

**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 November 6, 2017 at 7:30PM.

President Allen called the meeting to order. All Board members were present. Also present were Attorney Brown, Manager Sedwick, Field Manager Rich Bolton, and Office Administrator Lori Hensley. Also in attendance Sergio Guillen with Forsgren Associates. Douglas Dove with Bartle Wells Associates and CPA Larry Bain were also in attendance for presentations. There were several residents and members of the public also present.

PLEDGE OF ALLEGIANCE:

All stood for the Pledge of Allegiance.

BARTLE WELLS ASSOCIATES PRESENTATION:

Manager Sedwick introduced Doug Dove with Bartle Wells Associates. Doug gave an outline presentation of the scope of work to be performed for the Cost of Service Analysis. Through the process, the District will establish guiding principles, determine reserves needed and build consensus. Director Clohossey asked if there is a recommended amount of money to have in our reserve fund and if the creation of a reserve policy will happen through this process? Doug stated a reserve policy will be created and it is a generally acceptable and typical to have reserves equal to one year of operating expenses. Director Wilson inquired how to reach the public? Doug further stated the plan is to get feedback from the residents through planned workshops, using newsletters, bill inserts, and the 218 process. With no other questions or comments, he ended his presentation and stated he is looking forward to working with our District.

PRESENTATION OF 2016/17 AUDIT BY LARRY BAIN, CPA:

Larry Bain presented a draft 2016/17 audit. Director Matteoli asked questions regarding unfunded pension liabilities with regards to how we rank with other agencies and if the revenue in the audit is derived from the two line items on the bill? Director Wilson commented that the audit does not clearly show O&M and Planned System Maintenance revenue and asked if an executive summary or a separate report can be provided to show the breakout? Director Clohossey asked a series of questions to established Larry Bain's credentials on performing audit work. He then asked a series of questions with regards to how the audit is performed and finally asked if he saw any improper use of funds, anything

out of the ordinary, or any indication that funds were missing? Larry replied that he is obligated to call the Board if he sees anything improper. He further stated that the District's books balance to the penny. Director Wilson then asked if this the audit could be separated to show O&M and Planned System Maintenance or have two audits, one for O&M and one for Planned System Maintenance. Larry replied that is not necessary; for this audit, he could provide a supplemental report with a breakout with the numbers that the District staff provides. Director Clohossey asked additional questions regarding the legality of paper manual journals and what a forensic audit includes. Larry replied there is nothing illegal in keeping paper journals and added that a higher skill is required to do manual accounting because it requires a specific scope of knowledge and understanding of accounting. His audit does a random sampling of invoices where a forensic audit would review much more. Residents asked various questions regarding how many agencies keep paper journals, what type of software could be used, can the audit be done sooner, segregation of duties, if there was a requirement to segregate O&M from Planned System Maintenance revenue, and legal requirements on engagement of an auditor. Larry answered their various questions. Director Wilson requested future audits show the two funds separated. He would also like the audit to show the end of the year carryover. With no further questions, the Board thanked Larry for his presentation and time.

The Board discussed the audit and adding the supplemental report that Larry discussed. Manager Sedwick stated the estimated cost for the supplemental information report would be between \$1000 and \$1500. Upon motion by Director Wilson, and seconded by Director Matteoli, the Board voted to amend the contract to add additional supplemental information to the audit by the following roll call vote:

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

CONSENT CALENDAR:

Director Clohossey requested the minutes of October 2, 2017 be pulled from the consent calendar.

Approval to pay the following invoices for October 2017.

<u>CHECKS DRAWN</u>	<u>CHECK NO.</u>	<u>AMOUNT</u>
Primetax Service Charge 10/5	EFT	192.50
ACWA/JPIA (Workers' Comp.) 10/5	8502	1713.29
AT&T 10/6	8503	204.38
Primetax - Payroll 10/13	EFT	8071.46
Primetax - Payroll Taxes 10/13	EFT	4959.69
Sac. Regional Co. Sanitation District (Well #3 Permit) 10/24	8504	610.65
AT&T 10/27	8505	159.50
Primetax - Payroll 10/31	EFT	10376.65
Primetax - Payroll Taxes 10/31	EFT	5704.75
PERS/Health 10/31	EFT	6977.99
PERS/Retirement 10/31	EFT	4462.75
Association of California Water Agencies (Dues) 10/31	8506	5685.00
ACWA/JPIA (Dental, Vision, & EAP) 10/31	8507	620.60

