. Department of the Interior, to bring in more funds for water issues in California. SJWD, SSWD, CHWD, OVWD, FOWD, Folsom and Roseville sent a joint letter regarding the Comprehensive Delta Package which listed concerns and requested a meeting with Senator Darrell Steinberg. The senator's staff informed Ms. Hart that there was no time available on the senator's calendar for a meeting prior to the September 11th end of session deadline. However, the city of Sacramento was able to get a meeting with the senator on the 8th. The city of Sacramento discussed their concerns with the five bills that were in conference committee. Senator Steinberg told the city that he understood their issues and not to worry, as he had it under control.

Ms. Lorance reported that the bills have now reverted back to their original numbers, with most of the focus on two of the five bills – AB 49 and SB 12. AB 49 is the conservation bill which now addresses the water rights issue and reduces the water use from the 40-60% reduction to a 20% reduction. There are still some issues with the bill.

Ms. Lorance reported that SB 229 gives the SWRCB significant jurisdiction to deal with water rights and overhaul the water rights system which includes being able to declare flows on the river without going through a public hearing process.

Ms. Lorance reported that SB 12 implements the Delta Vision which gives the Water Master (one person) the right to decide how to run the delta system - from the first dam on every river, such as Shasta, Folsom and Oroville. It would give that person the power to also develop in-stream flows without going through any process.

Ms. Lorance informed the Board that there are 2 other bills that we are waiting to hear on regarding the governance within the Delta. These bills have not come out yet – Assembly Speaker Bass expects them out on the 10th and then a financing bill will be out for both houses to review. There are serious concerns regarding these bills and the process used to adopt them, as there is no public approach to obtain the bills and no way to make comment. Mr. Bartkiewicz informed the Board that these two bills just came out this evening and his firm will be reviewing them.

Ms. Lorance informed the Board that Assemblyman Niello authored a letter at our request that was also signed by Senator Cox and Assemblymen Logue and Gaines which was sent to Senate President Pro-Tem Darrell

Steinberg. The letter asked Senator Steinberg to pay attention to this region and our concerns regarding the current bills on water.

Director Peterson requested that he receive a phone call when there are issues where he needs to place a vote on the ACWA board/committees that he serves on regarding the position of SJWD. Ms. Lorance said that he should go with oppose unless he hears otherwise, but she will definitely contact him when there are changes to this position.

No action requested, for information

1.2. ACWA Region 4 Election for the 2010-2011 Term

Ms. Lorance reported that ACWA's ten regions will be holding elections this year to identify members to serve on the region boards for the upcoming 2010-2011 term. Nominating committees within each region have been appointed to develop a slate of qualified candidates for the election.

Current Status

Region 4 has developed a slate of candidates to serve on the Region 4 board for the upcoming 2010-2011 term. Both Dave Peterson and Ms. Lorance were on the nominating committee.

Budget Impact

There is not any anticipated budget impact.

Schedule

The official vote for San Juan Water District must be received by September 30, 2009.

Staff Recommendation

Staff recommends adoption of a motion to vote for the recommended slate of candidates for Region 4 Board.

M/S/C to vote for recommended slate of candidates. 5 Aye votes.

1.3. November Board Meeting Date

Ms. Lorance reported that the November Board Meeting falls on the second Wednesday in November 11, 2009, which is Veterans' Day. Staff recommends that the Board consider rescheduling for the first or third Wednesday, November 4 or 18, 2009, since November 11th is a state holiday for staff as well.

The board discussed the time of the meeting and that of the Financing Corporation meeting. It was decided to hold the Financing Corporation meeting at 6:30 pm instead of 6:00 pm since there will very little on the agenda. The board agreed to November 4, 2009 for the November board meeting.

1.4. Educational Seminar

Ms. Lorance informed the Board that water in California has taken on a high profile during the past year, and it looks like this will continue into the foreseeable future. Legislative staff is being required to evaluate various water bills and policy that will significantly impact their constituents. It is imperative to provide them additional information on the water supply in this region, and how potential policy could cause serious issues in this region.

