



## AGENDA ITEM III.1a

Regular Board Meeting

Approved Minutes

October 11, 2010

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### **District Attendees**

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

### **Other Attendees**

Paul Cornwell	Visitor
Sami Siddigi	Visitor
Heather Zepf	Visitor
Deanburg	Visitor
Lonny Gossett	Visitor
Jim Strain	Visitor

### **Absent**

## AGENDA ITEMS

### **I. Call to Order**

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

### **II. Public Comment**

- Mr. Sami Siddigi stated that he would like to have his disconnection fees waived because he was out of the country.
- General Manager Gray stated that he will review the account and get back to Mr. Siddigi. General Manager Gray stated that Mr. Siddigi is welcomed to come back to the Board should this matter is not resolved to his satisfaction.
- Mr. Jim Strain stated that the District would not take his payment and would not turn on his water.
- General Manager Gray stated that the District needs documents from the owner agreeing that he or she is responsible for the bill. He indicated that the District does not want to get involved with owner and tenant disputes.

- Mr. Strain indicated that the owner is deceased and that the executor refuses to sign any documents.
- Director Gilliam inquired if the Board releases the General Manager of the liabilities; can the District take the payment and turn on Mr. Strain's water?
- General Manager stated that he will look into the account and get back to Mr. Strain.
- Director Brown inquired if the District obtains legal advice on having the executor signed the documents.
- General Manager Gray indicated that this is the first time the District faces this issue with an executor and has not asked for legal advice yet.
- President Sarkovich introduced Mr. Lonny Gossett, who will be the new Division 3 Director replacing Director Brown.

### **III. Consent Calendar**

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

1. Approval of minutes
  - a. Regular Board Meeting of August 9, 2010
  - b. Regular Board Meeting of September 13, 2010
2. Accept and file: Treasurer's report for the month of September, 2010
3. Accept and file: Investment report for the month of August, 2010
4. Accept and file: Monthly Financial Expenses for the month of August, 2010
5. Approval of Warrants
6. Approval of Cal-Card Statement
7. Approval of Monthly Board Expense Report for September, 2010
  - Director Brown pulled the Regular Board Meeting minutes of August 9, 2010. Director Brown stated that item V.6 should be more elaborate because there was further discussion on the Hazel Avenue Bridge water main project.
  - General Manager Gray stated that there should be a sentence added: "General Manager Gray was directed to continue negotiations."

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

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

1. **August 25, 2010 letter from CHWD Board President - Allocation of Property Tax Revenues by SJWD**
  - General Manager Gray provided an overview of the tax revenue allocation by SJWD to the Board.

2. **September 20, 2010 response by the Fair Oaks Water District to the findings and recommendations from the Survey of Independent Special Districts by the Sacramento County Grand Jury**
  - General Manager Gray shared with the Board the responses that were sent to the Sacramento County Grand Jury. He stated that the request was sent to 31 special districts in the local area.
3. **October 4, 2010 letter to FOWD regarding 4624 Martsmith Way and the Clover Meadow Homeowners Association**
  - General Manager Gray stated that the letter involved water service to a proposed Development Project on Martsmith Way. He stated that this issue has been resolved.
4. **Customer phone call and email; “FOWD field workers saved our lives”**
  - General Manager Gray stated that he is proud of two District staff members for putting themselves in danger (extinguishing the car fire and pulling the customer out) saving a customer’s life while working on Illinois. The customer was very grateful to the staff.
  - President Sarkovich asked that General Manager Gray convey the Board’s thanks to the two staff members.

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

1. **Update and discussion on the Sumpter Drive property annexation**
  - General Manager Gray reported that the annexation is complete.
2. **Update and discussion on the draft SJWD rate study**
  - General Manager Gray stated that the SJWD is in the process of developing a five year rate study. The current proposed rate study includes a 5% rate increase for the next five years.
  - Director Gilliam stated the rate dropped from the original 16% to 8% to 5% for 2011; he indicated that these rates are tentative and the SJWD Board has not adopted them yet.
  - President Sarkovich asked that General Manager Gray inform the Board of the SJWD Board Meeting related to the budget and he and Director Gilliam will attend.
  - Director Gilliam stated that SJWD is using \$5M on a solar project because this would be better use of money; since SJWD is not earning much on this money in reserve.
  - Director Healey stated that the District should place on the water bills the rate increases from SJWD.

**3. Update and discussion on the “Fair Oaks 40-inch” wholesale water supply main project**

- General Manager Gray stated that SJWD hired a consultant to complete a rehabilitation study of the wholesale water transmission Fair Oaks 40-inch. He provided an executive summary of the project to the Board and stated that the District is expected to pay a yet to be determined amount between 60 to 80 percent of the total project costs. The original \$5M project is currently estimated to be \$2.6M.

**4. Update and discussion on the Sacramento Local Agency Formation Commission municipal service review of FOWD**

- General Manager stated that he met with Peter Brundage from Sacramento LAFCo and discussed FOWD operations. He believes that the District is in a good position.

