



**District Attendees**

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

**Other Attendees**

Tom Parker	Visitor
Jim Cihler	Visitor

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

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

President Healey stated that to make the meeting more efficient, the closed meeting will begin after public comment.

**II. Public Comment**

- Mr. Parker inquired on the payments made related to Fair Oaks Auto on the check register.
- General Manager Gray asked that Mr. Parker discuss with staff to obtain the requested information.

President Healey closed the open session at 6:32 p.m.

**XII. Closed Session Pursuant to Government Code Sections 54956.8, 54956.9 and 54957**

1. Conference with legal counsel – anticipated litigation (one case).

**XIII. Report from Closed Session**

President Healey returned the meeting to open session at 6:50 p.m. with no reportable action.

### **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 10, 2008
    - b. Regular Board Meeting of April 14, 2008
  2. Accept and file: Treasurer's report for the month of April, 2008
  3. Accept and file: Investment report for the month of March, 2008
  4. Accept and file: Monthly Financial Expenses for February, 2008
  5. Accept and file: Monthly Financial Expenses for March, 2008
  6. Approval of Warrants
  7. Approval of Cal Card Statement
  8. Approval of Monthly Board Expense Report for April, 2008
- General Manager Gray requested that items III.1.a & b, the Regular Meeting Minutes of March 10, 2008 and April 14, 2008, be pulled from the Agenda. He stated that he was at a conference and was not able to review the minutes. He indicated that the minutes should be ready for the June Board meeting.

M/S/C Gilliam/Sarkovich, to approve the consent calendar with the exception of items III.1a and b.

- General Manager Gray stated that he would like to move Items VI.4 and VI.5 prior to Presentation and Correspondence to allow our legal counsel to leave early.

### **VI. 4. Update on the "Public Disclosure of Investigation"**

- General Manager gray stated that during the normal financial reconciliation for year-end audit, some abnormal financial activity was discovered. He acknowledged Chi, Stacy, Sandy and Shawn for their efforts in the reconciliation that led to discoveries of possible embezzlement at the District. Staff will work diligently in recovering all missing revenue for the District. At this time, no identity theft has taken place has been uncovered. The District is now supporting a criminal investigation by the Sacramento County Sheriff Dept.

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

#### **1. Notice of preparation of a draft Environmental Impact Report by EBMUD for a Water Supply Management Program**

- General Manager Gray stated that this is the first phase of seeking approval for primary water supply through 2040. The document includes the proposed Freeport project, which is highly significant to local region water supply.

**2. News release from the United States Bureau of Reclamation on the CALFED Environmental Water Account**

- General Manager Gray stated that the District participated in the EWA in the past. This CALFED EWA account is expiring in 2008 and this would extend the contract to 2011. He stated that if the District obtains Aerojet water through the agreement, the District could use the EWA for possible future water transfers.

**3. Certificate of recognition from the Community Services Planning Council for public outreach**

- General Manager Gray stated that on April 24, 2008, at the 20<sup>th</sup> Anniversary Celebration of Community Services Planning Council 2008 People Helping People Awards, FOWD was nominated for public outreach and conservation education programs at local schools, festivities, employee volunteerism at charitable events.

**4. News article on water rates**

- General Manager Gray stated that based on the published article in the Sacramento Bee, that a local water district will be increasing their water rates by 20% effective January 1, 2008. This was an information only item only.

**V. Action Items: Old Business**

**1. Report back on the Vintage Woods property project**

- General Manager Gray stated the Park Board needed more time and information on Vintage Woods; therefore, the proposed public meeting was delayed. He stated that FOWD has completed its obligations by the Board passing the resolution to transfer the property. The Park Board will meet on 5/15/08.

**2. Discussion and possible action on declaring Water Conservation - Stage 2 status within the FOWD service area in June 2008.**

- General Manager Gray provided a copy of the recently adopted policy 6060 related to water conservation stages. USBR has recently announced the cutback on the water supply to all of its beneficiaries. Relative to FOWD, the SJWD is being cutback. He stated that the District would want to declare stage 2 to inform and educate the customers of the drought condition and prepare for the dry year.

M/S/C Sarkovich/Marx, to authorize the General Manager to work on a resolution for Stage 2 Water Conservation Awareness for action at the June Board meeting.

**3. Report back on the 2007 Financial Audit of the District**

- General Manager Gray stated that the financial audit has not officially completed and presented to the Board by auditor. The District is waiting to get the information on the embezzlement charges and based on the information, we will complete the reconciliation prior to presentation to the Board.

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

### **1. Discussion and possible action on environmental document processing for the new Administration Building Project**

- General Manager Gray stated that the CEQA processing for the new building is scheduled to occur soon.

### **2. Discussion and possible action on Hawaiian Tract Phase III & IV Pipeline Projects**

- Mr. Nisenboym stated that the District went out to bid for Hawaiian Tract Phase III and IV. Five Contractors responded with the bid amounts. The Lowest Bidder combining both phases was Rawles Engineering of \$601,955. The District staff proposes to award both projects to Rawles Engineering due to reduced inspection and project management cost and their experience and performance during construction of Phase I of Hawaiian Tract. The 2008 budget amount for both projects was \$1,192,000.
- Director Gilliam complemented Mr. Nisenboym and his staff for a job well done.

