

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

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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 July 2, 2018 at 7:30PM.

Vice President Saunders called the meeting to order. Director Elmore, Director Matteoli, and Director Wilson were present. President Allen was absent due to a scheduled vacation. Also present were Attorney Adam Brown, Manager Debra Sedwick, Operations & Maintenance Technician Ken Ingle, and Office Administrator Lori Hensley. 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 Trish Harrington commented that she would like a report on all the District wells as she has previously requested. Resident Marissa Burt stated she and Greg Schneider have provided the Manager and each Board member with a document on feedback and recommendations regarding the budget since she felt the rate payers had very little input for the proposed budget with it being released on Friday before the Board meeting and the Board approving the budget at the Board meeting. She also commented that she felt fairness with the public had not been consistent with the Board and also she felt the Board was treating one Board member unfairly. Resident Greg Schneider stated he and Marissa felt there could be potential Brown Act violations and read from the document they provided to the Manager and each Board member.

Vice President Saunders requested Attorney Brown address the complaint of potential Brown Act violations. Attorney Brown stated that he has not observed any Brown Act violations. He further commented that although there have been some heated exchanges, the public has been given many opportunities for input.

CONSENT CALENDAR:

Director Wilson and Director Matteoli requested the minutes from June 4, 2018 be pulled from the consent calendar. The only item remaining on the consent calendar was approval of payment for the June invoices. There were no public comments. Upon motion by Director Elmore, seconded by Director Wilson, the Board approved the payment of the June invoices by the following vote:

Ayes: Elmore, Matteoli, Saunders and Wilson

Noes: None  
Abstain/Absent: Allen

<u>CHECKS DRAWN</u>	<u>CHECK NO.</u>	<u>AMOUNT</u>
Primetax Service Charge 6/5	EFT	188.13
Crocker & Crocker (In Replacement of ck.#8709) 6/11	8758	6057.35
AT&T 6/11	8759	163.43
Primetax - Payroll 6/15	EFT	8802.49
Primetax - Payroll Taxes 6/15	EFT	4842.53
AT&T 6/20	8760	55.00
Aqua Sierra Controls, Inc.	8761	2443.68
PERS/Retirement 6/28	EFT	4414.35
Primetax - Payroll 6/29	EFT	10751.62
Primetax - Payroll taxes 6/29	EFT	5274.74
Voya Financial 6/29	8762	1800.00
Hill Rivkins Brown & Associates	8763	5350.00
BSK Associates	8764	4452.40
Chevron	8765	426.73
AT&T Wireless	8766	227.78
City of Sacramento (Water Contract)	8767	2823.98
Crocker & Crocker	8768	950.00
Emigh Hardware	8769	185.64
Forsgren Associates Inc.	8770	1150.00
GM Construction & Developers, Inc.	8771	4523.50
Ferguson Waterworks	8772	2290.45
Ken Ingle (Reimbursement-Safety Boots)	8773	226.28
Inland Business Systems	8774	205.30
P.G. & E.	8775	8.32
Rain For Rent	8776	3497.66
SMUD	8777	7969.02
Sam's Club	8778	175.55
Sierra Chemical Company	8779	351.97
Streamline	8780	200.00
USA BlueBook	8781	4798.67
Ron Logsdon (Reimbursement-Fence)	8782	392.91
Stericycle Communication Solutions	8783	232.51
YP	8784	15.50
Petty Cash	8785	110.02
AT&T (Community Mtg.& Public Hearing Room Rental)	8786	183.75
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		86541.26

Vice President Saunders opened the minutes up for discussion by the Board. Director Wilson requested that President Allen's comment regarding the May 7, 2018 minutes regarding Marissa Burt's protest costing the rate payer's hundreds of thousands of dollars be stricken from the record. He also strongly objected to this being in the minutes as he felt it was <sup>misleading</sup> ~~misleading~~ to our rate payers and was wrong. The Board needed to take responsibility for the failed rate increase proposed in 2017. Director Matteoli recalled Director Wilson objecting but stated this comment was said in the meeting. Vice President Saunders stated that although he did not agree with the statement made, it was said in the meeting. The minutes are not verbatim; the goal is to give a reflection of what transpired at the Board meeting. He felt it would be a slippery slope to start picking and choosing what was said. Director Elmore agreed with Vice President Saunders. Director Matteoli suggested that a line be added to reflect that Director Wilson objected to President Allen's comment.

