

**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 October 1, 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. Rob Swartz with Regional Water Authority and Alan Driscoll with Forsgren Associates were also in attendance. There were several residents and members of the public also present.

PLEDGE OF ALLEGIANCE:

Vice President Saunders led the Pledge of Allegiance.

PUBLIC COMMENT:

Resident Greg Schneider commented other water purveyors pay their Directors \$100 per meeting; according to his figures, when Del Paso Manor went from \$100 in 1998 to the current \$200 per meeting it would have saved over \$200,000. Therefore, he urges the committee to consider something the residents can afford.

Resident Carl Dolk announced there will be a Candidates Forum on Thursday, October 18th at St. Marks Church with John Hoffman as the moderator.

CONSENT CALENDAR:

Director Wilson requested to have the minutes from September 4, 2018 pulled.

Vice President Saunders made a motion for the approval of payment of September invoices which was seconded by Director Matteoli. Resident Trish Harrington inquired about Voya Financial reoccurring payment of \$1,800 every month; Manager Sedwick informed her it is the employee paid deferred compensation. With no further comments, the motion carried to pay the September invoices by the following roll call vote:

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

<u>CHECKS DRAWN</u>	<u>CHECK NO.</u>	<u>AMOUNT</u>
AT&T 9/4	8853	85.42
Primetax Service Charge 9/5	EFT	192.34
ACWA Fall Conference 9/5	8854	2097.00
ACWA Region 4 Event 9/6	8855	80.00
AT&T 9/6	8856	175.93
Aqua Sierra Controls, Inc. 9/12	8857	1716.66
Primetax - Payroll 9/14	EFT	8745.43

Primetax - Payroll Taxes 9/14	EFT	4864.54
AT&T 9/24	8858	55.00
Primetax - Payroll 9/28	EFT	9722.00
Primetax - Payroll taxes 9/28	EFT	5065.89
PERS/Health 9/28	EFT	7260.77
PERS/Retirement 9/28	EFT	4578.28
ACWA/JPIA Auto & General Liability 9/28	8859	13437.00
ACWA/JPIA 9/28	8860	620.60
Voya Financial	8861	1800.00
One Print Source & Graphics	8862	292.93
Hill Rivkins Brown & Associates	8863	1400.00
BSK Associates	8864	87.00
Chevron	8865	462.46
Emigh Hardware	8866	101.29
Forsgren Associates Inc.	8867	927.50
GM Construction & Developers, Inc.	8868	14550.49
Inland Business Systems	8869	177.12
Odell's Pump & Motor Service	8870	158.40
P.G. & E.	8871	8.32
Petty Cash	8872	103.30
U.S. Postal Service	8873	717.22
Sacramento County Utilities	8874	175.22
SMUD	8875	10959.92
Sam's Club	8876	207.15
Sierra Chemical Company	8877	578.10
Streamline	8878	200.00
Linda Pelachino (Refund over payment #2716)	8879	2334.68
Brian Sutton (District cost share fence-Well #2)	8880	2839.00
Uinta Holdings, LLC	8881	1985.00
Stericycle Communication Solutions	8882	434.29
YP	8883	15.50
		<u>99211.75</u>

Resident Greg Schneider commented on the September minutes that he felt his and Marissa Burt's comments on the Master Plan presentation should have been included. Director Wilson requested the minutes to be pulled as he wanted his comments made during the meeting to be included in the minutes. He provided written additions to each Director and Manager Sedwick that he wanted added under the Master Plan scope discussion, Field Manager's report and Manager's report. There was discussion about specific comments being added as the District does not do verbatim minutes. Director Wilson stated he felt strongly that his comments be added as he provided. Director Matteoli said that if that is going to be done, then a bullet description as to the items, the consensus the Board agreed to should be included also. It was agreed that Manager Sedwick would revise the minutes of September 4th and bring back to the Board for approval next month.

