

**MINUTES OF REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF
DEL PASO MANOR WATER DISTRICT**

The Board of Directors of the Del Paso Manor Water District held its regular meeting at the District office located at 1817 Maryal Drive, Suite 300, Sacramento, California on June 4, 2018 at 7:30PM.

President Allen called the meeting to order. Vice President Saunders, Director Elmore, Director Matteoli, and Director Wilson were present. Also present were Attorney Adam Brown, Manager Debra Sedwick, Field Manager Rich Bolton, and Office Administrator Lori Hensley. Albert Reyes with Nossaman and Jeff Land with Brandis Tallman were also in attendance. There were several residents and members of the public also present.

PLEDGE OF ALLEGIANCE:

President Allen led the Pledge of Allegiance.

PUBLIC COMMENT:

Resident Marissa Burt addressed the Board stating she was surprised to see a proposed budget in the Board packet on the website and suggested the Board not adopt a budget tonight. Resident Greg Schneider stated he felt the numbers in the budget were incorrect and referenced a chart he created and previously handed to some board members.

ORDINANCE NO. 20180604-1 ‘AMENDING ORDINANCE NO. 2 (ESTABLISHING TIME AND PLACE OF BOARD MEETINGS)’:

The Board briefly discussed this Ordinance. Director Wilson stated he would prefer the meetings to start at 6:30pm. The rest of the Board felt 7:30pm allowed more time for members of the public to get home, have dinner, and then attend the meetings. Resident Carol Rose read a statement that Diane Graves posted on Nextdoor about comments of the public hearing last week. Upon motion by Vice President Saunders, seconded by Director Elmore, the Board voted to adopt Ordinance No. 20180604-1 as presented by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson
Noes: None
Absent/Abstain: None.

ORDINANCE NO. 20180604-2 ‘AMENDING AND RESTATING ORDINANCE NO. 3, AS AMENDED (WATER RATES, RULES AND REGULATIONS)’:

The Board discussed the Ordinance. Vice President Saunders stated the District held many meetings on the rates, there were no comments at the hearing last week, and only two written protests were received. Director Wilson stated he has a different view. He was expecting much more from the

hearing last week; he felt that although the Ordinance has been on the website for review, the changes to the Ordinance should have been reviewed. Manager Sedwick explained the changes to the Ordinance were minor except for the rates. Director Elmore suggested a redline version would have been appreciated just to make it easier to see the changes. Vice President Saunders made a motion to approve Ordinance No. 20180604-2 "Amending and Restating Ordinance No. 3, as amended (Water rates, Rules and Regulations)" and Director Matteoli seconded the motion. Resident Trish Harrington asked for a clarification. Resident Marissa Burt and public member Paul also commented. With no further discussion. The motion carried with the following vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson
Noes: None
Absent/Abstain: None

PRESENTATION 'REFUNDING 2010 REVENUE BONDS':

Jeff Land with Brandis Tallman LLC gave a presentation on refunding the 2010 Revenue Certificates of Participation. Albert Reyes with Nossaman, reviewed some of the legal documents that will be required for the refinance. After the presentation, they answered questions the Board had.

RESOLUTION 20180604-3 "AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT AN INSTALLMENT PURCHASE AGREEMENT AND OTHER NECESSARY DOCUMENTS":

The Resolution being considered will authorize the Manager and Board President to execute the documents required to refinance the bonds. The refinance will result in over a \$500,000 savings and shortens the original term by one year. The Board discussed the value in this refinancing opportunity. There were two public comments, one by Trish Harrington and one by Greg Schneider. Upon motion by Director Wilson, seconded by Director Elmore, the Board adopted Resolution 20180604-3 by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson
Noes: None
Absent/Abstain: None

CONSENT CALENDAR:

President Allen requested the minutes from May 7, 2018 be pulled from the consent calendar. Upon motion by Vice President Saunders, seconded by Director Matteoli, the remaining consent calendar items were approved by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson
Noes: None
Abstain/Absent: None