Current Status

San Juan Water District and the cities of Folsom and Roseville worked with the Ferguson Group to develop an educational seminar for state and federal legislative staff which will focus on our water supply, current actions, and consequences of proposed legislation. The seminar has been set for Tuesday, September 15 from 2:30 to 4:00. The invitation has been sent out to staff from the offices of Senators Boxer and Feinstein, Congressmen Lungren and McClintock, Congresswoman Matsui, Senators Cox and Steinberg, Assemblymen Gains and Niello, Assemblywoman Wolk, Governor Schwarzenegger, Assembly Committee on Water, Parks and Wildlife, and Senate Committee on Natural Resources and Water.

Budget Impact

Both staff and Paul Bartkiewicz will be making presentations at the educational seminar.

Schedule

The seminar is scheduled for Tuesday, September 15 from 2:30 to 4:00 at the State Capitol in room 2040.

Director Peterson asked if more legislative outreach was in SJWD's Strategic Plan. Ms. Lorance responded that yes it is, and that she will give the Board an update on the Strategic Plan.

No action requested, for information.

1.5. Indemnification Policy

Ms. Lorance requested a motion from the Board to approve Resolution 09-21 for indemnifying the directors of San Juan Suburban Water District Financing Corporation as previously discussed at the Financing Corporation meeting.

M/S/C to adopt Resolution 09-21 indemnifying directors, officers and employees in their capacity as directors, officers and employees of the San Juan Suburban Water District Financing Corporation. 5 Aye votes.

1.6. Report Back Items

No report back items.

1.7. Miscellaneous District Issues and Correspondence

Ms. Lorance reported that SJWD received two requests to support ACWA Vice President candidates. The Board discussed the candidates and process of supporting a candidate. The Board decided to wait until ACWA nominations are complete and discuss at the October meeting.

Ms. Lorance already reported on the CVP Shortage Policy; however, she mentioned there was a letter from Sandy Dunn in the Board packet.

Ms. Lorance reported that LAFCO is seeking nominations for Special District Commissioner Office No. 6 and Alternate Special District Commissioner for Office No. 6 and 7. The deadline is October 5th and Ms. Lorance asked if there was anyone who wanted to be nominated for these positions. There were no requests for nomination.

Ms. Lorance informed the Board that the California Water Law Conference will be held on November 5-6 in Palm Springs.

Ms. Lorance informed the Board that the ACWA Committee considerations will be submitted by the end of the month. SJWD currently has Dave Peterson requesting Finance and Water Management, Shauna Lorance for Local Government and State Legislative, and Keith Durkin for Water Management. SJWD will confirm with ACWA if more than one candidate can be submitted for each committee and, if not, then the board member will take precedence over the staff person.

Ms. Lorance informed the Board of the email and handout regarding the SWRCB Final Staff Report on Review of 2006 Bay-Delta WQCP. There are some concerns such as: the Delta Outflow Objections without discussion of where that water will come from; the Floodplain Habitat Flow Objectives; and Other Changes to the Program of Implementation. The email summarizes these areas of concern. SJWD's legal counsel will continue to monitor activity in this area.

Director Miller is concerned with how much SJWD staff can handle regarding all of the issues that are facing us right now. Ms. Lorance informed the Board that staff is spread very thin, and to address some of this issue, there is a lot of staff sharing with Roseville and Folsom, and SJWD is utilizing legal counsel staff, Ryan Bezerra with Bartkiewicz, Kronick & Shanahan, who has done a great job in following these issues.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1. Water Treatment Plant Raw Water Pipeline Project

Mr. Durkin informed the Board that this agenda item needs to be held over until the next meeting as there are still two punch list items to complete and some paperwork that needs to be completed prior to filing the Notice of Completion.

