



**AGENDA ITEM III.1a**

Regular Board Meeting

Approved Minutes

October 8, 2012

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**District Attendees**

Misha Sarkovich	Board Vice President
Lonny Gossett	Board Member
Randy Marx	Board Member
Michael McRae	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Shawn Huckaby	Operations Superintendent
Chi Ha-Ly	Finance Manager

**Other Attendees**

Ted Costa	SJWD Board of Director
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**Absent**

Timothy Healey	Board President
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**AGENDA ITEMS**

**I. Call to Order**

Vice President Sarkovich called the meeting to order at 6:31 p.m.

**II. Public Comment**

- General Manager Gray thanked Operations Manager Nisenboym, Finance Manager Ha-Ly and Operations Superintendent Huckaby for filling in during his absence.

**III. Consent Calendar**

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

1. Approval of minutes
  - a. Regular Board Meeting of September 10, 2012
2. Accept and file Treasurer's report for the month of September, 2012
3. Accept and file Investment Report for the month of August, 2012
4. Accept and file Monthly Financial Expenses for the month of September, 2012
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of September, 2012
7. Approval of Monthly Board Expense Report for the month of September, 2012

M/S/C Marx/Gossett, to approve the consent calendar.

Absent: President Healey

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

##### **1. Response to rate payer request for data**

- General Manager Gray informed the Board that he provided the customer with the District's information including the benefits information, salary survey, a copy of the General Manger's contract and the employee handbook.

##### **2. Letter dated September 27, 2012 from the San Juan Water District on wholesale rates**

- General Manger Gray stated that there will be no rate increase from SJWD for 2013. However, there is \$2M placed in the District's 2013 budget for the 40 Inch Pipeline Project to be paid to SJWD in addition to the normal water supply costs.

##### **3. Presentation of the FOWD handout titled: "Water Conservation Program Guidelines"**

- Operations Superintendent Huckaby stated that the District currently operates under the Conservation Policy 6060. An overview of the FOWD pamphlet titled: "Water Conservation Program Guidelines" was presented.

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

##### **1. Update and discussion on FOWD Water Supply for the month of September, 2012**

- Operations Manager Nisenboym reported that FOWD participated in the SJWD water supply exercise in September. During the water supply exercise, FOWD turned off all wells, activated FO-40 interconnection with SJWD and an emergency interconnection with Carmichael WD to maximize delivery of treated water from SJWD. FOWD provided approximately 2,000 GPM of water to CWD through 8-inch interconnection (64 AC-FT) during exercise. The District received 1,284 AC-FT of surface water from SJWD. He stated that the groundwater consumption was 147 AC-FT.
- Director Marx noted that the chart shows the District has more water sales in 2012 than 2011, thus it is expected that the District would have higher water revenues than anticipated.
- General Manager Gray stated that the District's water sales overall is on target within \$100,000 of what was budgeted for 2012.

- Vice President Sarkovich emphasized that the consumption is only 25% of rate revenue and the fixed fee is 75% of rate revenue.
- General Manager Gray stated that revenue projections are very close to financial plan projection.

## **2. Gum Ranch Project update**

- General Manager Gray stated that the Gum Ranch project was approved for 89 homes. The developer has proposed a new plan which includes over 240 condo units. Every unit would require a backflow device and a service.

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

### **1. Discussion and possible action on a Financial Budget for 2013**

- General Manager Gray stated that staff has prepared a preliminary 2013 budget in accordance with the following:
  1. Prepare a budget that covers the cost that the San Juan Water District is charging the Fair Oaks Water District for the 40-Inch Pipeline Project.
  2. Prepare a plan using the first year of metered-rate data as a basis for revenue projections.
  3. Prepare a plan that addresses the cost impact of planned County of Sacramento Projects: Hazel Avenue, Village Improvements, and Street Overlay.
  4. Defer most master planned capital improvements until after the completion of the San Juan Water District 40-Inch Improvement Project.
  5. Analyze preliminary budget in accordance with the Board approved Five-Year Financial & Water Rate Development Plan dated November 14, 2011.
  6. Analyze preliminary budget with no rate adjustment in 2013.
- Staff prepared two scenarios, one with the rate adjustments and one with no rate adjustment. With rate adjustments, the District is projected to end the year with \$3.6M in cash. With no rate adjustment, the District is projected to end the year with \$3.3M in cash.
- General Manager Gray stated that the District's required cash reserve per policy is approximately \$3.5M for Emergency and Rate Stabilization Designations.
- General Manager Gray reminded that Board that the District has deferred projects totaling approximately \$3.7M.
- General Manager Gray stated that in the approved financial plan, the 2013 proposed rate structure includes a reduction to the bi-monthly fixed service

