



MEETING HANDOUT

Meeting: Board Meeting

Date: June 23, 2017

Item: 4.1 Consideration and Action on the Board Meeting Minutes – June 7, 2017

Revised minutes include Motion Statements on Items 4.1, 5.1 and 5.2.

MINUTES
SANTA MARGARITA WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
JUNE 7, 2017
7:00 PM, BOARD ROOM, DISTRICT OFFICE
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688

1. PLEDGE OF ALLEGIANCE

Charles T. Gibson	President
Justin McCusker	Vice - President
Saundra F. Jacobs	Director
Betty H. Olson	Director
Charley Wilson	Director
Daniel R. Ferons	General Manager

Robert Grantham	Assistant General Manager-Finance
Nicole Stanfield	Public Information Manager
Jim Leach	Director of External Affairs
Erica Castillo	Controller
Tricia Butler	Chief Engineer
Kelly Radvansky	Secretary to the Board
Scott Smith	General Counsel - Best Best Krieger
Cathrene Glick	Glick Consulting

2. PUBLIC FORUM

Barrett Burstein, Palmia Landscape Chairman addressed the Board regarding the community's service rates and recycled water system. Vice-President McCusker briefly explained the process for rate adjustments. General Manager, Dan Ferons confirmed a discussion scheduled for the Engineering and Operations Committee on June 16th.

3. CONSENT CALENDAR

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Betty H. Olson, Director
SECONDER:	Charley Wilson, Director
AYES:	Gibson, McCusker, Jacobs, Olson, Wilson

3.1 Consideration and Action on the Board Meeting Minutes – May 19, 2017

Recommendation: Approve the Minutes – May 19, 2017

3.2 Consideration and Action on Approval of Expenses for Directors' Attendance at Various Conferences and Meetings

Recommendation: Approve expenses for Director Olson to attend the Western States Water Council Summer Meeting; President Gibson's expenses to attend the ACWA Federal Affairs Committee; and ratify Director Wilson's expenses for his attendance at the Delta Stewardship Council Meeting.

3.3 Consideration and Action on Amended Bylaws of the Independent Special Districts of Orange County; and Appointing a Voting Representative

Recommendation: Approve the amended bylaws as recommended by the ISDOC Executive Committee; and authorize Director Sandra F. Jacobs as the District's voting representative.

3.4 Consideration and Action on Amendment No. 1 Agreement between Nichols Institute and Santa Margarita Water District for Domestic Water and Wastewater Services for Nichols Institute Site (C-1351.01)

Recommendation: Approve Amendment No. 1 to the Existing Nichols Institute/Santa Margarita Water District Operations and Maintenance Agreement subject to General Counsel finalization.

3.5 Consideration and Action on Adopting Resolution No. 2017-06-02; Placing In Nomination Charles T. Gibson as a Member of the Association of California Water Agencies Region 10 Board of Directors; and Support for Nominations of Orange County Water District Cathy Green as ACWA Region 10 Chair, and Mesa Water District James Atkinson for Region 10 Board Member

Recommendation: 1) Nominate President Charles T. Gibson for the ACWA Region 10 Board of Directors. 2) Concur in the nomination of Orange County Water District Cathy Green for ACWA Region 10 Chair. 3) Concur in the nomination of Mesa Water District James Atkinson for ACWA Region 10 Board Member.

4. ACTION ITEMS RECOMMENDED BY COMMITTEE

4.1 Consideration and Action on Refunding Opportunity Santa Margarita Water District Community Facilities District (CFD) No. 99-1 (Talega) Series 2007

Recommendation: Approve and authorize the refunding of CFD 99-1 Series 2007 bonds.

Assistant General Manager-Finance, Robert Grantham explained the savings to the District rate payers with the refunding opportunity for CFD 99-1 Series 2007 would be approximately \$170 per parcel annually through the life of the bond (2030), depending on interest rates.

MOTION: Approve as Recommended.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Charley Wilson, Director
SECONDER:	Saundra F. Jacobs, Director
AYES:	Gibson, McCusker, Jacobs, Olson, Wilson

5. ACTION ITEMS

5.1 Consideration and Action on Sale of Groundwater Stored in Chino Basin

Recommendation: Authorize initiation of sale of groundwater stored in the Chino Basin to Golden State Water Company.

General Manager, Dan Ferons explained the driver for the sale of the groundwater stored in Chino Basin is that the District doesn't have the opportunity to put the water to beneficial use; and the funds from the sale can be used for a similar idea for enhancement of water reliability.