CHECKS DRAWN

Rich Bolton (Reimbursement-CRWA Expo) 5/4
Primetax Service Charge 5/5
AT&T 5/9

<u>CHECK NO.</u>	<u>AMOUNT</u>
8723	380.70
EFT	188.13
8724	205.70

Primetax - Payroll 5/15	EFT	8775.64
Primetax - Payroll Taxes 5/15	EFT	4831.00
AT&T 5/16	8725	55.00
Primetax - Payroll 5/31	EFT	11130.40
Primetax - Payroll taxes 5/31	EFT	5518.36
PERS/Health 5/31	EFT	7268.01
PERS/Retirement 5/31	EFT	4540.79
Aqua Sierra Controls, Inc. 5/31	8726	3098.00
ACWA/JPIA 5/31	8727	620.60
Voya Financial	8728	1800.00
One Print Source & Graphics	8729	752.10
Aqua Sierra Controls, Inc.	8730	3345.66
Hill Rivkins Brown & Associates	8731	7475.00
BSK Associates	8732	933.00
Chevron	8733	379.62
AT&T Wireless	8734	223.13
VOID	8735	0.00
Emigh Hardware	8736	18.85
Forsgren Associates Inc.	8737	2298.75
Core & Main	8738	399.94
Inland Business Systems	8739	175.18
P.G. & E.	8740	9.02
Petty Cash	8741	181.13
US Postal Service	8742	744.95
Regional Water Authority	8743	107.00
Sacramento County Utilities	8744	173.22
SMUD	8745	6084.25
Solon Fire Control	8746	315.56
Sierra Chemical Company	8747	1008.60
Debra Sedwick (Reimbursement-parking)	8748	30.00
Streamline	8749	200.00
USA BlueBook	8750	520.67
The Bank of New York Mellon	8751	241518.75
Uinta Holdings, LLC	8752	1985.00
Stericycle Communication Solutions	8753	227.79
YP	8754	15.50
VOID	8755	0.00
Crocker & Crocker	8756	1667.00
Crocker & Crocker (Consumer Confidence Report)	8757	1837.50
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		321039.50

President Allen requested that the public comment on the May 7, 2018 minutes from Greg Schneider

regarding Marissa Burt receiving an award be amended to reflect that the protest she led cost the

District ratepayers hundreds of thousands of dollars. Manager Sedwick explained that the District cannot add that comment to the minutes, only what Greg stated could be reflected in the minutes. Upon

Director Wilson strongly objected to President Allen's comment. P.S. 7/12/18

motion by Vice President Saunders, seconded by Director Matteoli, the minutes of May 7, 2018 were approved as presented by the following roll call vote:

Ayes: Elmore, Matteoli, Saunders, and Wilson
 Noes: Allen
 Abstain/Absent: None

2018-2019 BUDGET:

Manager Sedwick presented the budget. Most of the numbers have been reviewed and discussed as part of the rate proposal but she did highlight a few areas that changed due to information that has been received recently. The areas she discussed where changes were made included: insurance, lab fees, audit expense, health expense, professional dues, and professional meetings. Overall, she reduced the budget by approximately \$36,000, less than 3%, which she felt allows for any unknown expenses that

may occur during the year. Each Board member commented and asked questions. Director Matteoli corrected one typo where a number was carried down incorrectly. Director Wilson requested several formatting changes. He also asked about the reserve numbers. Manager Sedwick explained that the numbers were verified by Bartle Wells and Larry Bain; she did not include the restricted cash as those funds are not available for use to pay expenses. The budget reflects expenses and revenues available to pay expenses. Director Elmore requested changes on comment line 13 and 14 to include dollar amounts for each area. President Allen opened the floor to public comments. Resident Greg Schneider feels the amounts on the reserves are incorrect. Resident Marissa Burt suggested that repairs and maintenance expense be lowered to \$60,000. Resident Carl Dolk asked about the repairs to Well #3 and Well #8 as well as the Planned System Maintenance expense. Director Matteoli made a motion to approve the budget with the few corrections the Board made, Vice President Saunders seconded the motion, and the budget was approved by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson
Noes: None
Absent/Abstain: None

PERCEIVED CONFLICT OF INTEREST ISSUE:

Director Wilson requested this item be included on the agenda again for clarification and discussion. He felt the issue should not have happened as it was not proper timing. He stated the District was talking about the contract with Bartle Wells when the issue was brought up. He disagreed that there was a conflict of interest by quoting section 87103 and 87102.8 from the Fair Political Practice Commission (FPPC). He asked Attorney Brown is he was aware of these sections. Attorney Brown stated he was aware of those sections and, as he stated prior, he did not feel there was a financial conflict; however, there was a perceived conflict due to his and his wife's relationship with the other parties that should have been disclosed. Director Wilson stated he disagrees and wants an apology for him and his wife because the way he was treated by the Board was an insult. He felt his integrity was being questioned. Director Allen suggested that maybe the District should request an opinion from the FPPC. The others felt this issue was closed and that they have moved on. Resident Carol Rose asked Director Wilson if his wife still ^{25 7/18} worked at A Leap Ahead IT since she is shown as an employee on their website. Director Wilson stated she does but only in an advisory position. Marissa Burt asked if Director Matteoli contacted the Manager or any other Board member about his perceived conflict of interest before bringing it to the Board. Director Matteoli stated he contacted the Board President and the Manager that he perceived there could be a conflict. Attorney Brown encouraged Director Wilson to re-read his memo.

REPORT FROM FIELD MANAGER CONCERNING:

May field matters:

1. The District field staff responded to four leak service calls this month. Three were the responsibility of the homeowner and one was a 2" main break caused by tree roots. Due to the nature of the leak, GM construction had to assist with the main repair.
2. Field staff performed 24 Underground Service Alerts and two customer service line location requests.
3. District staff located a valve on Stuppi Way that was not on our mapping system.
4. High winds caused a fuse to blow at the transformer on Well #4. SMUD replaced it the following day.
5. District staff met with the contractor working on the Del Paso Manor Elementary School project. Pipeline layout, plan check and capacity fees, and fire flow certification were discussed.
6. Aqua Sierra completed the electrical work at Well #7 for the oiler, chemical pumps, and exhaust fans. Coordination for flushing the well is being scheduled now.

