



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
Shawn Huckaby	Operations Supervisor
Chi Ha-Ly	Sr. Financial Analyst

Other Attendees

Paul Cornwell	Visitor
Jess Haymart	FOWD Staff

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 the District has not responded as to why he needs two backflow devices.

III. Consent Calendar

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

1. Approval of Minutes:
 - a. Regular Board Meeting of April 12, 2010
2. Accept and file: Treasurer's report for the month of April, 2010
3. Accept and file: Investment report for the month of March, 2010
4. Accept and file: Monthly Financial Expenses for the month of March, 2010
5. Approval of Warrants

6. Approval of Cal-Card Statement
7. Approval of Monthly Board Expense Report for April, 2010

Director Brown pulled items III.1a, III.5 and III.6.

- Director Brown noted that the minutes should include the Board's Direction for staff to follow-up and respond to the Cliffside Homeowners Association's Plumbing Contractor.
- Director Brown inquired if the District had to pay additional costs on the replacement of parts from Groeniger & Company's invoice in the warrant package under item III.5.
- General Manager Gray stated that he will report back on the Groeniger & Company's invoice at the next Board meeting.
- Director Brown inquired on the 15 charges for snacks and meals totaling approximately \$425. He would like an explanation for the items. He stated that the spending was becoming out-of-hand.
- General Manager Gray stated that he will report back on this issue at the next Board meeting.

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

IV. Presentation & Correspondence

1. Water meter demonstration assembly presentation by FOWD staff

- General Manager Gray stated that Jess Haymart, the District's Field Customer Service Technician, built the water meter model to demonstrate water meter operations and water conservation techniques.
- Mr. Haymart provided an overview of the water meter model and components. He demonstrated the process and flow of the meter and register as the customers water their lawn.
- General Manager Gray stated that the District will continue to use this model for future demonstrations to our customers on water conservation and how water meters work.

2. Presentation of historical water conservation program spending relative to historical water use by FOWD staff

- General Manager Gray provided a report on the analysis and trends of the District's conservation program.
- General Manager Gray stated that the District is trying to promote conservation using a local focus with knowledgeable staff.

3. Correspondence from customer at 8921 Cedarvillage Drive

- General Manager Gray stated that the customer at 8921 Cedarvillage Drive wrote a letter commending Rickey Oliver, a District Distribution System Operator.

V. Discussion and Action Items: Old Business

1. Report back on proposed early payoff of FOWD's 1999 COP

- General Manager Gray stated that staff did not pay off the debt as the reserve analysis showed that the District will be below the approved 2010 budget. After the April 12, 2010 Regular Board meeting, staff discovered that the meter implementation program in the 2010 budget will need to be adjusted by approximately \$400,000 for it to be completed at the end of 2010.
- General Manager Gray suggested that the District does not pay off the debt and keeps the money in reserve as the District is operating with such a low reserve and it would be prudent to keep the reserve level around \$2.4M.
- President Sarkovich stated that the reason for the \$2.4M reserve is to have the \$658k as part of the reserve requirement; therefore, he indicated that the District can go below the \$2.4M.
- Ms. Ha-Ly indicated since the metering program is not yet completed and it appears that the District will be metering in harder areas, the cost may be increasing and it would be better to not use the money to pay off the debt and keep it in case the District needs it. In addition, she indicated that it would cost much more than the current savings should the District need to obtain other financing.
- Vice President Marx requested staff to check into the cost of obtaining other financing.
- President Sarkovich indicated that as long as the District still saves \$10,000 or more and the reserve balance is at least \$1.5M the District should go ahead and pay off the debt.

M/S Marx/Gilliam, to pay off the debt as long as the reserve is at \$1.5M and the District saves \$10,000 or more.

AYES: Gilliam, Marx and Sarkovich
NOES: Brown, Healey

2. Update on the Village Triangle Community Project

- General Manager Gray stated that the water service has been installed; along with an approved backflow device.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on Resolution No. 1002 required for FOWD participation in the November 2010 General Election

M/S/C Brown/Gilliam, to approve the Resolution No. 1002: "A Resolution of the Board of Directors of the Fair Oaks Water District Calling for a General Election" on November 2, 2010.

- The following Directors will be running at the November 2010 elections.

- Directors Brown, Gilliam and Healey.

2. Discussion and possible action on approval of the proposed SJWD Wholesale Meter Replacement Project cost reconciliation

- General Manager Gray stated that enclosed in the Board package is the information related to SJWD wholesale meter replacement project. Historically, SJWD budgeted approximately \$4.3M to replace wholesale CIP program. The projects expanded to \$5.3M. The District continued to ask questions and the District, instead of paying \$1.2M, will be paying \$780,000; thus savings around \$400,000. This is a draft. General Manager Gray will bring back the final analysis for Board approval.

3. Discussion on scheduled FOWD meeting between the FOWD Finance Committee and the SJWD Finance Committee

- General Manager Gray suggested scheduling a finance committee meeting with Citrus Heights prior to the SJWD board meeting around late May and early June 2010.
- President Sarkovich stated that since Director Healey is unable to attend the meeting he recommended that Director Gilliam be his replacement.
- Director Brown was concerned about reconciling the discussions with Citrus Heights. He believed this pre-meeting complicates things. He inquired if there will be any report back from the meeting with Citrus Heights.

