



District Attendees

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

Other Attendees

Nicholas Kepler	DSO III
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Absent

Timothy Healey	Board President
Randy Marx	Board Member

AGENDA ITEMS

I. Call to Order

Vice President Sarkovich 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 October 8, 2012
2. Accept and file Treasurer's report for the month of October, 2012
3. Accept and file Investment Report for the month of September, 2012
4. Accept and file Monthly Financial Expenses for the month of October, 2012
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of October, 2012

7. Approval of Monthly Board Expense Report for the month of October, 2012

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

Absent: Directors Healey and Marx

IV. Presentation & Correspondence

• **Presentation on FOWD Bill Statement Printing and Mailing**

- General Manager Gray stated that the District implemented in-house process for bill printing and mailing in 2012 and the District saved money compared to outsourcing. He stated that the District will continue to print and mail billing statements in-house.

• **Sacramento Suburban Water District's Agenda Item 25: San Juan Water District Water Treatment Plant Capacity Evaluation**

- General Manger Gray stated that this item if for information only.

• **Letter dated October 24, 2012 from the Government Finance Officers Association; FOWD awarded Certificate of Achievement for Excellence in Financial Reporting**

- General Manager Gray stated that the District received the GFOA award for 2011 calendar year and this would be 11th consecutive year the District received this award.

V. Discussion and Action Items: Old Business

1. Update and discussion on FOWD Water Supply for the month of October, 2012

- Operations Manager Nisenboym reported that the District's overall consumption was below the 10-year average. Wholesale connections provided approximately 96.3% and groundwater wells produced 3.7% of total water demand.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on 2013 Budget and Financial Plan

- General Manager Gray provided an overview of the 2013 Budget with the following tasks:
 1. Review budgeted vs. estimated 2012 expenditures to identify significant variances.
 - ✓ General Manager Gray stated that the 2012 estimated net cash is \$411,900.

2. Review deferred projects and needed capital improvements to determine priorities. Estimate money required to fund the capital projects selected for 2013 work.
 - ✓ General Manager Gray stated that the deferred projects totaled \$3,781,000.
3. Review status of reserve funds. Analyze balances relative to designated purpose for each fund and make recommendations. (Consider timing of need.)
 - ✓ General Manager Gray stated that the reserve target is \$3.5M.
 - ✓ General Manager Gray stated that the projected 2013 reserve is \$3.4M net of restricted reserve (\$3.6M less \$0.2M of connection fee reserve) with rate adjustments in accordance with the Five-Year Financial and Water Rate Development Plan.
 - ✓ General Manager Gray stated that the projected 2013 reserve is \$3.1 net of restricted reserve (\$3.3M less \$0.2M of connection fee reserve) with no rate adjustment.
4. Analyze timing of San Juan Water District 40-Inch Pipeline construction and implementation relative to cash flow.
 - ✓ General Manager Gray stated that the 2013 Budget included \$2,000,000 toward the San Juan Water District 40-Inch Pipeline.
5. Analyze FOWD labor trends and recommend required staff for 2013 operations.
 - ✓ General Manager Gray stated that the MIP has been completed and FOWD can operate with 32 FTE. Thus he asked that the Board approve a decrease of 4 FTE from 36 to 32. The 2013 Budget reflected 32 FTE.
6. Propose 2013 budget item adjustments considering results of items 1 through 5.
 - General Manager Gray recommended that the Board adopt the 2013 Budget with the rate adjustment for the District to have additional revenues to complete the deferred projects. He also stated that without the rate adjustments, the Board would not be in compliance with the current District reserve policy.
 - Director Gossett stated that given the economic conditions, he felt that the District can hold off another year without the rate adjustment and if need be, the District can make the adjustment next year.