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

**1. Update and possible action on Policy Number 1010 “Conflict of Interest”**

- General Manager Gray asked that the Board approved the revised “Conflict of Interest” policy 1010.
- Director Brown stated that the word “Designation” should be changed to “Designated” on item 4.4.1.

M/S/C Gilliam/Healey, to adopt the updated policy 1010: “Conflict of Interest” as amended.

**2. Update and discussion on draft 2011 FOWD Budget**

- General Manager Gray provided an overview of the draft 2011 FOWD Budget. He stated that staff developed the draft 2011 FOWD Budget with no new debt, no rate increase, no salaries and wages budget increase and usage of \$758k in reserves to cover the shortfall. He indicated that the draft 2011 FOWD Budget provided to the Board includes a projected year-end reserve balance of \$2.7M.
- General Manager Gray requested that the Board direct staff to work with the Budget Committee to go over the line items in the draft 2011 FOWD Budget and bring back at the November 2011 Regular Board meeting for adoption.
- Director Brown would like to have a full budget document and more detail information for review. He indicated that having detailed information would lessen the questions he has for staff and he is more comfortable with written documents.
- Director Marx inquired if the CIP projects have been incorporated into the draft 2011 FOWD Budget from the master plan. He would like staff to be comfortable with deferring the CIP projects and are deferring the CIP projects cost-effective long-term?

- General Manager Gray stated that some CIP projects have been deferred. Only “MUST DO” projects were included in the draft 2011 FOWD Budget.

M/S Gilliam/Marx, to send the draft 2011 FOWD Budget to the Budget Committee and have staff prepare a public presentation for the November 2010 Board meeting.

AYES: Directors Gilliam, Healey and Marx  
 ABSTAIN: Director Brown

**3. Update and discussion on FOWD main replacement design projects**

- General Manager Gray stated staff completed the main replacement design project on the Sunset Main Avenue project. This design was done in-house and the District saved around \$75k-\$100. General Manager Gray stated that this is the typical process for completing main replacement projects at the District.

**VII. Upcoming Events**

- 1. November 30 – December 3, 2010 / ACWA Fall Conference / Indian Wells**

**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. Fair Oaks Village Enhancement Committee**

- Director Brown stated that the FOVEC is currently trying to formalize the Committee.

**5. Other**

- Director Brown discussed the Donor Plaza Project.

**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**
  - No report.
- 2. Meter Implementation (Installation & Future Planning)**
  - General Manager Gray stated the District installed 61 meters in September. Staff has been working in harder areas. There will be staff reassignments to increase the meter installation count.
- 3. New Building Projects**
  - President Sarkovich stated that the District should be getting a rebate of around \$3,000 from SMUD.
- 4. Operate within 2010 Budget**
  - General Manager Gray stated that the District’s operating expense as of August is under budget approximately 16% as shown on the Monthly Financial Report. The District is in cash conservation mode; thus there are items well below budget for 2010.
- 5. FOWD Financial Plan for Metered Rates**
  - Discussed earlier.
- 6. Emergency Water Supply Agreement**
  - General Manager Gray stated that SJWD provided a presentation on emergency operations and it was very elaborate.

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

- General Manager Gray stated that there is a Community Advisory Group meeting scheduled for Thursday.

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

- General Manager Gray stated that he has a draft agreement from SJWD for cost allocation.

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

- General Manager Gray stated that staff is working on 10-12 policies and incorporating the comments from the Board.

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

- Discussed earlier.

**11. Hydraulic Model Development**

- No report.

**12. Website Update**

- General Manager Gray stated that he placed money in the 2011 budget to hire a consultant to complete a complete update of the website.

**13. Unbudgeted Projects**

- None.

**14. Other**

- General Manager Gray stated that the District is waiting for the final documentation for Hazel Avenue Main Project, in which the revised scope would reduce the cost of this project.

**XI. Public Comment**

- Mr. Deanburg inquired about the budget process.
- General Manager Gray stated that the District holds public budget meetings and would hold additional public hearing for any rate increases. All of the District's budgets and audited financials are on the website. General Manager Gray stated that the District has a reserve policy with target reserve amounts. The proposed reserve in the draft 2011 FOWD Budget is not in excess of the target reserve.
- President Sarkovich recommended that Mr. Deanburg attend the November Board meeting for the budget adoption.
- Ms. Zepf stated she would like to be able to pay her bills online.
- General Manager Gray stated that the District would also like to implement that feature in the future.

President Sarkovich closed the open session at 7:46 p.m.

President Sarkovich called the closed session meeting to order at 7:52 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 et al. Sacramento County Superior Court

President Sarkovich reopened the meeting to the public at 8:22 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 8:23 p.m.

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The Board approved the preceding minutes on November 8, 2010

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Tom R. Gray  
General Manager/Board Secretary

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Date