PRESENTATION ON REGIONAL WATER BANKING PROGRAM AND THE ASR STUDY:

Rob Swartz with Regional Water Authority described the Regional Water Reliability Plan. The vulnerabilities of each agency were taken into consideration, along with mitigation measures for the region, and conjunctive use. The next steps will include the development of a regional model. The goal is to develop a regional groundwater bank. Rob provided a presentation on a regional groundwater bank. He discussed the recent in-lieu water transfer that was just done involving six agencies within the region. Each participated in a different way and will share the proceeds of the transfer. They were able to get a market price of \$400 per acre foot of water. Rob then explained how through the Water

Reliability Plan meetings, several agencies expressed an interest in Aquifer Storage and Recovery (ASR) but need more information. He explained what ASR was and stated that he is putting a RFQ together for agencies to participate and to help answer if ASR is a viable option for them. It will be a high level of study. Rob answered a few questions from the Directors and the public. Manager Sedwick commented that water banking could be a possible revenue source for the District which could assist with infrastructure replacement costs.

OLD BUSINESS:

1. None.

NEW BUSINESS:

1. Upcoming Meetings:

- a. ACWA Regions 2 and 4 Program “A Lesson in Functional Flow”, Thursday, November 15th, 2018.

2. The Board reviewed the request for waiver of charges and fees for 3600 Winding Creek Road. Josh Winston requested the charges and fees prior to him taking ownership in January 2017 be waived as he was not aware of the previous owners, Katherine and Mark Becker’s unpaid fees and charges of over \$2,000. Eileen Booth, representing the Becker’s, also requested the fees be waived as the Becker’s never used water as it is a vacant lot. Manager Sedwick gave a brief history of the account along with information that the account was credited in July 2, 2012 with payment made by Fidelity Title which included the reconnection fee. With receipt of payment, the District turned on the water on July 2, 2012. However, on November 15, 2012 the service was terminated for non-payment per the District’s policy. In August 2018, the District was contacted by Josh Winston requesting water be restored without paying the charges and fees prior to his ownership. Per the District’s policy, he was told the account would need to be paid in full before restoring water. District staff stated that if he paid and provided the new address of the previous owner, we would send out another bill, and if they paid, he would get a credit on the account. The Board reviewed all the information and discussed. If the charges were waived it would be considered a gift of public funds. Vice President Saunders made a motion to unfortunately deny the request to waive charges and fees for 3600 Winding Creek Road which was seconded by Director Matteoli. With no further comments from the public or Board, the motion carried by the following roll call vote:

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

3. Reviewed and discussed participation in the Regional Water Authority ASR study. Manager Sedwick stated that the study coincides with our Master Plan update. In the past, the District has questioned if ASR was feasible for Del Paso Manor Water. This will be an opportunity to get questions answered for a fraction of the cost if we were to do the study ourselves. The RWA expects the cost for the study would be around \$25-50,000 and each share would be approximately \$5,000. Manager Sedwick's recommendation is to give her the authority up to \$5,000 to \$6,000 to participate. If the District's share is more, she can come back to the Board. Director Wilson is not in favor as he does not see the benefits as we are too small and not a big player. He would rather see SGMA get started in the basin as he feels water banking is years away. Vice President Saunders respectfully disagrees with Director Wilson, as he sees this being the appropriate time to be involved on the ground floor as he would hate to see the District miss out on this great opportunity. Director Matteoli sees this as a driving force in water reliability and it is going very fast. He further stated we need to participate in this study, working quickly to get concepts together, or it is going to pass us by. The District being centrally located to pump water to bank and then sell puts us in a good position. Building relationships with other agencies may even assist with drilling another well in the future. President Allen agreed with Director Wilson; however, looking how SGA and RWA have moved the region ahead, he is okay with participating. Director Elmore felt in the long term it was premature and not suitable for the District at this time. He would like to see the RFQ and more defined scope of work for the District. Vice President Saunders made a motion to allow the Manager up to \$5,000 to participate in the RWA's ASR study for the District and it was seconded by Director Matteoli. Resident Greg Schneider argued against spending the money for the study as the Board does not know where you are sitting financially for the quarter, not to mention the audit. These are hard decisions, but he would reduce spending at this time. Resident Carl Dolk stated that he sees this as an insurance policy and another source of revenue in addition to planning for the unknown and the future of the District. He also agrees with the cap of \$5,000 in spending. With no further comments by the public or Directors, the motion to allow up to \$5,000 for Manager to participate on behalf of the District in the ASR study the motion carried by the following roll call vote:

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

4. Vice President Saunders requested at the June meeting that the Board review and discussed CalPERS Unfunded Pension Liability. Manager Sedwick clarified that CalPERS is about 1 ½ years behind as she just received in September the June 2017 report. At the community meetings, Doug Dove with Bartle Wells explained that it is difficult to calculate the amount needed to achieve the 85%

goal that the District set as it is a moving target. Manger Sedwick explained that the District can amortize the current Unfunded Liability over 15 or 10 years, but once we decide to do that we must continue. Only the “new amount” per their annual report can then go back to the defaulted 30 year amortization. This approach could be very confusing. Also, if the District has a cash flow issue, not being able to return to a 30 year amortization could be problematic. The best way to ultimately achieve the goal is to pay more each year than what is required on the 30 year amortization. Manager Sedwick recommends this approach to ultimately reach the 85% goal. Director Wilson expressed his frustration that Doug Dove was not able to calculate the amount needed and why the report said 81% also now the Manager is stating it is less. Manager Sedwick explained that this was due to the moving target she described; CalPERS provides a report each year that is behind about 1 ½ years and the amount is based on their rate of return assumptions. Director Wilson went on to say the executive summary was a bunch of garbage, he is tired of seeing this stuff; this is a joke, and is very frustrated. He feels with the passing of the last 218 rate increase, the District still did not get the percentage needed. He said that is why he is not running for the Board this election. Director Matteoli pointed out that CalPERS is 1 ½ years behind and it is a process that takes time. He further stated the District has not even implemented the amount Doug Dove recommended we pay into CalPERS. We will not know until 1 ½ years later. He agreed paying more then what is due is the best way. Resident Marissa Burt inquired as to what percentage the employees pay; Manager Sedwick responded that all employees are classic members and pay 7%. Resident John Lenahan asked why the District’s goal is 85% as other agencies are not at that level. Manager Sedwick explained that unfunded pension liabilities are shown as liabilities on the financial statements and the lower the liabilities the better the options will be for loans as the District moves forward to fund infrastructure replacement.

President Allen tabled items 7e. through number 12 to the next Board meeting as it was getting late.

BOARD GENERAL DISCUSSION:

Director Wilson is frustrated that there is a lot of work to be done on the Master Plan update. Construction costs have gone up and time is money. He felt Kennedy Jenks did a great job but it is old and needs to be updated. Director Matteoli stated it will be important to show a baseline of water usage; therefore, he feels everyone needs to use water to increase the baseline. Director Matteoli also commented on Greg’s comments on reducing the Director compensation; it needs to be reviewed as many neighboring agencies allow their Directors to charge for all meetings up to ten per month, which makes their total Director compensation much more. He further commented that he does not believe drilling another well is necessary at this time nor do we have the funds without a rate increase in

Planned System Maintenance; it is beneficial for us to keep a good relationship with Carmichael Water District since many purveyors are going to them for water.

CLOSED SESSION:

The Board convened into closed session at 10:38PM to discuss potential litigation against responsible parties arising out of 1,2,3-Trichloropropane contamination.

The Board convened back into open session at 10:50PM. The Board received a report. No action was taken.

There being no further business to come before the Board, President Allen adjourned the meeting at 10:51PM.

Richard K. Allen, President

ATTEST:

Debra Sedwick, Secretary