2.2. Fair Oaks 40 Water Transmission Main Rehabilitation Project

Mr. Durkin reported that the RFPs for engineering services for preliminary design were due today and approximately 9 proposals were received. This phase of the project includes initial investigations and recommendation on rehabilitation of the pipeline. Included in the RFP was a request for Statements of Qualifications for design services and related construction management services.

No action requested, for information

2.3. Bypass Pipeline Project

Mr. Durkin reported that Syblon Reid was awarded the contract, but the Notice to Proceed has not been issued yet. There was a press release from the Bureau of Reclamation basically applauding the collaborative work that was done by the City of Roseville, SJWD and the Bureau.

No action requested, for information

2.4. Administration Building and Field Operations Building Improvements Project

Mr. Durkin reported that Treehenge Construction, Inc. is finished with construction of the Administration Building and Field Operations Building Improvements Project. All work on the remodeling project has been satisfactorily completed and all requirements of the contract have been met.

Staff recommends a motion accepting the Administration Building and Field Operations Building Improvements Project as complete and authorizing staff to file the Notice of Completion with Placer County.

Ms. Lorance informed the Board that this was a professional firm, they did a great job in working around the staff and completing the work with very little disruption. Director Peterson suggested that a letter of recommendation be sent to the contractor along with the Notice of Completion.

M/S/C to accept the Administration Building and Field Operations Building Improvements Project as complete and authorizing staff to file the Notice of Completion with Placer County, along with sending a letter of recommendation to Treehenge Construction, Inc. 5 Aye votes.

2.5. Report Back Items

There were no report back items.

2.6. Miscellaneous District Issues and Correspondence

There were no other items.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

There were no report back items.

3.2. Miscellaneous District Issues and Correspondence

Ms. Morris reported that she handed out a Circular Letter from CalPERS regarding the impacts of recent investment market declines on public agencies' employer contribution rates.

Ms. Morris informed the committee that CalPERS has established their projected rate increases for employer contribution rate resulting from the recent stock market losses. These rate increases are 1.0% in 2012; 1.6% in 2013; 1.7% in 2014; and 0.2% in 2015.

No action requested, for information

4. DIRECTORS' REPORTS

4.1. SGA

Director Tobin reported that SGA meeting was held August 13th, 2009, and the following was discussed:

Groundwater Management Program Update: SGA Board adopted a revised Groundwater Management Plan. The plan includes 79 specific actions to guide staff in implementation. Rob Schwartz is responsible for impartial member reports.

Water Accounting Framework Update: SGA staff has made significant progress on the "model" for groundwater banking. Two significant remaining issues are: 1) determining losses of banked water and 2) what constitutes banked water. The SGA Board instructed staff to continue working on the next steps to conclude the water accounting framework.

Roseville Aquifer Storage & Recovery Program: in July 2009, the City of Roseville held 2 public scoping meetings for the proposed citywide Aquifer Storage and Recovery (ASR). The objectives of the program, which may include up to 11 wells, are to maintain groundwater as a sustainable resource, improve the City's water supply reliability, and to help meet regional conjunctive use program goals.

Proposed Plan for Cleanup of Aerojet Perimeter Groundwater Operable Unit: The US EPA recently released a proposed plan for cleanup of OU5, the perimeter ground water OU. OU5 includes plumes of contaminated groundwater on the north and south of the Aerojet property. Groundwater contamination from the west side of the property is included in OU3, for which a proposed plan was developed in 2002. The preferred alternative for OU5 is groundwater containment with mass removal. EPA estimates the

clean up times for the various plumes at as much as 200 years. The public comment period for the proposed plan for OU5 began in August 2009 and ends September 1, 2009.

Delta Legislative Update: five bills that make up a 2009 Delta water package were released in early August. SB 229 (Pavley) has been amended to include groundwater monitoring requirements that were originally in SB 122. The legislation would require that water levels in all groundwater basins in the state be monitored, and would allow various local entities to assume responsibility for the monitoring with the approval of the Department of Water Resources. SGA's monitoring program would likely meet the requirement in the bill.