Voya Financial	8508	1800.00
VOID	8509	0.00
VOID	8510	0.00
AT&T	8511	82.10
Hill Rivkins Brown & Associates	8512	1975.00
BSK Associates	8513	108.00
Chevron	8514	381.92
AT & T Wireless	8515	295.03
County of Sacramento (Light Taxes)	8516	58.98
Emigh Hardware	8517	119.54
Forsgren Associates Inc.	8518	1672.50
Grainger	8519	22.27
Ferguson Waterworks	8520	995.89
Ken Ingle	8521	45.19
Inland Business Systems	8522	164.84
P.G.& E.	8523	8.60
Petty Cash	8524	133.97
SMUD	8525	10282.34
Sam's Club	8526	201.56
Sierra Chemical Company	8527	295.20
SWRCB-DWOCP	8528	90.00
Streamline	8529	200.00
Tesco Controls, Inc.	8530	994.30
USA BlueBook	8531	43.18
Sacramento LAFCo	8532	236.00
Uinta Holdings, LLC	8533	1930.00
Stericycle Communication Solutions	8534	332.81
YP	8535	15.50
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Upon motion by Director Clohossey, seconded by Director Wilson, and carried the Board approved to approve the consent remaining item on the consent calendar by the following roll call vote:

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

Director Clohossey made several suggested corrections to the October 2, 2017 minutes. Due to the number of corrections, the minutes will be revised to incorporate his changes and will be brought back next month for approval.

REPORT FROM FIELD MANAGER CONCERNING:

October field matters:

1. The District field staff responded to ten leak service calls this month. All were customer service line or irrigation line related that required the assistance of the District. The District staff was required to locate seven curb stop valves pertaining to the leaks.
2. Field staff also performed fifteen Underground Service Alerts and three customer requests for service line locations throughout the month.
3. The after hour SCADA alarms at Well #9 have stopped. SMUD installed monitoring equipment to measure line voltage and everything is within the specs. However, the VFD has suffered a malfunction and is currently offline waiting service from Tesco Controls.
4. District staff met with the contractor for El Camino High School performing arts building project. They have paid for the capacity fees for an 8” fire protection line. The District is waiting to

receive the completed plans and plan check fees before proceeding with the installation of the new fire protection line.

5. As reported last month, the construction permit for County Club Plaza theaters has been issued. District staff is still waiting for the contractor to submit their plans and plan check fees before proceeding.

6. Aqua Sierra Controls representative came out to Well #8 to troubleshoot the radio unit, SCADA modules A and B, and the depth sensor.

7. The District received the Sacramento County Sanitation Discharge Permit for increased flushing at Well #3.

8. District staff flushed Well #3 and performed an additional test for 1, 2, 3, - TCP. The test results are pending at this time.

REPORT FROM MANAGER CONCERNING:

October operational matters:

1. The District received a letter from CalPERS CERBT Trust stating the contribution payment was inadvertently placed into Del Puerto Water District account. The correction has been made and Manager Sedwick has contacted Total Compensation and they will be amending the final valuation report.

2. The District had a State Water Resource Control Board Division of Drinking Water inspection this month. The representative will be providing a written report.

3. The SWRCB has been very busy this month. First, the State Board adopted a resolution which revises the Water Quality Enforcement Policy. Second, the State Board will be holding a public workshop to receive comments regarding "Providing Safe Drinking Water through Consolidations of Water Systems and SB623" on November 13th. Lastly, the State Board guidelines for Drinking Water for Schools grant program was officially released; all projects must be located in disadvantage communities.

4. Manager Sedwick attended the Water Caucus meeting. Updates were given on the Delta, SGMA, legislative issues, water efficiency, and the Regional Water Reliability Plan.

5. Manager Sedwick attended the RWA Lobby Program meeting. The 2018 work plan was discussed. Reviewed and discussed long term conservation, public goods charge, the Low Income Water Rate Assistance recommendations, and SCA 4.

6. The RWA held a Legislative Process Workshop. Great information was presented and the draft 2018 legislative calendar was reviewed as well.

7. The ACWA Region Election results are in. Region 4 election results are: Pam Tobin, Chair, Mark Emmerson, Vice Chair, and the remaining Board is Bryan Busch, Thomas McGurk, John Mensinger, Kristin Sicke, and Dan York.

8. The District received notice that the CalPERS Board will be considering sponsoring legislation that would require unfunded JPA pension liabilities to be shown on each member's balance sheets.

9. The District reduced our water production for October by 12.5%, compared to 2013; the year to date reduction compared to 2013 was 20%. Compared to 2016, October usage increased by 3.7%, with year to date increase of 8.6%.