M/S/C Gilliam/Sarkovich, to approve and authorize the General Manager to sign a contract with Rawles Engineering to relocate water mains and replace services for Hawaiian Tract – Phase III and IV.

### **3. Update on the agreement between FOWD and Aerojet**

- General Manager Gray stated that the agreement between FOWD and Aerojet has been signed and executed. In addition, Aerojet reimbursed the District for our Consultant fees of \$16,445.

### **4. Update on the “Public Disclosure of Investigation”**

- (note moved to top)

### **5. Discussion of the financial impact of the recent “Letter to Ratepayers”; recognition of the document processing firm Standard Register**

- General Manager Gray stated that he would like to recognize Standard Register because they have gone out of their way to assist the District when the District was in need. The District needed the customers to be informed prior to the information being published of the arrest of a former employee on charges related to District activities. The letters needed to be sent within 24 hours. The District’s current billing vendor stated that it would take two weeks and it would cost a premium for processing within a short time. Standard Register charged the District approx \$12k with postage, and completed within 24 hours.

## **VII. Upcoming Events**

### **1. General Election deadlines**

- General Manager Gray reminded the Board members of the deadlines for the November general election. He will forward the deadline information to the affected Directors.

## **VIII. Representative Reports**

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

- Vice President Brown stated that SGA adopted the 2008-2009 budget that included the rate increases discussed at the last meeting.
- Vice President Brown stated Jim English is the acting Executive Director. They have narrowed down to three candidates for the Executive Director position. He stated that they are looking at possible restructuring RWA/SGA.

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

- No report.

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

- Vice President Brown stated SJWD will receive a 75% water supply cutback from the Bureau; based on a five year running average.
- Vice President Brown stated that the SJWD is looking at 16 to 25% rate increases as a result of the wholesale capital improvement program. They are finding that Federal funds are not available to them to mitigate the rate increases and they are looking to reprioritize projects.
- General Manager Gray emphasized that these increases are in addition to the previously adopted rate increases from SJWD.
- Vice President Brown stated that the AB2175 is the Mandatory Conservation Measures of 20% reduction.
- Director Sarkovich requested to have Shawn present on the water demand.
- President Healey requested a water demand presentation at the next Board Meeting.

### **4. Other**

- None.

## **IX. Director's Reports & Comments**

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

- Director Sarkovich stated that he required data files from staff.

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

- No meeting.

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

- Director Gilliam stated that the current schedule is to have the CEQA document completed for the June Board meeting. Then it will be forwarded to the County

for comment and make recommendations to the Fair Oaks Community Council in July, with bidding in August and building construction starting in September.

- General Manager Gray stated that at the last Board meeting, Fair Oaks Village Enhancement Committee representatives asked the District to look at the walkway from FOB to the Village Park. Since then meetings with FOWD staff and the Committee have resulted in a potential solution.

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

- Director Marx stated that he and Director Gilliam plan on meeting next week.

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

- No meeting.

**6. Other**

- Director Brown stated that the Fair Oaks Village Enhancement Committee sees the Corporate Yard as an opportunity site.
- President Healey stated that the reason for the purchase of Racy's property was because the District wanted to build the Buildings adjacent to each other.
- Director Sarkovich and Gilliam stated that the District is building the Administration Building only at this time.

**X. General Manager's Reports**

**1. On-going Litigation (4 cases: Plecker, Grass, MTBE, Handicap Access)**

- General Manager Gray stated that the Plecker case has tentatively settled but not executed yet.
- General Manager Gray also stated that related to the recent incident on revenue loss, the unbudgeted expenses incurred on that incident is approximately \$25k. \$13k for mailing letters to customers and \$7,300 for auditor and \$5k outside consultant to secure information.

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

- General Manager Gray stated that the District installed 112 meters for April. Year to date, the District installed 476 meters.

**3. New Building Projects**

- Discussed earlier.

**4. Operate within 2008 Budget**

- General Manager Gray stated YTD the District is operating under the 2008 budget.

**5. FOWD Financial Plan (5-year)**

- Discussed earlier.

**6. Surface Water and GW Supply Agreements**

- General Manager Gray stated that the Board endorsed a dry year water supply agreement that is now being combined into tentative long-term agreement between SJWD and FOWD.

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

- Discussed earlier.

**8. Wholesale Meter Upgrades**

- General Manager Gray stated that he and the Operations Manager met with San Juan on the meter upgrade project. SJWD has it out to bid. They provided FOWD with a map that showed all existing meter locations. The District may be able to streamline the number of meters that would be expensive to install.

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

- General Manager Gray confirmed an ongoing commitment to address by the end of the year.

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

- No report.

**11. Hydraulic Model Development**

- General Manager Gray stated that the Hydraulic Model is under way. The District has responded to the consultant and provided data.

**12. Website Update**

- The District is seeking resources to support this ongoing activity.

**13. Other**

- General Manager Gray stated that staff has resolved the Sotheby Court construction issue.

**XI. Public Comment**

- None.

**XIV. Public Comment**

- None.

**XV. Adjournment**

With no further business to come before the Board, President Healey adjourned the meeting at 9:06 p.m.

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The Board approved the preceding minutes on June 9, 2008

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Tom R. Gray  
General Manager/Board Secretary

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Date