Director Matteoli requested the minutes be pulled in order to add clarification on the perceived conflict of interest discussion by Director Wilson. He requested that it be clarified that the Board was not discussing the contract with Bartle Wells but was discussing giving Bartle Wells direction with

regards to items to be included for funding in the rate increase under “modernization” which would be in the discussion of accounting software, including Quickbooks. Manager Sedwick explained that, like she stated last month regarding President Allen wanting to add comments, we cannot change what was said. Director Elmore noted a minor spelling correction on page 51 since the minutes were pulled.

Vice President Saunders asked Manager Sedwick to read the corrections made; she added the line that Director Wilson strongly objected to President Allen’s comment and corrected the minor spelling error requested by Director Elmore. Director Elmore made a motion to approve the minutes as corrected and Director Wilson seconded the motion. Vice President Saunders asked the public if there were any comments. Seeing none, he called for the vote. The Board approved the June 4, 2018 minutes as corrected by the following roll call vote:

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

REPORT FROM FIELD MANAGER GIVEN BY GENERAL MANAGER CONCERNING:  
June field matters:

1. The District field staff responded to twelve leak service calls this month. Eight were the responsibility of the homeowner and the others were the District’s responsibility. Three were breaks caused by tree roots and one was due to corrosion on an 8” steel main. Due to the nature of one of the leaks on a 2” line, GM Construction assisted with the repair.
  2. Field staff performed 21 Underground Service Alerts and two customer service line location requests.
  3. District staff met with San Juan School representatives regarding the Del Paso Manor Elementary School project. Pipeline design and alternatives were reviewed and discussed.
  4. Field staff replaced the signal generator for the chlorinators at Well #8.
  5. The District experienced an area wide power outage on June 22<sup>nd</sup>; all back up systems operated as designed.
  6. The work at Well #7 has been completed. The water quality samples were taken. The bacteriological quality sample tested absent; all other test results are pending.
- Manager Sedwick answered a couple of the Directors questions regarding District facilities in backyard easements.

REPORT FROM MANAGER CONCERNING:

June operational matters:

1. Manager Sedwick reported that the District closed on the bond refinance on June 14<sup>th</sup>. The total savings is a little over \$530,000 over the life of the loan.

2. There were two lobby meetings this month. Both SB606 and AB1668 have been signed; these two bills provide a framework for setting water use targets for urban water districts. Even though these bills will only affect “urban” water purveyors and not Del Paso Manor Water, Manager Sedwick explained how the purveyor’s “water budget” will be calculated in case anyone is questioned by their neighbors or friends. She also gave an update on the status of SB623 (public goods charge) and SB998 (service termination for non-payment).
  3. Manager Sedwick reported on the Water Reliability meeting which covered a recap of potential water savings that could result with existing facilities. They also reviewed and discussed water marketing and getting into an operational bank as well as next steps which included the funding needed. Funding will be the major topic at the next meeting.
  4. Manager Sedwick attended the RWA Executive Committee meeting. Several items were discussed and approved to go to the full Board.
  5. At the Water Forum Successor Effort Coordinating Committee meeting they discussed the conservation element. The Water Forum staff are currently working on the annual report which shows how each agency is meeting their goals.
  6. The District reduced our water production for June by 29.3% with a year to date reduction of 31.8% compared to 2013. Compared to 2017, June water production was reduced by 6.1% with the year to date reduction of 2.3%.
  7. All bacteriological quality samples tested absent for June.
  8. There were no water quality complaints for the month of June.
- REPORT FROM ATTORNEY CONCERNING:  
No report.
- REPORT FROM ENGINEER CONCERNING:  
No report.
- REPORTS ON VARIOUS MEETINGS:
- Director Matteoli attended the Sacramento Groundwater Authority meeting. The SGA sent out a Request For Proposal for auditing services. They voted to hire Gilbert Associates. Rob Swartz presented a Groundwater Management Program update. The Groundwater modeling will be done by Woodard Curran. John Wallace of Carmichael Water District announced he will not run for re-election as he has retired and will be moving out of state. Director Wilson inquired as to what additional cost the District would incur being a part of this SGMA. Manager Sedwick stated the SGMA costs will be split amongst the five GSA’s based on total land area of each. SGA was successful at obtaining some

grant funds for the basin and combined with SGA's "in kind" service, the SGMA cost for us this year will be covered with the SGA dues. It is projected that there will be a significant increase in two years.

The Ad-hoc Committee for 1,2,3,-TCP authorized Manager Sedwick to apply to put Well #3 in "standby" status with the State Water Resource Control Board. Standby status will allow the District to use the well for emergency needs on a very limited basis, up to fifteen days per year. However, the well ~~cannot~~<sup>cannot be</sup> be put back into active status unless it is brought up to current code. The committee is still investigating possible next steps. Director Wilson inquired as to requirements for testing. Manager Sedwick replied there are testing requirements which we will comply with but the requirements are less often. Resident Greg Schneider asked why not decommission Well #3 due to the contamination issue. Manager Sedwick stated the well is needed to meet fire flow requirements for the District.