10. All bacteriological quality samples tested absent for October.

11. There was one low pressure complaint on Avalon Drive. Upon investigation, the field staff found there was a broken irrigation line.

12. Residents Marissa Burt and Greg Schneider delivered a package with twenty-two recommendations. Each of the Board members has received a package.

REPORT FROM ATTORNEY CONCERNING:

No report.

REPORT FROM ENGINEER CONCERNING:

No report.

REPORTS ON VARIOUS MEETINGS:

President Allen attended the Sacramento Groundwater Authority meeting. The Sustainable Groundwater Management Act update was given by Executive Director, John Woodling. Rob Swartz gave updates on the draft scope of work to develop groundwater sustainability plan for North American sub-basin and the groundwater management program. The appointment of the nominating committee for the 2018 SGA Officers was made.

Vice President Saunders attended the Local Agency Formation Commission Special District Advisory Committee meeting. California LAFCo reviewed and discussed the recent Grand Jury findings focused on Municipal Service Reviews; specifically, that not all water purveyors have completed their MSR's with area LAFCo. The Special District Advisory Committee "Office A" term ends December 2017 and nominations are due in November. The first meeting in 2018 will be January 30th. They will establish a schedule of meetings with locations for the remainder of 2018 at that time.

OLD BUSINESS:

1. Director Clohossey updated the Board on the communication committee status. Director Clohossey reported working with Manager Sedwick and Crocker & Crocker on the next newsletter. In

order to have different ways to communicate with the customers, email addresses and phone numbers will begin to be collected to establish a database. Director Clohossey stated sending out surveys is time consuming and quite costly even though they have value. To date there were still no applications received for the posted unpaid intern position. Per the request of the Board to inquire information about options for a paid intern position , Director Clohossey presented two options:

Option 1: Resubmit a new application with Sacramento State Communication Department for a paid Master’s level graduate student. The Communications Dept. Coordinator assists with getting the internship posted at Sacramento State. All interested applicants then contact the District directly and the District does all screening, background checks, drug testing, payroll, insurance, etc. The intern becomes an employee of the District.

Option 2: Engage with the University Enterprises, Inc. to provide an intern. They provide a much higher level of service and offers a broader network of recruitment than option 1, as their sole focus is on the placement of interns. The District would have the responsibility of the interview process and selection of a candidate however; University Enterprises is the employer of record. UEI handles all human resource functions not the District. The District would be responsible for signing off on timecards and monitoring work performance only. The monthly invoice would reflect a 15% fee for UEI services.

Director Clohossey recommends the District consider option 2, as the pool of candidates will be broader and the responsibilities of the human resource will not be up to the District. The intern can possibly put together a “Welcome to the District kit”, assist with possible surveys, and assist with web site up dates. After Board discussion, upon motion by Director Wilson, and seconded by Vice President Saunders, the Board voted for option 2 with University Enterprises, Inc. at an hourly rate not to exceed \$30 per hour (inclusive of all fees) for an average of fifteen hours a week by the following roll call vote:

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

NEW BUSINESS:

1. Upcoming meeting(s):

a. SGA/RWA Annual Dinner meeting, December 7, 2017 at Northridge Country Club.

2. Reviewed and discussed level of effort analysis for Field Manager Bolton and O & M Tech

II/Construction Coordinator Ingle. Manager Sedwick reviewed general functions of the field staff. The total hours show the average “monthly” hours to perform their different functions. Director Saunders

inquired how the hours were established and Manager Sedwick replied with work logs. Some are estimated as it depends on the difficulty of the work. Due to time constraints, Manager Sedwick requested the Board review and get back to her if they have questions.

PUBLIC COMMENT:

None.

BOARD GENERAL DISCUSSION:

Director Wilson thanked Greg and Marissa for their recommendations. Director Clohossey met with resident Jim Sissom; he believes all his questions were answered. Director Clohossey also met with Manager Sedwick. They reviewed the District's current billing system operations, general ledger, and the figures for the carry over. He would like to request a meeting to consider reviewing as a Board Greg and Marissa's ideas. Director Wilson and Vice President Saunders are open to a meeting. A few times and dates were discussed, one of which was November 14th. Manager Sedwick said she will call each Director tomorrow to get their schedule and get a meeting date; she would reach out to Marissa and Diane. Marissa stated she would call Greg.

There being no further business to come before the Board, the Board President adjourned the meeting at 10:37PM.

 _s/s Richard Allen_____
Richard K. Allen, President

ATTEST:

 _s/s Debra Sedwick_____
Debra Sedwick, Secretary