



**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
Chi Ha-Ly	Sr. Financial Analyst

**Other Attendees**

Ingrid Shepline, CPA	Richardson and Company
Joe Looney	Foothill Associates

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

Vice President Brown 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 March 10, 2008
  - b. Regular Board Meeting of June 9, 2008
2. Accept and file: Treasurer's report for the month of June, 2008
3. Accept and file: Investment report for the month of May, 2008
4. Accept and file: Monthly Financial Expenses for May, 2008
5. Approval of Warrants
6. Approval of Cal Card Statement

7. Approval of Monthly Board Expense Report
  - a. May, 2008
  - b. June, 2008

M/S/C Gilliam/Sarkovich, to approve the consent calendar.  
(President Healey was not present for this motion)

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

(President Healey took over the meeting)

- 1. Presentation from Richardson and Company on Annual Financial Audit of the Fair Oaks Water District for the year ending December 31, 2007**

- General Manager Gray introduced Ms. Ingrid Sheipline from Richardson and Company who presented the results of the Fair Oaks Water District's 2007 annual audit.

M/S/C Brown/Sarkovich, to have staff provide a response to the management recommendations for the next Board meeting.

- 2. Presentation from Anova Architects and Foothill Associates Environmental Consulting on the FOWD New Administration Building and Site Master Plan Final Initial Study / Mitigated Negative Declaration**

- General Manager Gray stated that Joe Looney from Foothill and Associates has prepared the environmental document and is available to answer questions. General Manager Gray stated that the District received no comments from the public.
- General Manager Gray asked that the Board skip to item VI.1 for approval of resolution 0805, related to this item.

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

- 1. Discussion and possible action on FOWD Resolution No. 0805; A Resolution of the Board of Directors of FOWD adopting a Mitigated Negative Declaration and Mitigation Monitoring Plan for the Fair Oaks Water District New Administration Building and Site Master Plan**

M/S/C Gilliam/Sarkovich, to adopt Resolution No. 0805.

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

- 3. Staff presentation on June 2008 revenues**

- General Manager Gray stated that staff took in \$2.3M in payments for the month of June. He also stated that the customers are making timely payments to ensure their accounts are credited.

4. **Staff presentation on regional water rates; how do FOWD water rates compare?**
  - General Manager Gray stated that the District is below the average when compared to other agencies that charge flat rates in the region. For metered rate comparison, the District is below the average at 60 CCF.
  - Vice President Brown stated that it would be hard to compare apples to apples on these water rates.
  - Director Marx asked that General Manager Gray have RWA look into completing a water rates comparison.
5. **Staff presentation on Employee Handbook Revision – Cell Phone Usage**
  - General Manager Gray stated that in response to the new legislation on cell phone usage effective 7/1/08, the District developed a cell phone usage procedure for the employee handbook.

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

1. **Report back on the Vintage Woods property transfer**
  - General Manager Gray stated the District completed the paperwork required to transfer the property to the Fair Oaks Recreation and Park District.
2. **Report back on execution of the approved FOWD Wholesale Water Supply Agreement**
  - General Manager Gray stated that this item was placed on the agenda for information only and to report back when the actual formal document is executed.
3. **Report back on adopted 2008-2009 SJWD wholesale budget; impacts to FOWD**
  - General Manager Gray stated that San Juan Water District has approved the 2008-2009 budget with the following rate increases for Fair Oaks Water District:

2009	19% (effective January 1, 2009)
2010	8%
2011	9%
2012	5%
2013	2%
4. **Report back on RWA reimbursement to FOWD for irrigation upgrades at the FO Cemetery**
  - General Manager Gray reported that the District received reimbursement of \$8,378.08 from the RWA large landscape irrigation incentives program for irrigation upgrades at the Fair Oaks Cemetery.
5. **Report back on the FOWD Relationship Review with US Bank; fee reductions**
  - General Manager Gray stated that staff met with US Bank representatives and through the review process, the District received reduced fees overall. The District will receive approximately 16% reduction to credit card transactions fees. The District is also looking at other fraud prevention products US Bank offers.

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

- 2. Discussion and possible action on scheduling a future ACWA JPIA presentation to the FOWD Board of Directors**
  - General Manager Gray stated that he would like to schedule an ACWA JPIA presentation at a future regular Board meeting.
- 3. Discussion on FOWD “Reporting a Significant Event” – bond rating change**
  - General Manager Gray informed the Board that the District’s bond insurer, FGIC, has been downgraded from “AAA” to “BB.”
- 4. Discussion on potential recovery of money spent to mitigate loss and risk due to former FOWD employee misconduct**
  - General Manager Gray stated that the District submitted a claim for out of pocket expenses, related to the case, of approximately \$66k to the insurance company.
- 5. Discussion on disposal of surplus property – dump truck**
  - General Manager Gray stated the District disposed of a dump truck in accordance with FOWD procedure; receiving \$4,000.
- 6. Discussion on billing issues with two major accounts – positive results**
  - General Manager Gray stated as part of the 2007 reconciliation, two accounts were not billed for multiple cycles; both accounts have agreed to pay the outstanding balances.

President Healey closed the open session at 8:09 PM for a break.

President Healey reopened open session at 8:12 PM.

- 7. Discussion and possible action on the FOWD 5-Year Financial Plan**
  - a. Discussion and possible action on use of District reserve funds in 2009 and 2010
    - Director Sarkovich stated that the Budget Committee worked with staff and submitted a preliminary finance plan to the Board for review. He stated that the objective of the plan is to provide a look into the future; identifying trends early to assist with the budget process.
    - Director Sarkovich indicated that the plan would have no rate increase for 2009 and no new debt in 2009 or 2010. He proposed pay-as-you-go for the MIP and the administrative building. He indicated that by 2011, the District would have paid off one outstanding major debt and the MIP would have been completed; this would free up money for capital improvement projects.
    - Director Sarkovich emphasized that 2011 would be a benchmark for going forward. It would be a good time to restructure the rates and that revenue would be neutral.

- Director Sarkovich stated that one of the constraints is the District's reserve target of approximately \$4.4M.
- Director Sarkovich stated that the District may need to increase water rates by 11% in 2010.
- General Manager Gray emphasized that the projected 11% increase in 2010 will maintain the reserve level at \$1.2M which will only cover the rate stabilization reserve.
- General Manager Gray stated the current proposal doesn't have most of the projects from the master plan.
- Director Marx asked that General Manager Gray schedule a meeting with the Technical Committee prior to the August Board meeting to discuss the top five projects for the District. General Manager Gray will provide the costs/benefits analysis with the impact of projects being deferred.

## **VII. Upcoming Events**

### **1. 2008 ACWA Fall Conference / Long Beach / December 2-5, 2008**

- Information only.

## **VIII. Representative Reports**

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

- No report.

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

- General Manager Gray stated that CA Water Urban Conservation Council met regarding conservation BMPs and their impact.
- Vice President Brown stated that all the new BMPs will be reviewed and revised by the end of the year.

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

- Vice President Brown reported that San Juan is preparing a Fluoridation Study that includes the FOWD Service Area. The Study is scheduled to be funded by outside grants.

### **4. Other**

- None.

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

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

- Discussed earlier.

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

- No report.

- 3. Capital Improvement Committee – (Gilliam, Sarkovich)**
  - Director Gilliam stated that the building project is on time and the plan is to go out to bid at the end of this summer.
- 4. Personnel Committee – (Marx, Gilliam)**
  - No report.
- 5. Public Relations Committee – (Brown, Healey)**
  - No report.
- 6. Other**

**X. General Manager’s Reports**

- 1. On-going Litigation (4 cases: Plecker, Grass, MTBE, Handicap Access)**
  - No report.
- 2. Meter Implementation (Installation & Future Planning)**
  - General Manager Gray stated that 141 meters were installed for June 2008.
- 3. New Building Projects**
  - Discussed earlier.
- 4. Operate within 2008 Budget**
  - a. June CIP Impact on Salaries
    - General Manager Gray stated that the District has a Certificate Incentive Program (CIP), which provides a one time stipend for achieving State certification. He indicated that the percentages range from 5% to 12%. He stated that staff really stepped up the testing and the District incurred over \$41k in expense for the CIP for the month. He noted that in the monthly financial statements, the actual salaries exceeded the budget for year to date. He assured the Board that the salaries will average out and the District should be under budget at the end of the year.
- 5. FOWD Financial Plan (5-year)**
  - Discussed earlier.
- 6. Surface Water and GW Supply Agreements**
  - No report.
- 7. GW Remediation Issues (Aerojet)**
  - No report.
- 8. Wholesale Meter Upgrades**
  - No report.

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

- No report.

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

- General Manager Gray stated that the Fair Oaks 40-inch Pipeline Project has been deferred until the Hydraulic Model is complete.

**11. Hydraulic Model Development**

- No report.

**12. Website Update**

- General Manager Gray stated that the District is looking to have a consultant update the website in the near future. The District has temporarily designated Michael Nisenboym, the Operations Manager, to update the website.

**13. Other**

- a. Scrap Metal Recycling
  - General Manager Gray stated that the District received two checks totaling \$5,800 for metal recycling that were deposited into the general fund.

**XI. Public Comment**

- None.

President Healey closed the open session of the meeting at 9:41 p.m.

President Healey called the closed session meeting to order 9:46 p.m.

**XII. Closed Session Pursuant to Government Code Section 54956.9**

- a. Conference with legal Counsel - Existing Litigation (*Subdivision (a) of Section 54956.9*): MDL 1358, United States District Court, Southern District of New York

President Healey closed the closed session at 9:53 p.m.

**XIII. Report From Closed Session**

President Healey reopened the open session of the meeting at 9:53 p.m. with no reportable action.

**XIV. Adjournment**

With no further business to come before the Board, President Healey adjourned the meeting at 9:55 p.m.

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The Board approved the preceding minutes on August 11, 2008

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Tom R. Gray  
General Manager/Board Secretary

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Date