



**District Attendees**

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

**Other Attendees**

Shauna Lorance	SJWD General Manager
Ted Costa	SJWD Board Member
Jeffrey Mitchell	Kronick, Moskovitz, Tiedemann & Girard
Brian Singley	DSO II

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

President Sarkovich called the meeting to order at 6:33 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 March 11, 2013
2. Accept and file Treasurer's Report for the month of March, 2013
3. Accept and file Investment Report for the month of February, 2013
4. Accept and file Monthly Financial Expenses for the month of March, 2013

5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of March, 2013
7. Approval of Monthly Board Expense Report for the month of March, 2013

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

- Director McRae inquired on components of the SJWD water bill.
- General Manager Gray stated that the SJWD invoice in the warrant package is billed quarterly. This invoice included the fixed portion of the water service and SJWD debt issuance as part of the water billing charges.
- President Sarkovich inquired on the accounting for the labor charges in the F.O. 40 project billing (whether it was double counted in the water rates).
- SJWD General Manager Lorance stated that SJWD budgeted the labor for capital project separate from operating expenses labor; thus, when combined, they would equal 100% of total salaries.
- General Manager Gray stated that he would like to change Agenda Item IV.1 from “Presentation from San Juan Water District staff on the Fair Oaks 40 Transmission Main Rehabilitation Project” to “SJWD discussion on the proposed Pump Back Project.”
- SJWD General Manager Lorance stated that Mr. Keith Durkin is out of state at this time and she will discuss and answer any questions the Board may have related to the Pump Back Project.

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

##### **1. SJWD discussion on the proposed Pump Back Project**

- SJWD General Manager Lorance stated the Sacramento Suburban Water District applied for a grant and received \$300,000 for a proposed project to pump SSWD produced groundwater into the existing CTP for distribution to SJWD customers. She stated that at this point, it is not certain whether the project makes sense; therefore, they are discussing using the \$300,000 funding to do the analysis of the project. Currently, Citrus Heights, San Juan, Sac. Suburban and RWA are the only ones participating in the discussion of this project. SSWD will be providing an overview of the capacity.
- SJWD General Manager Lorance stated recently, there has been a drop in Folsom Lake. It is projected that Folsom Lake will have 190,000 AF by the end of November. She compared current conditions with 1976 and 1977.
- SJWD General Manager Lorance stated that the estimated cost to drill one well is \$2M and if they can pump 9,000 gallons per minute with the “Pump Back Project,” that would be a very good value.

- SJWD General Manager Lorance stated that they have not analyzed the cost or benefits on the “Pump Back Project” and there are a lot of questions that have yet to be answered.
- President Sarkovich inquired whether there will be another pipeline constructed for the “Pump Back Project”; or if the existing SJWD pipelines would be used.
- SJWD General Manager Lorance stated that if the project makes sense, the idea is to pump to the existing CTP all the way up to the San Juan Retail agency and to other agencies.
- Mr. Singley inquired if SJWD currently has any wells in operation for distribution purposes.
- SJWD General Manager Lorance stated that SJWD has a storage tank but it does not have any wells in operation.
- Mr. Singley inquired if SJWD actively test drilled and tested in the SJWD-R area.
- SJWD General Manager Lorance stated that they hired a consulting firm to analyze areas and drilled some pilot wells but received less than 100 gallons per minute.
- Director McRae inquired if there is consideration for lowering the intake in Folsom Lake.
- SJWD General Manager Lorance stated there has been a lot of discussion on taking the same amount of water from a lower elevation and it can be done. Lowering the intake to gain a few thousand AF is not reasonable; a better solution would be to downsize the pumping out of Folsom.
- Director Gossett inquired if there will be a problem with water rights related to the “Pump Back Project.”
- SJWD General Manager Lorance stated that pumping water out of the SSWD service area could be an issue with SGA. Also currently, we cannot just use SSWD water, so there is a water rights issue.
- Director Gossett inquired on the agencies that use surface water.
- SJWD General Manager Lorance stated the SSWD cannot use it this year; the other agencies that use surface water include City of Folsom, City of Sacramento, Roseville, PCWA, Carmichael, and San Juan.
- General Manager Gray stated that SSWD and Cal-American account for a majority of the groundwater pumping north of the American River.
- General Manager Gray stated that this has been a good discussion. He stated that there will be a meeting at FOWD tomorrow to discuss water supply planning within the SJWD Family of Agencies. He stated the SJWD Family had already