VII. Upcoming Events

- None.

VIII. Representative Reports

1. Sacramento Groundwater Authority (SGA)

- Vice President Marx stated there was a subcommittee meeting discussion on performance review for John Woodling and salary recommendation.

2. Regional Water Authority (RWA)

- No report.

3. San Juan Family of Agencies Executive Committee

- Vice President Marx stated that the Committee discussed the CIP status and cost allocation. He stated that Ms. Shauna Lorange mentioned that SJWD is working on the letter of response to Fair Oaks Water District.

4. Fair Oaks Village Enhancement Committee

- Director Brown stated that the FOVEC completed the strategic plan that they had been working over five months.
- President Sarkovich stated that he had a chance to talk to Renee Taylor from the Fair Oaks Village Enhancement Committee at the First Annual Volunteer Day for

Fair Oaks Parks and Recreation. He had an opportunity look at the design of the sign and thought it was great and he believes that the rest of the Board should take a look at the design.

- General Manager Gray stated that he will place the Fair Oaks Village Committee presentation on the next Board agenda.

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

- President Sarkovich stated that he participated on two community events, the Fair Oaks Fiesta and First Annual Volunteer Day for Fair Oaks Parks and Recreation, and quite a few people inquired about a “Grand opening” and tour of the District’s new building.
- General Manager Gray stated that there are still items the District needed to complete; therefore, he is delaying the opening until the items are finalized. Certain items such as reinstalling of the cabinets needed rework. General Manager Gray suggested having the open house on August 18, 2010.
- General Manager Gray stated that he will bring to the next Board meeting the plan for the open house.
- Director Brown inquired whether General Manager Gray’s 2010 goals were completed.
- Director Gilliam stated that the Personnel Committee did not go over General Manager Gray’s goals for 2010.
- Vice President Marx stated that he obtained brochures on water supply and information on water bond at the ACWA conference.
- Director Brown thought that the District should place the water bond on the agenda at the next Board meeting.

- General Manager Gray agreed that the bond item should be placed as discussion and possible action on the agenda at the next Regular Board.
- Director Healey requested that his Board Package be in an electronic PDF file thus saving trees.

X. General Manager's Reports

1. Legal Matters

- General Manager Gray stated that he will provide updates in the closed session.

2. Meter Implementation (Installation & Future Planning)

- General Manager Gray stated that the District installed 92 meters in April 2010.

3. New Building Projects

- Discussed earlier.

4. Operate within 2010 Budget

- General Manager Gray stated that the District's operating expense as of March is under budget approximately 20% as shown on the Monthly Financial Report.

5. FOWD Financial Plan for Metered Rates

- General Manager Gray stated that the meeting with Citrus Heights at the end of May will provide an opportunity for the FOWD to discuss the rate structure.

6. Emergency Water Supply Agreement

- No report.

7. GW Remediation Issues (Aerojet)

- General Manager Gray stated that they took water quality samples at the newly installed monitoring well and are awaiting results.

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

- Discussed earlier.

9. Update and Revise FOWD Policy Manual

- No report.

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

- General Manager Gray stated that the design is on schedule. After the design, there will be cost allocation.

11. Hydraulic Model Development

- No report.

12. Website Update

- General Manager Gray stated that the he may come back to the Board and request a one-time clean-up of the website while staff is training to become effective at doing this type of technical work.

13. Unbudgeted Projects

- Operations Manager Nisenboym stated that the Hazel Ave. project is moving along with the County.

14. Other

- General Manager Gray provided a report back relative to the members of public attended on the April 12, 2010 Regular Board meeting. General Manager Gray reported that on Bluff City, Adam Brown, their legal counsel, requested to have a meeting to discuss the agreement. Mr. Brown believed that based on the District's previous communications that the District was being fair.
- General Manager Gray stated that the District sent staff to meet with the Cliffside condos' plumbing contractor. The District did some pavement improvements on three locations. However, the District did not revisit the agreement.
- Operations Manager Nisenboym clarified that the District started the pavement improvements and has yet to complete the work due to the weather. He indicated the work should be completed within a few weeks.
- General Manager Gray stated that the District received a voucher of over \$6,400 from Microsoft for acquiring upgrades of technology.
- General Manager Gray stated that Arden Cordova Water Service filed a letter seeking over \$420,000 of recovery due to conservation programs.

XI. Public Comment

- None.

President Sarkovich closed the open session at 8:27 p.m.

President Sarkovich called the closed session meeting to order at 8:35 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8, 54956.9 and 54957

1. Existing Litigation (Subdivision (a) of Section 54956.9) Name of case: Hubbard vs. Fair Oaks Water District.

President Sarkovich reopened the meeting to the public at 8:47 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 8:48 p.m.

The Board approved the preceding minutes on June 14, 2010

Tom R. Gray
General Manager/Board Secretary

Date