MOTION: Approve as Recommended.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Justin McCusker, Vice - President
SECONDER:	Saundra F. Jacobs, Director
AYES:	Gibson, McCusker, Jacobs, Olson, Wilson

5.2 Consideration and Action on Resolution No. 2017-06-01; Resolution of the Board of Directors of Santa Margarita Water District Adopting an Amended Electronic Communication Usage and Retention Policy, an Amended Public Records Act Policy, an Amended Records Retention Policy, and an Amended Records Retention Schedule

Recommendation: Adopt Resolution No. 2017-06-01.

General Counsel, Scott Smith reviewed amendments to District policies related to the California Supreme Court ruling in Smith v. City of San Jose concerning communication on personal electronic devices and accounts.

MOTION: Approve as Recommended.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Saundra F. Jacobs, Director
SECONDER:	Justin McCusker, Vice - President
AYES:	Gibson, McCusker, Jacobs, Olson, Wilson

5.3 Consideration and Action on Scheduling Future Agenda Items

Recommendation: Approve items for inclusion on future agendas of the District.

No action taken.

6. GENERAL COUNSEL REPORT

General Counsel, Scott Smith noted a court case, Paradise Irrigation District (PID) versus commission on state mandates. The trial court decision was against PID, who brought a

test claim about the state mandates to conserve under the State Board's drought policies; arguing that the mandates generated a lot of work and left them shorthanded in terms of their budget. The court affirmed that just because a Prop. 218 is a potential impediment, when the state passes an unfunded mandate the entity must try to recoup those costs through a fee increase and if the entity fails the state will pay. Mr. Smith noted that CSDA and ACWA are filing amicus briefs on behalf of PID; and that he has recommended the positions of CSDA and ACWA be forwarded to the legislative counsel.

7. INFORMATION ITEMS

7.1 June 3, 2017 Board Workshop Follow-Up

Mr. Ferons reviewed the direction provided by the Board at the June 3, 2017 Special Board Meeting, noting next steps for preparing a financial review; developing an integrated resource plan for District projects including repair and replacement as well as reliability projects; and raising community awareness. Mr. Ferons stated the District will work on the overall schedule, develop a process for review through the committee process for recommendation to the Board, and regular updates throughout the process. Mr. Ferons said he received a question on what kind of timeline should be expected; he noted that the work would be spread throughout all committees and a Public Relations Ad Hoc Committee. The review of the polling results will be quick; identifying projects and budgets may go to the Engineering and Operations Committee in July, and the initial modeling efforts and assumptions may go to the Finance and Administration Committee in late June. Director Olson requested the costs associated with the build out of recycling 100% of the District's wastewater.

President Gibson summarized Mr. Ferons points stating the Public Relations Ad Hoc Committee is to meet as soon as possible to review the customer survey results; the Finance and Administration Committee is to start considering information available on the reserve policy in June, and a policy recommendation tentatively for August; and the Engineering and Operations Committee to review project status for inclusion in the integrated resource plan in July.

Director Olson asked if there will be a discussion on the follow-up to the customer survey looking at how much people are willing to pay for reliability.

7.2 Legislation Update

External Affairs Director, Jim Leach provided a legislation update.

Public Information Manager, Nicole Stanfield announced a Water Reliability Summit to be held at the Norman P. Murray Center on August 15, 2017. The meeting will be lead by the San Diego Regional Water Quality Control Board and those invited to attend are local water boards, as well as other elected officials and leaders in the water industry.

7.3 Status Report and Update on the San Juan Watershed Project

Mr. Ferons noted a proposal that was received to conduct an additional hydrogeological study; the draft EIR is anticipated for Board consideration in August; a confidentiality agreement will be exchanged with South Coast Water

District; and a field review report is due from AECOM. Mr. Ferons also noted he and Don Bunts met with the Regional Board to go over permitting for phase I of the project and the use of recycled water.

- 7.4 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes).

This item was not discussed.

8. CLOSED SESSION

The meeting went into closed session at 8:30 PM and reconvened into open session at 9:35 PM; with no reportable action.

- 8.1 CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6); Agency designated representatives: Kathleen Springer, Don Bunts, Erica Castillo and Legal Counsel, Scott Smith; Employee Organization: Santa Margarita Water District Employees Association; Concerning Non-Represented Employees: All Employees”.
- 8.2 CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6); Agency designated representatives: Kathleen Springer; Erica Castillo and Don Bunts, Employee organization: Santa Margarita Water District Employees Association.
- 8.3 PUBLIC EMPLOYEE PERFORMANCE EVALUATION; Pursuant to Government Code Section 54957 Title: General Manager
- 8.4 CONFERENCE WITH LABOR NEGOTIATORS; Pursuant to Government Code Section 54957.6 Agency Designated Representative(s): Board of Directors Unrepresented Employee: General Manager.

9. ADJOURNMENT

The meeting was closed at 9:36 PM

The next Regular Board of Directors' meeting is scheduled for June 23, 2017 at 7:30 a.m. at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.