REPORT FROM MANAGER CONCERNING:

May operational matters:

1. Manager Sedwick reported that the District received a check for \$414 as a restitution payment from the drunk driver who hit and damaged the hydrant on Marilona Drive and Verna Way.
2. The District received notice from Sacramento Local Agency Formation Commission that Terri Leimbach was elected as the Independent Special District Representative to the Consolidated Redevelopment Oversight Board and Jeff Frye as the alternate.
3. Manager Sedwick is continuing to look at alternatives for Well #3; she requested an ad-hoc committee be appointed. President Allen appointed Bob Matteoli and Jeb Elmore to the committee.
4. The District received notice that the US Environmental Protection Agency has been requested to set a federal maximum contaminant level under the Safe Drinking Water Act for Perfluoroalkyl and Polyfluoroalkyl substances (PFASs).
5. Updates on the Water Fix hearings, SGMA, legislative issues and water efficiency were given at the Water Caucus meeting. There was also a brief discussion of updating the conservation element of the Water Forum agreement.
6. At the RWA executive committee meeting, the executive director evaluation process was discussed. The committee also approved requesting the full Board to designate the remaining salary budget of nearly \$25,000 from FY18 to FY19 to assist in hiring a new legislative director. The membership committee gave an update.

7. The District reduced our water production for May by 36.4% with a year to date reduction of 32.9% compared to 2013. Compared to 2017, May water production increased by 9.6% but the year to date is still a reduction of .6%.
8. All bacteriological quality samples tested absent for May.
9. There was one water quality complaint for the month of May for “foggy” water. Upon investigation, staff determined it was from air in the customer’s line.

REPORT FROM ATTORNEY CONCERNING:

No report.

REPORT FROM ENGINEER CONCERNING:

No report.

REPORTS ON VARIOUS MEETINGS:

Vice President Saunders attended the Regional Water Authority meeting. A meter replacement consortium MOU which Citrus Heights Water District is leading and the RWA will be involved in was approved unanimously. An update on the Water Efficiency Program was given by Amy Talbot. Rob Swartz gave a Regional Water Planning update.

Director Matreoli attended the Association of California Water Agencies Ag Committee meeting and the Groundwater Committee meeting. The Ag Committee is a new committee that was formed to bring agriculture issues to SGMA governance and implementation. Turlock Irrigation District gave a presentation on their hydroelectric project. AB 313 was discussed. The California Farm Bureau Federation led a brief discussion on how water rights are affecting California agriculture and how to get farmers involved with SGMA. ACWA gave a quick overview of Proposition 1 water storage funding, Bay-Delta flows, Wetlands, and SGMA implementation. At the Groundwater Committee meeting, John Woodling stated the Groundwater Committee will need to work closely with the Ag Committee. A SGMA update was given. The Groundwater Replenishment Initiative was discussed. The Nature Conservancy gave a presentation on groundwater. Both meetings were very good.

Vice President Saunders also attended the LAFCo Special District Advisory Committee meeting. An update on Strategic Growth Council grants and pending legislation were given. They announced the appointment of Terry Leimbach to the Consolidated RDA Oversight Board. Various District’s discussed their key issues which included: Rio Linda/Elverta Water District on how to handle a rate increase with a possible water tax, SMUD’s concern about legislation regarding liability of forest fires, American River Flood Control announced their annual levee system inspection showed all are in

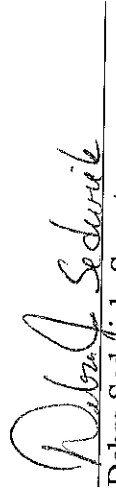
excellent condition, and Fair Oaks Cemetery District announced they are running out of land and have no money to purchase new land.


BOARD GENERAL DISCUSSION:

Vice President Saunders requested several items as future agenda items including: Director compensation, outreach, professional meeting and conference attendance, contracting with CalPERS for actuary services to achieve funding goals, and discussion on possible policy for splitting employee compensation to the O&M and Planned System Maintenance funds. Director Elmore agrees that Director compensation should be discussed. Director Matteoli responded to a question directed to him from the website regarding his comments last month on what the delay in the rate increase cost the rate payers. Director Matteoli estimated the delay cost the rate payers approximately \$1.2 million, possibly more. His calculations included: the O&M expense exceeding revenue by approximately \$250,000 and a loss of revenue of approximately 30% for one year, had the rate increased passed last year, is approximately \$420,000, giving a total approximate loss of \$670,000. Also, if the rate increase passed last year, the District would have been able to get funding for the next phase of projects. Since interest rates have increased nearly .5% since last August, this interest rate increase cost the rate payers over \$500,000 for \$5,000,000 worth of funding. Adding these losses together, the total is approximately \$1.2 million.

There being no further business to come before the Board, the Board President adjourned the meeting at 10:55PM.

ATTEST:


Debra Sedwick, Secretary


~~Richard K. Allen, President~~
Ryan Saunders, Vice President