Grant Funding: The RWA has received payments from the state reimbursing claims for four DWR grants. We have not received a notice to proceed on the grant to SGA from the AB 303 program.

The Central Valley Regional Water Quality Control Board directed its staff to prepare a strategy to protect groundwater quality. As a part of this effort, staff is holding workshops to solicit input from stakeholders to assist in identifying deficiencies, conflicts with other agency's programs, and/or gaps in protection of groundwater quality. The workshop was held in August.

4.2. RWA

Director Tobin reported that the RWA meets on September 10th.

4.3. Executive Committee

Mr. Durkin reported that the committee met on August 25, 2009 at Orange Vale Water Company. He informed the Board that Ms. Lorance reported on the NMFS Biological Opinion, the Educational Presentation at the Capitol and the WTP Flow Rates. She gave a Legislative Update and informed the committee that the Fluoridation study was complete. In addition, an update was provided on the Emergency Water Supply Planning and the Groundwater Substitution Transfer, which was the 2009 groundwater substitution/surface water transfer pilot project that was put on hold but efforts are starting up again to implement the pilot project in 2010.

Mr. Durkin informed the Board that each agency gave an update and the minutes of that meeting were included in the Board packet and can be reviewed for more details.

Director Peterson inquired what was decided on the WTP Flow Rates that were reported to be 20% less than the previous year. Mr. Durkin informed the Board that the committee decided not to do anything at this time since there isn't a clear reason for the reduction.

4.4. ACWA/JPIA

No report.

4.5. ACWA Region IV

Director Peterson reported that there was a Finance Committee meeting on September 1st to review the budget and 3rd quarter results. ACWA Health Benefits Authority meets on September 17th. Director Peterson stated that the HBA has gone to a self-insurer status instead of brokering with an insurance carrier. He has expressed his concerned to staff with the make-up and governance of the board. He reported that there is a tour to the Mono Lake facilities on September 23rd.

4.6. CVP Water Users Association

No report.

4.7. LAFCO

Director Costa informed the Board that the next meeting is September 29th.

4.8. Other Reports

Director Miller reported that he has been attending the Granite Bay Municipal Advisory Committee meetings. They are assisting the county with revisions to the existing General Plan. He is keeping abreast of potential changes that could affect our service delivery in the area, however, it will be several months before it is finalized and he will report back.

President Walters reported that he met by telephone with Dr. Terry Jones and Dr. Orsi regarding the fluoridation study. They want to meet with the other Board members. They have a meeting schedule with Ms. Lorance next week and have already talked with Director Costa. Basically, they have approximately \$7.5 million that they must spend before June 2010 and they want the water districts to fluoridate the water supply. President Walters informed the Board that the group did not want to attend a Board meeting. When Director Costa met with them, he invited the group to attend a Board meeting to bring forward a proposal. Director Miller inquired with legal counsel if they can legally cover just the initial cost and not the O&M. Ms. Lorance stated that they have not submitted a proposal yet, so SJWD is not sure what costs they are offering to cover. Mr. Bartkiewicz stated that they would be required to cover all the costs. Ms. Lorance will report back to the Board after her meeting with the group.

5. LEGAL COUNSEL'S REPORT

No report.

IV. PUBLIC FORUM

No comment.

President Walters called for Closed Session

V. CLOSED SESSION

Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(c); consideration of initiation of litigation involving one matter.

President Walters called for Open Session

VI. OPEN SESSION

1. Report from Closed Session
There is no report from Closed Session.

VII. UPCOMING EVENTS

AWWA California Nevada Fall Conference
October 5-8, 2009
Las Vegas, Nevada

Water Education Foundation Northern California Water Tour
October 7-9, 2009

ACWA 2009 Fall Convention & Exposition
December 1-4, 2009
San Diego, California

VIII. ADJOURN

The meeting was adjourned at 9:00 p.m.

BOB WALTERS, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary