AGENDA ITEM III.1a
Regular Board Meeting
Approved Minutes
August 11, 2008

District Attendees

Timothy Healey	Board President
Barry Brown	Board Vice President
Daniel Gilliam	Board Member
Misha Sarkovich	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager

Other Attendees

Stan Oklobdzija	Sacramento Bee

Absent

Randy Marx	Board Member

AGENDA ITEMS

I. Call to Order

President Healey 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 July 14, 2008
2. Accept and file: Treasurer's report for the month of July, 2008
3. Accept and file: Investment report for the month of June, 2008
4. Accept and file: Monthly Financial Expenses for June, 2008
5. Approval of Warrants
6. Approval of Cal Card Statement
7. Approval of Monthly Board Expense Report for July, 2008

- Vice President Brown pulled item III.1a.

M/S Gilliam/Sarkovich, to approve the consent calendar.

- Vice President Brown stated that item V.2 should be clarified.
- General Manager Gray stated that the item can be revised to read: "The item was placed on the agenda for information only and to report back when the actual formal document is executed."
- Vice President Brown stated that the minutes should document when President Healey took over the meeting on August 11, 2008.

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

IV. Presentation & Correspondence

1. July 17 correspondence from FOWD customer

- General Manager Gray read a letter from a customer commending a group of FOWD employees for their great customer service.

2. July 21 correspondence from FORPD

- General Manager Gray stated that FORPD wrote two letters. The first letter is related to common issues. The FORPD would like to have a meeting to go over the proposed rates. The FORPD will have two directors representing them and General Manager Gray suggested that one of the standing committees represent FOWD.
- President Healey appointed the Finance Committee to represent FOWD.
- General Manager Gray stated that the second letter from FORPD is to inform the District of a staff change at FORPD. He stated that Sam Crawford, the FORPD Administrator, has resigned to pursue other opportunities.

3. July 30 media story on recycling in Sacramento County

- General Manager Gray stated Sacramento County levied its first two citations for not complying with the Regional Waste Authority Business Recycling Ordinance. FOWD is complying with the Ordinance.

V. Discussion and Action Items: Old Business

1. Report back on 2008 Groundwater production

- General Manager Gray stated the District has formalized the water agreement with SJWD which included the payment for groundwater production. He stated that Mr. Nisenboym has put together monthly groundwater production report. He stated that the District pumped 898 ACFT in 2007 and 1617 ACFT year to date in 2008 of groundwater. SJWD informed the District that it does not need to currently pump Groundwater for SJ Family purposes. General Manager Gray stated that the District will meet with SJWD to discuss.

2. **Report back on Information Technology services at FOWD**
   - General Manager Gray stated that the Board has requested staff to implement the firewall security. The District has completed the firewall installation. He stated that the District will put together an RFP for the IT full service.
   - General Manager Gray stated that the District is seeking bids for the District's website maintenance.

3. **Update on the proposed drilling of a monitoring well by Aerojet in the FOWD service area**
   - General Manager Gray reported that the District is collaborating with Aerojet to drill a monitoring well at Park Avenue and Winding Way. He stated that one purpose of the monitoring well is to protect the existing Town Well.

4. **Update on the November 2008 General Election**
   - General Manager Gray reported that as of today, the voter registration election informed him that Director Randy Marx (Division #4) is running unopposed and Director Misha Sarkovich (Division #5) is running unopposed.

5. **Management response to items contained in the "Management Letter" from the 2007 Annual Audit**
   - General Manager Gray stated that staff is responding to the Management Letter from the 2007 annual audit as requested by the Board. General Manager Gray distributed the staff reports to the Board and stated that the District addressed all the items recommended by the auditor. He emphasized that the District implemented procedures and placed internal controls as recommended by the auditor.
   - General Manager Gray mentioned that the auditor recommended a report to be developed for deferred billing. This item is pending the accounting system upgrade. He reported to the Board that the District has outstanding bills that were handled by former IT personnel and he is negotiating with the software vendor on settling the bill prior to the upgrades.

VI. Discussion and Action Items: New Business

1. **Accept and file the Fair Oaks Water District's Comprehensive Annual Financial Report, with Independent Auditor's Report, for year ending December 31, 2007**

   M/S/C Brown/Gilliam, moved to approve the FOWD 2007 Comprehensive Annual Financial Report.

