



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
Kellie Smith	Visitor
Robt Partos	Visitor
Brian Covi	Visitor
Lizanne Murphy	Visitor

Absent

AGENDA ITEMS

I. Call to Order

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

II. Public Comment

- Mr. Cornwell stated that Mr. Gray irritated citizens such as Bluff Lane and that during his time there have been more lawsuits and money spent on lawsuits than in the history of the District.
- Ms. Kellie Smith, Vice President of Cliffside Homeowners Association, stated that the District did not leave any room for negotiation on the installation of water meters. She indicated that their properties are complex and that installing these meters would ruin the stamped concrete and expensive landscape. She then stated that the District will only restore back based on what the law required.
- Ms. Smith indicated that she did not think, and could not find any laws stating, that they are responsible for repairing and replacing of the service lines. In addition, she emphasized that they do not have money/reserve set aside for these costs as it was

unexpected and sudden. She stated that they would have more time to plan had the District notified them a couple years in advance.

- Ms. Smith requested that the Board have staff contact their contracted Plumbing Company and provide information on where the shut off valves are.
- The Board directed General Manager Gray to contact Cliffside Homeowners Association's contracted Plumbing Company and provide the information.
- Mr. Rob Partos from Bluff Lane stated that they had been paying higher rates of \$520 compared to other condominium rates of \$416. In addition to the \$520, they had to pay for the irrigation charges.
- Director Brown inquired on the differences in the condominiums rates.
- General Manager Gray stated that one owns the land and the other doesn't.
- Mr. Brian Covi stated that they are paying double by paying the full residential rate plus the irrigation rate.
- General Manager Gray stated that the irrigation is billed via metered rate.
- Mr. Rob Partos inquired if the District has a plan to make everyone the same.
- General Manager Gray stated that the District has standard specifications and also has a common agreement that is modified based on the individual circumstances relative to working in private communities within the FOWD service area.

III. Consent Calendar

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

1. Approval of Minutes:
 - a. Regular Board Meeting of March 8, 2010
2. Accept and file: Treasurer's report for the month of March, 2010
3. Accept and file: Investment report for the month of February, 2010
4. Accept and file: Monthly Financial Expenses
 - a. January 2010
 - b. February 2010
5. Approval of Warrants
6. Approval of Cal-Card Statement
7. Approval of Monthly Board Expense Report for March, 2010

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

IV. Presentation & Correspondence

1. **Presentation from staff of the new FOWD Board Room**
 - General Manager Gray provided a report on the new building.

V. Discussion and Action Items: Old Business

1. **Report back on the written response to SJWD staff and Board members**
 - General Manager Gray stated the Board package included a letter with exhibits signed by Board President Sarkovich addressing some of the

District's concerns with financial details from SJWD and responses from the presentation made by SJWD.

- President Sarkovich stated that SJWD will discuss this letter at their Board meeting.
2. **Report on written response to the County of Sacramento probation department regarding sentencing hearing of former employee in a criminal case**
 - General Manager Gray stated that the former employee, Cheryl Marx-Jackson, had been convicted of felony embezzlement and sentenced to 16 months in State prison along with a requirement to make financial restitution.
 3. **Accept and file the Fair Oaks Water District's Comprehensive Annual Financial Report, with Independent Auditor's Report, for year ended December 31, 2009**
 - General Manager Gray stated that in addition to the 2009 annual comprehensive financial report and independent auditor's report, JJACPA, Inc. provided the Board with the required letter of communications. He stated that JJACPA, Inc. did not have a management letter as there were no items that warranted written comment.

M/S/C Gilliam/Brown, to accept and file the Fair Oaks Water District's Comprehensive Annual Financial Report, with Independent Auditor's Report, for the year ended December 31, 2009.

VI. Discussion and Action Items: New Business

1. **Discussion and possible action on Sunnybrook Lane Main Replacement project**
 - General Manager Gray stated that the Sunnybrook Lane Project was approved in the 2010 budget. General Manager Gray requested that the Board authorize for the General Manager to sign the Contract with Rawles Engineering to replace 1,200 LF of main on Sunnybrook Lane.
 - Michael Nisenboym stated that the \$194,000 budgeted amount included the installation of the 1,200 LF water main with services and fire hydrants. Michael Nisenboym stated that an additional scope of work was developed to replace more services and hydrants as shown under Schedule B (including 24 x 1-inch service replacements and 11 x 6-inch steamer fire hydrant installations).
 - Michael Nisenboym stated that the funding for Schedule B will be coming from the MIP, Fire Hydrant Upgrades, Service Upgrade and Minor Main Upgrades.

- Michael Nisenboym stated that the District solicited bids from five qualified contractors and had two responsive bids. The lowest was Rawles Engineering with Schedule A work bid at \$182,582.50 and Schedule B bid at \$130,990 for a total of \$313,572.50.

M/S/C Gilliam/Marx, to authorize the General Manager to sign a contract with Rawles Engineering to replace water main and appurtenances in Sunnybrook Lane at a cost of \$313,572.50 in accordance with bid Schedules A & B.

2. Discussion and possible action on prepayment of FOWD's 1999 COP

- General Manager Gray stated that per Director Gilliam's request at the last Board meeting, staff did some analysis on the prepayment of the 99 COP and found that the District could save approximately \$20,737.50 and free up the \$658,000 under the restricted cash held by US Bank. He indicated that with the early payment, the District would make a lump-sum payment of \$582,112.50 and would decrease the year-end net cash by \$257,888.
- President Sarkovich inquired about projected year-end the reserve levels.
- Ms. Ha-Ly stated that our reserve policy requirement is approximately \$4.39M. However, the Board adopted the 2010 budget with a revised reserve of target \$2.4M for the end of 2010.
- Director Healey inquired on the adequacy of the 99 COP payment compared to the revised reserve level and indicated that as long as the ending reserves for 2010 is what was approved in the 2010 budget, he is fine with paying off the debt.
- General Manager Gray stated that the District currently is operating well below its budget and there would be savings and the District should be able to meet the revised reserve level. He then stated that he would need to verify the projections prior to taking action.
- Director Brown stated that it is not adequate that only an oral presentation was made and that he believed there should have been a staff report provided. In addition, he stated that the District should look for alternative uses of the money rather than using the money to pay off the debt.
- President Sarkovich and Vice President Marx asked that staff provide a written staff report on the analysis.

M/S To approve the early payment of the 1999 COP provided that adequate reserve level will be maintained as budgeted in 2010.

AYES: Gilliam, Healey, Marx and Sarkovich

NOES: Brown

VII. Upcoming Events

1. May 1-2, 2010 / Fair Oaks Springfest

- Information only.

2. **May 4-7, 2010 / ACWA 2010 Spring Conference & Exhibition / Monterey**
 - Information only.

VIII. Representative Reports

1. **Sacramento Groundwater Authority (SGA)**
 - Vice President Marx stated they discussed about the budget for next year.
2. **Regional Water Authority (RWA)**
 - No report.
3. **San Juan Family of Agencies Executive Committee**
 - General Manager Gray stated that they discussed about their presentation to the Fair Oaks Water District.
4. **Fair Oaks Village Enhancement Committee**
 - Director Brown stated that the Fair Oaks Village Enhancement Committee's project manager made presentations to the Fair Oaks Chamber and Fair Oaks Rotary Club. Director Brown also reported seven or eight County department heads walked the Village area providing input on parking and sidewalks.
5. **Other**
 - None.

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)**
 - No meeting.
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

- Discussed earlier.

2. Meter Implementation (Installation & Future Planning)

- General Manager Gray stated that the District installed 127 meters in March 2010 and that the District is now 92% metered.

3. New Building Projects

- General Manager Gray stated that there were many closing items related to construction requiring enormous time and effort by staff.

4. Operate within 2010 Budget

- General Manager Gray stated that we are significantly under budget as shown on the Monthly Financial Report.

5. FOWD Financial Plan for Metered Rates

- Update provided.

6. Emergency Water Supply Agreement

- No report.

7. GW Remediation Issues (Aerojet)

- No report.

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

- No report.

9. Update and Revise FOWD Policy Manual

- No report.

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

- No report.

11. Hydraulic Model Development

- No report.

12. Website Update

- No report.

13. Unbudgeted Projects

- None.

14. Other

- General Manager Gray stated this is a report back for the cost differential between groundwater versus purchased water. It cost \$113 per AF for groundwater pumping and \$138 per AF for purchased water.
- General Manager Gray stated that in working with the President of the Metropolitan Fire District, Tom Lawson, on fire hydrant maintenance within the FOWD service area. He stated that the District sent the current agreement to the Fire District and their legal team is currently reviewing this agreement.

XI. Public Comment

- None.

President Sarkovich closed the open session at 8:17 p.m.

President Sarkovich called the closed session meeting to order at 8:25 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9

1. Conference with legal counsel – Existing Litigation – 2 cases

President Sarkovich reopened the meeting to the public at 8:38 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 8:40 p.m.

The Board approved the preceding minutes on May 10, 2010

Tom R. Gray
General Manager/Board Secretary

Date