



**District Attendees**

Misha Sarkovich	Board President
Randy Marx	Board Vice President
Barry Brown	Board Member
Daniel Gilliam	Board Member
Timothy Healey	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Sr. Financial Analyst

**Other Attendees**

Paul Cornwell	Visitor
Jeffrey Mitchell	Kronick, Moskovitz, Tiedemann & Girard
Shauna Lorance	SJWD General Manager
Dave Peterson	SJWD Board President
Bob Walters	SJWD Board of Director

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

President Sarkovich called the meeting to order at 6:30 p.m.

**II. Public Comment**

- None.

**III. Consent Calendar**

The following consent calendar items were considered and acted upon as follows:

1. Approval of Minutes:
  - a. Regular Board Meeting of January, 2010
2. Accept and file: Treasurer's report for the month of January, 2010

3. Accept and file: Investment report for the month of December, 2009
4. December 2009 monthly financials not available.
5. Approval of Warrants
6. Approval of Cal Card Statement
7. Approval of Monthly Board Expense Report for January, 2010

M/S/C Gilliam/Marx, to approve the consent calendar.

- General Manager Gray stated that item III.4 is not available pending the year-end reconciliation and will be available at the March Board meeting presented as the audited financials. He reported that the estimated December 2009 monthly financials is below budget by 18%.

#### **IV. Presentation & Correspondence**

##### **1. San Juan Wholesale Operations presentation by SJWD Staff**

- Ms. Lorance provided an overview of the SJWD operations including budget, reserves, wholesale water rates comparison, staffing needs and CIP projects.
- SJWD Board President stated that we (SJWD) have the burden of managing both a retail agency and a wholesale agency. And believe me there is a world of difference. The retail agencies, from my perspective, are relatively simple; we are replacing pipes, we are paying for meters, we are reading the meters, we are answering customers' calls. It is very straight forward. Wholesale agency operations are what are keeping us up at night. Is Folsom reservoir going to fall below intake? So that all we suck in is air in the pipe. You heard from Shauna, there is no backup supply to San Juan retail or City of Folsom. Those two agencies, and I don't think you guys, have a full redundant supply in your wells. Citrus Heights is a little bit closer. Orangevale has a couple of wells, but we need to keep the water flowing. And keeping the water flowing is the least cost issue. It is not about calculating feasibility; it is about what the least cost that is required to keep the water running. We have one pipe coming out of the dam that was built in the 1950s that had an inspection about 10-15 years ago that said it had imminent danger of failing and we are under construction right now. We got the Bureau to pay for part of it. Keeping the water flowing is very important. We have Southern California looking for our water. They are taking it through various ways. They are taking it through in stream flow requirements. They are taking it in disproportionate conservation requirements. We have to fight those things. So what I am saying to you is, you are worrying about whether we pay interest on a portion of an extra 18 months and that is way down here on my radar screen. Keeping the water flowing is up here. So I have a completely different perspective. You need to understand, as a Board member, that is my perspective. Keeping the water flowing and not letting a failure take us out of service for six months until the pipeline gets repaired. Please understand we got a job to do and we are doing it. And the priority is to keep the water running. A little bit of the interest

over a few months; issuing three different debts over three months is not important to me.

