



AGENDA ITEM III.1a

Regular Board Meeting

Approved Minutes

March 14, 2011

District Attendees

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|-------------------|-----------------------|
| Randy Marx | Board President |
| Daniel Gilliam | Board Member |
| Lonny Gossett | Board Member |
| Misha Sarkovich | Board Member |
| Tom R. Gray | General Manager |
| Michael Nisenboym | Operations Manager |
| Chi Ha-Ly | Sr. Financial Analyst |

Other Attendees

| | |
|--------------------|----------------------------|
| Keith Durkin | SJWD Asst. General Manager |
| Ted Costa | SJWD Board President |
| Anna/Roger Schmitz | Visitor |
| Joseph Arch | JJCPA, Inc. |
| Brett Jones | JJCPA, Inc. |
| Nick Kepler | Visitor |
| Evan Currie | Visitor |

Absent

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| Timothy Healey | Board Vice President |
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AGENDA ITEMS

I. Call to Order

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

II. Public Comment

- Mr. Schmitz inquired on the \$65 bi-monthly charge on his water bill and the downsizing of 1 ½ to 1 inch.
- General Manager Gray stated that the \$65 is a service charge that is a direct pass-through cost of doing business including utility and regulatory fees. He stated that the commodity charge covers the usage and it is 33 cents per 100 cubic feet.
- General Manager Gray stated that the District is currently working on the policy which provides an option for customers to downsize at the customers' request with the customers paying for time and materials.

III. Consent Calendar

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

1. Approval of minutes
 - a. Regular Board Meeting of February 14, 2011
2. Accept and file: Treasurer's report for the month of February, 2011
3. Accept and file: Investment report for the month of January, 2011
4. Accept and file: Monthly Financial Expenses for the month of January, 2011
5. Approval of Warrants
6. Approval of Cal-Card Statement
7. Approval of Monthly Board Expense Report for February, 2011
 - General Manager Gray pulled item III.4. He stated that the current distributed monthly financial showed that the District is 39% under budget. The report needs to be revised to include the accrual of payroll and benefits which should change the YTD actual salaries and benefits to approximately \$219,000 (the percentage under budget would change from 39% to approximately 11%). He recommended the Board approve the changes.

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

IV. Presentation & Correspondence

1. Presentation from Joseph Arch on Fair Oaks Water District's Comprehensive Annual Financial Audit for the year ending December 31, 2010

- Mr. Arch stated that the District received a clean opinion for the 2010 financial audit. He indicated that the District is status quo except for the early pay off of the debt. The statement of cash flows shows a decrease in cash primarily as a result of the District's continued investment in infrastructure and capital assets. Overall, the flows of revenues and expenses remain stable between years.
- Mr. Arch stated that there was no management letter comments.
- On the Communication with Governance, Mr. Arch stated that the audit went smoothly and he thanked the District's staff for being cooperative.
- Mr. Arch stated that the District has strong monthly procedure for inventory reconciliation. He noted they placed more focuses on the debt service for the 2010 audit.
- General Manager Gray added that the District changed its procedure starting at the end of last year to reconcile monthly to ensure the inventory adjustment would be minimal at year-end and it has multiple sign-offs between maintenance and finance.

V. Discussion and Action Items: Old Business

1. Report back and discussion on the installation of water meters at the Bluffs

- General Manager Gray stated that at the last Board meeting, the District intended to do master metering at the Bluffs. However, after further discussions and time constraint, he recommended that the District install the meters individually and have this be the public system. He stated that an agreement between the Bluff City, Inc. HOA and FOWD should be required to resolve all outstanding issues.

2. Discussion and possible action on an MOU for the FO-40 Pipeline Project

- President Marx stated that the FOWD and SJWD Technical Committees met and the attached MOU is a temporary agreement for cost allocation through June of 2011. He indicated that the project should go forward.
- General Manager Gray stated that to date the cost for the project is approximately \$625k.
- The Board indicated that SJWD should continue the project even without the cost allocation/MOU.
- Mr. Durkin stated that they are proceeding with the work as much as possible so that the project won't be delayed. He emphasized that SJWD Board is reluctant to move forward and incur additional expenses without having an understanding from each agency and the cost allocation.