charge for a 1-inch meter service of 8.5% (a reduction from \$65.10 to \$59.57) and a new commodity rate of \$0.64 per CCF (an increase from \$0.45 per CCF to \$0.64 per CCF).

- Vice President Sarkovich stated that staff should schedule a Finance Committee meeting to discuss the 2013 Budget.

## **VIII. Upcoming Events**

### **1. October 10, 2012 / Conversation on Water Lunch / Sacramento**

- Information only.

### **2. October 17, 2012 / Supervisor Susan Peters Community Coffee Meeting / Fair Oaks**

- Information only.

### **3. October 19, 2012 / 2012 State of the County Luncheon / Sacramento**

- Information only.

## **IX. Representative Reports**

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

- No report.

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

- Director Marx reported that there was a presentation on water use throughout the agencies and budget discussions.

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

- No meeting.

### **4. Other**

- None.

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

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

- No meeting.

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

- No meeting.

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

- No meeting.

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

- No meeting.

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

- General Manager Gray inquired if the Board would like to meet to go over the website that has been launched. He indicated that the new website now includes online payments.
- Director Gossett inquired if the billing process is paperless. He indicated that it would save the District money if the District goes paperless.
- Operations Superintendent Huckaby stated that the District still sends out a paper bill as the website does not have the customer account information available.
- Director Sarkovich inquired on the cost for the online payment.
- Operations Superintendent Huckaby stated that the District absorbed all the fees including the credit card processing fees.
- Finance Manager Ha-Ly stated that the credit card fee is approximately \$1.31 per transaction and monthly service fee is approximately \$47.
- General Manager Gray stated that the District implemented the module that is most cost effective.
- Vice President Sarkovich inquired on the website advertisement of the online payment.
- General Manager Gray stated that it is placed on the home page of the District's website. He also stated that the District meter crew is distributing information about online payments as they come in contact with the customers.
- Director McCrae inquired on the privacy of the customer's information.
- General Manager Gray stated that the District tested and worked with US Bank to ensure that it is secure.
- Finance Manager Ha-Ly stated that the site is hosted by US Bank and is a secured site.
- Operations Superintendent Huckaby stated that US Bank retained all information and does not pass private information to the District.
- Director Gossett stated that he would like to meet if President Healey is available.
- General Manager Gray stated that if President Healey is unavailable, Director Gossett can always meet with staff whenever he deemed necessary.

**6. Other**

- None.

**XI. General Manager’s Reports**

**1. Monthly Work Performance Report.**

- General Manager Gray provided an overview of the District’s monthly work performance report.

**2. Operate within 2012 Budget**

- General Manager Gray stated that based on the September 2012 YTD monthly financial report, the District is operating 13% below the budget.

**3. Metered Rates Conversion Project**

- General Manager Gray stated that the District read every single meter in the first week of October 2012. The District compared the production water meter reads to the consumption data and the District accounted for all the water except for 7%.

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

- Will be discussed in closed session.

**5. Delta Issues – Update on Regional Involvement**

- No report.

**6. 2013 Budget Development**

- Discussed earlier.

**7. Other**

- None.

**XII. Public Comment**

- None.

**XIII. Adjournment**

With no further business to come before the Board, Vice President Sarkovich adjourned the meeting at 7:46 p.m.

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The Board approved the preceding minutes on November 5, 2012

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Tom R. Gray  
General Manager/Board Secretary

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Date