- Director Gilliam stated that the interest might be a little to SJWD; however, that is FOWD's whole annual budget.
- Ms. Lorance stated that she does see that it is not a little money; however, she emphasizes that SJWD has limited in the number of staff and that there is no overlapping in staff. She indicated that they do go to required level of detail finances and it is her job to ensure that they don't spend money that shouldn't have been spent.
- SJWD Board President Peterson stated "Remember we are also retail agency. That retail agency also buys water from San Juan Wholesale. We are a customer of San Juan Wholesale. We received the same rate pressure. We get that pressure and we understand that pressure on the retail side. But the genuine fear of a major catastrophic water outage was driving a lot of our spending right now. And it can happen on my watch. We have been pushing to get our water supply to be more reliable than what it is. But the other part of it is the supply acquisition. In 2004, when levies failed in the delta, they opened the valve at Folsom and drained down a third of the water. The Bureau had an obligation to fight off the salt water so it dumped a third of our water. The following year if you recall, we were projecting a rather substantial Salmon kill because the reservoir had been drawn down and wasn't refilled so that the temperature was so high in the reservoir that for the fall run they were projecting over 80% mortality; closer to 90%. And we did get a very early cold storm that saved the day. These are the big issues from the wholesale side. Some of the issues from retail perspective; I guess we just deal with those."
- General Manager Gray stated: "Just for clarification, I don't think what you are saying is we have much bigger things to worry about we don't care about *your little* financial issues and questions."
- SJWD Board President Peterson stated "I am saying that please keep it in perspective, when you think what you have is an emergency or critical issue, we may never address it because we have more important things to do. You are not alone; you are not being singled out and treated separately. We got several customers; our own retail being one of them. And they all have wholesale costs passed on to them equitably."
- Ms. Lorance indicated that she would be happy to have more meetings like today to discuss these topics.
- Bob Walters thought that the discussions were good and agreed with Dave Peterson on the priority of water delivery. However, he felt SJWD could be more transparent with financial operations.
- President Sarkovich thanked the San Juan Directors and General Manager for attending and for the presentation.

- 2. January 14, 2010 joint FOWD / Aerojet letter to FOWD customers**
  - General Manager Gray stated that the attached letter was sent out, as discussed at the last Board meeting, relative to the temporary detour route for the Park monitoring well construction.
- 3. January 15, 2010 ACWA News – FOWD Water Conservation Grant**
  - General Manager Gray stated the Fair Oaks Water District was recognized for receiving grant funding from the US Bureau of Reclamation in the recent ACWA newsletter.
- 4. January 22, 2010 letter from USBR on Water Management Plans**
  - General Manager Gray stated that the District received a letter from the USBR with notification of a one-year extension for the Five-Year BMP update report.
- 5. ACWA JPIA Retrospective Premium Adjustment Fund Refund**
  - General Manager Gray stated that the District received a premium refund from ACWA-JPIA of approximately \$65,000; which was posted to the 2009 financials.

**V. Discussion and Action Items: Old Business**

- 1. Update on 2010 goals for the General Manager**
  - Director Gilliam stated that since the General Manager has been immersed with the new building and legal issues on behalf of the District, the Committee deferred going over his 2010 goals until next month.
- 2. Update on Bluff Water Conservation Signs by Director Brown**
  - General Manager Gray stated that over the summer, the Board approved sponsoring a water conservation sign for the Bluffs, and Director Brown will provide an update on the project.
  - Director Brown stated that the sign is estimated to cost \$1,500 and he did not recall the amount approved by the Board. The contract had been signed for \$3,000 to complete all six signs.
  - President Sarkovich and General Manager Gray stated that the District would pay up to the estimated \$1,500 from the District's water conservation budget.
- 3. Discussion and possible action on significant recovery of unpaid water bill**
  - General Manager Gray stated that the District was able to recover approximately \$4,000 for previously unbilled water use through the efforts of the customer service staff.

## **VI. Discussion and Action Items: New Business**

### **1. Discussion and possible action on Resolution No. 1001: “Concurring the Nomination of Joseph M. Dion to the Board of Directors of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)”**

M/S/C Brown/Gilliam, to approve the resolution No. 1001.

### **2. Discussion and possible action on November 2010 General Election**

- General Manager Gray stated that the following Director positions are up for election in November 2010.
- Division 1: Healey
- Division 2: Gilliam
- Division 3: Brown

### **3. Discussion and possible action on the Annual Regional Water Rate Survey**

- General Manager Gray provided an overview of 2010 water rates for regional water agencies as requested for an annual comparison.

## **VII. Upcoming Events**

### **1. Supervisor Roberta MacGlashan’s Community Meeting / February 17, 2010**

- Information only.

## **VIII. Representative Reports**

### **1. Sacramento Groundwater Authority (SGA)**

- No report.

### **2. Regional Water Authority (RWA)**

- General Manager Gray stated that RWA elected an Executive Committee for 2010 and that the new Chairman is Rob Roscoe of SSWD.

### **3. San Juan Family of Agencies Executive Committee**

- Vice President Marx stated that SJWD provided a great presentation on the Capital Projects.

#### **4. Other**

- Director Brown recommended that the Fair Oaks Village Enhancement Committee be added as an item on the agenda.
- General Manager Gray stated that it will be added under item VIII.4.
- Director Brown stated that the Fair Oaks Village Enhancement Committee held meetings during December and January and developed three subcommittees including public outreach, public improvement projects, and land use. He indicated there was \$130,000 in funding approved by the County which will be used mainly to design new infrastructure.

### **IX. Directors' Reports & Comments**

#### **1. Budget Committee – (Sarkovich, Healey)**

- No meeting.

#### **2. Technical Advisory Committee – (Gilliam, Marx)**

- No meeting.

#### **3. Capital Improvement Committee – (Gilliam, Sarkovich)**

- Director Gilliam stated that the building is waiting for inspection.

#### **4. Personnel Committee – (Marx, Gilliam)**

- No meeting.

#### **5. Public Relations Committee – (Brown, Healey)**

- No meeting.

#### **6. Other**

- None.

### **X. General Manager's Reports**

#### **1. Legal Matters**

- General Manager Gray stated that this item will be discussed in closed session.

#### **2. Meter Implementation (Installation & Future Planning)**

- General Manager Gray stated that the District installed 113 meters in January 2010 and that the District is now 90% metered.

#### **3. New Building Projects**

- General Manager Gray stated that the furniture has yet to be installed; pending final inspection.

**4. Operate within 2009 Budget**

- General Manager Gray stated that the District is estimated to be under budget by 18% for 2009 as discussed earlier.

**5. FOWD Financial Plan for Metered Rates**

- Director Brown suggested that this item be relabeled to be more comprehensive covering the financial plan and master plan.

**6. Emergency Water Supply Agreement**

- General Managers are working on the response plan.

**7. GW Remediation Issues (Aerojet)**

- General Manager Gray stated the monitoring well was constructed in the street on Park Avenue near Winding Way. Depending on water sample results, an extraction well could be built in the immediate area.

**8. Wholesale Meter Upgrades (construction complete; project to remain listed)**

- General Manager Gray stated that the District continues to discuss this project with SJWD; asking questions relative to cost allocations to the retail agencies.

**9. Update and Revise FOWD Policy Manual**

- General Manager Gray stated that the District received the initial feedback from legal on the proposed handbook update.

**10. Fair Oaks 40-inch Pipeline Project Planning & Design**

- No report.

**11. Hydraulic Model Development**

- General Manager Gray stated that the District purchased the required software and is currently working on a plan to update the FOWD model.

**12. Website Update**

- The District is developing the IT Administrator to become the District webmaster.

**13. Other**

- Director Brown inquired whether the agenda was posted on the website.
- General Manager Gray stated that he will check. He indicated that it is posted outside of the District office and generally it is on the website prior to meetings; but that he did not actually check website to verify prior to tonight's meeting.
- General Manager Gray stated Chi passed CPA exam and Stacy, our HR representative, passed her state Human Resources Certification exam.
- Vice President Marx inquired on 2010 capital projects that need to be added.
- General Manager Gray stated that the District has the Hazel Avenue Main Replacement Project, MIP and other minor main projects.

- Operations Manager Nisenboym stated that there are two pipeline projects; Sunnybrook and Sunset.
- General Manager stated that there were also unbudgeted projects being worked on.

**XI. Public Comment**

- None.

President Sarkovich closed the open session at 8:40 p.m.

President Sarkovich called the closed session meeting to order at 8:45 p.m.

**XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9**

1. Conference with legal counsel – Existing Litigation

President Sarkovich reopened the meeting to the public at 9:03 p.m.

**XIII. Report from closed session**

- None

**XIV. Public Comment**

- None.

**XV. Adjournment**

With no further business to come before the Board, President Sarkovich adjourned the meeting at 9:05 p.m.

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The Board approved the preceding minutes on March 8, 2010

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Tom R. Gray  
General Manager/Board Secretary

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Date