M/S Marx/Sarkovich, approve to move forward and sign MOU

- Director Gilliam stated that he had reservations on this agreement and felt that the District should not have to pay for the cost.
- Director Sarkovich stated that he would not approve of this agreement.
- President Marx had the following comments related to the MOU:
 - 1) The motion to move forward would be withdrawn and this item would be tabled.
 - 2) He directed the General Manager to seek legal advice on the FO-40 Project.
 - 3) The District will continue to work with SJWD on cost allocation.

3. Report back on providing water service to 4110 Eastwood Street

- General Manager Gray stated at the Board's direction at the last meeting, staff had responded to the customer and included an electronic fund transfer form. General Manager Gray distributed the letter to the Board.

4. Report back on providing water service to 8200 Winding Way

- General Manager Gray stated that the Winding Way customer had two water services but only one being billed. This customer requested for an upsize from one inch to 1 ½ inch at no cost to the customer. The District recommended that the customer check the pressure reading prior to upsizing and paying higher cost

perpetuity. The District has scheduled its water quality staff to take a pressure reading at the front and back of the residence.

5. Update on Hazel road widening water projects

- General Manager Gray stated that the County is anticipating beginning the Hazel project from Curragh Downs to Sunset around 2014.

VI. Discussion and Action Items: New Business

1. Discussion and possible action to accept and file the Fair Oaks Water District's Comprehensive Annual Financial Report (CAFR), with Independent Auditor's Report, for year ending December 31, 2010

M/S/C Gilliam/Misha, to approve the 2010 CAFR.

2. Discussion and possible action on FOWD participation in the RWA Public Relations Program

- General Manager Gray stated that the District participated in the following programs with RWA/SGA in 2010: SGA annual dues, RWA annual dues and Water Efficiency Program. He stated that there is a new program, RWA Public Relations Program, where the money is used for lobbying and regional messaging.
- The Board inquired whether there is money in the budget.
- General Manager Gray stated that this would be an unbudgeted item.

M/S/C Gilliam/Sarkovich, move not to use the program as it is unbudgeted.

VII. Upcoming Events

1. March 16, 2011 / Supervisor Roberta MacGlashan's FO Community Meeting / Fair Oaks

- Information only.

2. March 24-25, 2011 / Water Education Foundation Executive Briefing / Sacramento

- Information only.

3. May 11-13, 2011 / ACWA Spring Conference / Sacramento

- Information only.

VIII. Representative Reports

1. Sacramento Groundwater Authority (SGA)

- No meeting.

2. Regional Water Authority (RWA)

- President Marx reported that they had a consultant that went over the Public Relations program and the meeting also covered the budget. There is a proposal of 6% increase in dues.

3. San Juan Family of Agencies Executive Committee

- President Marx stated that there was a joint Technical Committee meeting.

4. Other

- None.

IX. Directors' Reports & Comments

1. Budget Committee – (Sarkovich, Healey)

- No meeting.

2. Technical Advisory Committee – (Gilliam, Marx)

- Discussed earlier.

3. Capital Improvement Committee – (Gilliam, Sarkovich)

- No meeting.

4. Personnel Committee – (Marx, Gilliam)

- No meeting.

5. Public Relations Committee – (Gossett, Healey)

- No meeting.

6. Other

- None.

X. General Manager's Reports

1. Meter Implementation (Installation & Future Planning).

- General Manager Gray stated that the District installed 7 meters in February. He stated that the District is waiting to install meters at the "Bluffs." Once the MIP is complete, the District will draft a letter informing USBR of the MIP completion status.

2. New Building Projects

- General Manager Gray reported on the building.

3. Operate within 2011 Budget

- General Manager Gray reported that the District is operating under budget as of February 2011.

4. FOWD Financial Plan for Metered Rates

- Discussed earlier.

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

- General Manager Gray stated that Citrus Heights is taking the lead on wholesale cost allocation.

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

- Discussed earlier.

7. Other

- None.

XI. Public Comment

- None.

President Marx closed the open session at 8:15 p.m.

President Marx called the closed session meeting to order at 8:25 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54954.5, 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 Marx closed the closed session at 8:47 p.m.

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

XIII. Report from closed session

- No report.

XIV. Public Comment

- None.

XV. Adjournment

With no further business to come before the Board, President Marx adjourned the meeting at 8:48 p.m.

The Board approved the preceding minutes on April 11, 2011

Tom R. Gray
General Manager/Board Secretary

Date