- Vice President Sarkovich stated that the rate adjustment would increase revenues of \$300-\$400K. He also felt that the District does not need the rate adjustment and inquired if the reserve policy needs to be adjusted.
- General Manager Gray asked that the Board reconsider and approve the rate adjustment. He stated that at the 2011 public hearing, the ratepayers requested that the District increase the rate incrementally and not all at once; therefore, the rate adjustment met this goal.
- General Manager Gray stated that the Board does not need to revise the reserve policy. It will just operate under the policy threshold.

M/S/C Gossett/McCrae, moved to:

Absent: Directors Healey and Marx

1. Approve the 2013 Budget as presented with no rate adjustment.
2. Complete and update the 5-Year Master Plan in 2013.
3. Reduce the Board approved staffing level from 36 FTE to 32 FTE in 2013.
4. Approve a 3% lump sum increase in base salary effective the first pay period of 2013 to be allotted based on 2012 performance as determined by FOWD management.
5. Approve the updated 2013 salary ranges.

2. Discussion and possible action on 2013 employee merit increase and salary ranges

- See approval under item VI.1.

VII. Upcoming Events

1. November 15, 2012 / Fair Oaks Chamber Business Luncheon / 11:30 AM to 1:30 PM / Fair Oaks

- Information only.

2. December 4-7, 2012 / ACWA Fall Conference / San Diego

- Information only.

VIII. Representative Reports

1. Sacramento Groundwater Authority (SGA)

- General Manager stated that the meeting covered: the conflict of interest code, appointments to various committees, and discussion of architecture and engineering services and selection policy.

2. Regional Water Authority (RWA)

- No report.

3. San Juan Family of Agencies Executive Committee

- No meeting.

4. Other

- None.

IX. Directors' Reports & Comments

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

- Vice President Sarkovich stated that the Committee met and discussed the 2013 Budget.

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*)

- No meeting.

6. Other

- None.

X. General Manager's Reports

1. Monthly Work Performance Report.

- General Manager Gray stated that the monthly work performance report provides that Board with the operating activities of the District in the field. He also provided an overview of the lag-effect of water sales.
- Director McCrae inquired on the registers and meters and how they work.
- General Manager Gray stated that he will have staff prepare a presentation on meters and registers and how they work for the Board.

2. Operate within 2012 Budget

- General Manager Gray stated that based on the October 2012 YTD monthly financial report, the District is operating 14% below the budget.

3. Metered Rates Conversion Project

- No report.

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

- Completed.

7. Other

- General Manager Gray reported that last Thursday evening, staff received a call on a leak in the Twin Lakes School area. On Nov. 1, District staff responded and worked through-out the night to complete it on time for Twin Lakes School to open the next day. General Manager Gray stated that this was one of the projects that was deferred in the 2013 budget process. He also noted that the District incurred overtime on this job.
- DSO III Kepler stated that same pipeline has leaked three times in 2012.
- Director McCrae inquired on the number of emergency repairs per year.
- General Manager Gray stated that staff has the information and will report back to the Board on the emergency repairs.

XI. Public Comment

- None.

Vice President Sarkovich closed the open session meeting at 7:58 p.m.

Vice President Sarkovich called the closed session meeting to order at 8:03 p.m.

XII. Closed session pursuant to code sections 54956.8, 54956.9 and 54957

- Existing litigation; San Juan Water District vs. Fair Oaks Water District related to the SJWD 40-Inch Pipeline Rehabilitation Project / Sacramento County Superior Court

Vice President Sarkovich reopened the meeting to the public at 8:52 p.m.

XIII. Report from closed session

M/S/C Gossett/Sarkovich

Absent: Directors Healey and Marx

“Authorize the General Manager to execute all documents required to complete the Board approved settlement agreement between SJWD and FOWD relative to existing litigation related to the SJWD 40-inch Pipeline Project.”

XIV. Adjournment

With no further business to come before the Board, Vice President Sarkovich adjourned the meeting at 8:53 p.m.

The Board approved the preceding minutes on December 10, 2012

Tom R. Gray
General Manager/Board Secretary

Date