#### OLD BUSINESS:

Reviewed and discussed the draft reserve policy which was developed from the discussions that took place during the rate proposal that the Board agreed to. Manager Sedwick recommended approval of the policy and for it to be reviewed and updated when establishing rates for the System Maintenance/Capital projects. Resident Carl Dolk suggested reviewing the budget quarterly verses the six or nine month but felt the reserve policy was pretty straight forward. Resident Greg Schneider suggested that the reserve of six-month should be reset every July 1<sup>st</sup>, based on the expenses. The Board discussed ways to indicate a dollar amount of the reserve goal each year. Manager Sedwick stated the policy should not have a dollar amount on it. A policy that states a six-month reserve allows for an easy calculation. Each annual budget shows projected expenses; the reserve goal is 50% of that amount. Resident Carol Rose asked a clarification question about the background cover sheet; Manager Sedwick stated that it is not part of the Policy that is being proposed. Upon motion by Director Wilson, seconded by Director Elmore, the Board adopted the District Reserve Policy attached hereto and made a part hereof by the following roll call vote:

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

#### NEW BUSINESS:

1. Upcoming Meeting(s):
  - a. Sacramento Groundwater Authority 20<sup>th</sup> Anniversary Celebration, Thursday, October 18, 2018 at Northridge Country Club, Fair Oaks, CA.
2. Reviewed and discussed the need for a new signature card for the Local Agency Investment Fund. Resident Carol Rose suggested waiting until after the election. Upon motion by Director Wilson, seconded by Director Elmore, the Board authorized President Allen, Vice President Saunders,

and Manager Sedwick as the signatories for the Local Agency Investment Fund by the following roll call vote:

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


3. Reviewed and discussed Assembly Bill 2050. This bill would create the Small System Water Authority Act of 2018. This new act would create a Small Water System Authority that will have powers to absorb, improve, and operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, and for 4 consecutive quarters, as specified. Manager Sedwick recommends the Board oppose this bill. Attorney Brown concurred with the recommendation and discussed why this is not a good bill. The Board directed Manager Sedwick to write a letter of strong opposition to the appropriate legislators.

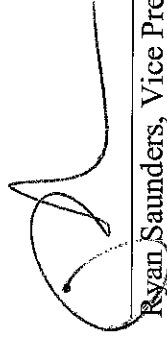
BOARD GENERAL DISCUSSION:

Director Elmore requested that the five topics mentioned last month be visited in August. Manager Sedwick stated that all five will not be discussed at one meeting but rather over the next few months. Director Wilson would like to address Greg and Marissa's suggestions that were presented to the Board relating to more detail of the office expense. Vice President Saunders stated that the budget has been approved. Director Matteoli stated by their own suggestion, it could be considered for future budgets. He also stated that it would create additional tracking and would be micro-managing. Manager Sedwick clarified that what she is hearing from the Board is to have this as a discussion for the next budget. Director Matteoli reminded the Board that the Master Plan is the priority now. Director Wilson asked when will the Board begin discussing the Master Plan. Manager Sedwick replied that it should be next month as long as there is no major event that would become a priority.

There being no further business to come before the Board, Vice President Saunders adjourned the meeting at 9:53PM.

ATTEST:

  
Debra Sedwick, Secretary

  
Ryan Saunders, Vice President

# RESERVE POLICY

## PURPOSE

Prudent financial planning and fiscal responsibility includes anticipating and preparing for future funding requirements as well as unforeseen and unexpected emergencies, disasters, and other events. The Del Paso Manor Water District desires to establish reserve funds for its long-term organizational and operational stability and the reserve funds enable the District to minimize significant rate fluctuations due to unforeseen and expected cash flow requirements. This Reserve Fund Policy is to ensure that the District accumulates, manages, maintains, and uses certain financial resources only for specific purposes.

## RESERVE FUNDS

### Operations & Maintenance (O&M):

The reserve amount for this fund will be six months of operating expense. Currently, it is projected to reach this level within five years. At that time, the District will review and adjust if necessary.

### Debt Service/Bond Covenant Reserve:

Recommended funding level is as required by the debt documents. The current debt requires the District to maintain its annual revenues, including reserves, sufficient to cover annual operating expenses and 120% of debt service.

### System Maintenance/Capital Projects Reserves:

Keeping a prudent reserve will allow for lower loan/bond rates and may also allow for paying for projects on a “pay-as-you-go” basis. This reserve amount will be determined after updating the Master Plan and developing a rate for these projects.