2. **Discussion on the 2008 update of the "Urban Drought Guidebook" by the State of California**
   - General Manager Gray stated that included in the Board package is the guidelines from the State of California with recommendations on how to implement drought condition best management practices with the State of California.

- Vice President Brown inquired whether staff has a plan to implement the recommendation.
- General Manager Gray stated that staff has been working with the San Juan Family on policy development. The District can compare the adopted policy with the State of California's guidelines. He recommended that the Technical Committee review to ensure what the District adopted coincides with the State's recommendations.

3. Discussion on the claim of liens on properties for unpaid water bills

- General Manager Gray stated that the District has placed liens on properties for outstanding receivables as recommended by the auditor; examples of the process were provided.

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4. Discussion and possible action on the 2009 Capital Project Plan

- General Manager Gray stated that, based on the Technical Committee meetings, Directors Brown and Marx have two recommendations:
  - First recommendation - add the list of capital improvements with an estimated cost of $681k to the 2009 budget;
  - Second recommendation - direct Technical Committee to develop 2010 and 2011 recommendations for capital improvements; which would be incorporated into the financial plan.

<u>First Recommendation:</u>
<u>First Motion</u>
M/S Gilliam/Sarkovich, moved to approve including the seven capital projects totaling $681k in the 2009 budget as long as it meets the recommendations from the Finance Committee of no new debt and no raising rates.

<u>Second Motion</u>
M/S Gilliam/Sarkovich, moved to approve including the seven capital projects totaling $681k in the 2009 budget as long as it meets the recommendations from the Finance Committee of no new debt and no raising rates. In addition, the Finance Committee will seek funding for these proposed projects.

<u>Third Motion</u>
M/S Gilliam/Sarkovich, moved to approve including the seven capital projects totaling $681k in the 2009 budget as long as it meets the recommendations from the Finance Committee of no new debt and no raising rates.

Ayes: Gilliam, Healey, Sarkovich
Noes: Brown

<u>Second Recommendation:</u>
M/S Gilliam/Sarkovich, moved to not to approve the transfer of the duty of Capital Improvements to the Technical Committee for 2010 and 2011.

Ayes: Gilliam, Healey, Sarkovich
Noes: Brown

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)

- No report.

3. San Juan Family of Agencies Executive Committee

- No report.

4. Other

- None.

IX. Directors' Reports & Comments

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

- Director Sarkovich stated that he would like to schedule a meeting for the 2009 Budget and Five Year Financing Plan.

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

- Discussed earlier.

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

- Director Gilliam stated that the District is on schedule and should go out to bid in September 2008.

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

- No report.

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

- No report.

6. Other

- None.

X. General Manager's Reports

1. **On-going Litigation (4 cases: Plecker, Grass, MTBE, Handicap Access)**
   - General Manager Gray provided brief status overviews.

2. **Meter Implementation (Installation & Future Planning)**
   - General Manager Gray stated that 136 meters were installed for July 2008. The District installed a total of 903 YTD. He stated that the District pulled a crew and a half to complete a small main replacement in August 2008. The bid was $39k for three customers. It will cost the District $8k out of pocket. Therefore, it may impact the meter counts for August 2008.

3. **New Building Projects**
   - Discussed earlier.

4. **Operate within 2008 Budget**
   - General Manager Gray stated that the District is under budget as of June 2008.

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

6. **Surface Water and GW Supply Agreements**
   - Discussed earlier.

7. **GW Remediation Issues (Aerojet)**
   - Discussed earlier.

8. **Wholesale Meter Upgrades**
   - General Manager Gray stated that he and Michael Nisenboym will be meeting with San Juan Family.

9. **Update and Revise FOWD Policy Manual**
   - General Manager Gray stated that he has a draft of the policy manual and would like to schedule a meeting with the Committee in September 2008.

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

11. **Hydraulic Model Development**
    - Discussed earlier.

12. **Website Update**
    - Discussed earlier.

13. **Other**

- None.

XI. Public Comment

- None.

XII. Adjournment

With no further business to come before the Board, President Healey adjourned the meeting at 8:10 p.m.

The Board approved the preceding minutes on September 8, 2008

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Tom R. Gray
General Manager/Board Secretary

Date