developed a Dry-Year plan; including preliminary agreements setting a baseline for water supply. He stated that based on the documents, it appears that the Family already has a plan for dry-year water supply.

- General Manager Gray made a request of Ms. Lorange that he receive copies of all information related to the “Pump Back Project.”
- SJWD General Manager Lorange stated that this is an RWA project, FOWD can participate in the discussion or it can wait until the information is available.
- General Manager Gray stated that this “Pump Back Project” is downstream of Hinkle. He then stated that in accordance with SJWD policy, all projects downstream of Hinkle require separate agreements.
- SJWD General Manager Lorange stated this will more likely be a separate agreement and may be based on beneficiary and it will be based on SJWD Board’s decision.

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

### **1. Update and discussion on FOWD Water Supply for the month of March 2013**

- Operations Manager Nisenboym reported that the District’s overall consumption was 34.4% above the 10-year average for March. Wholesale connections provided approximately 617 AC-FT of water supply and groundwater wells produced approximately 44 AC-FT of water supply for the month. In March, the wholesale connections provided approximately 93.3% of the District’s total water demand; with groundwater providing the remainder.
- General Manager Gray stated that FOWD has an operational target of meeting 10% of the total water demand with groundwater in 2013.
- Operations Manager Nisenboym stated that during the summer months, groundwater pumping would be 10%-15% and winter time would be less than 10%. The overall average would be around 10%.

### **2. Update and discussion of proposed SSWD and SJWD consolidation**

- General Manager Gray stated that current information on this issue was included in the Board packet.
- Director Marx shared his concerns that FOWD has no debt and those agencies have large debts. He wanted to make sure that FOWD rate payers do not assume the debt of others or have an increase in rates from this proposed consolidation. He mentioned that Dave Peterson stated that there are ways to keep the financials separate in agreements; thereby protecting FOWD rate payers.

- Director Gossett stated that there was a consolidation of Northridge and Arcade and the books were kept separate at first. Later a new Board came in and made one rate for all; spreading existing debt evenly to all rate payers.
- Director Healey inquired on the advantages of SJWD consolidating with SSWD.
- SJWD General Manager Lorange stated the reason for the consolidation is to manage the water supply. Currently, the Family is not using all of its allotted water from the CVP contract. The idea is to deliver surface water to SSWD in wet years and have SJWD use groundwater in dry year. The water supply plan would help protect current SJWD water rights and solve SJWD dry-year water supply needs.
- SJWD Director Costa stated that the main objective is to protect the water rights and not get cut back by showing that we are not using the water.
- SJWD General Manager Lorange stated that the consolidation may or may not happen. She expressed concerns on the possible contamination of FOWD and CHWD groundwater contamination in the future. SJWD General Manager Lorange stated that even if they consolidate, it is not possible to consolidate with the debt level being so different per customer. They would also have to go to LAFCO to get approval to merge the debt. The customers would not automatically inherit the debt because they did not vote for the Directors.
- General Manager Gray stated that FOWD currently doesn't have any threat of contamination and FOWD has agreement with Aerojet that if that does happen.
- General Manager Gray stated that the current total San Juan Family of Agencies has approximately 55,000 connections. SSWD has approximately 65,000 connections. If the consolidation occurs, the San Juan Family total connections would be around 120,000 using the same amount of surface water currently allotted to 55,000 connections.
- SJWD General Manager Lorange stated these are details that will need to be looked at.
- Director McRae stated that there will be 2x2 ad-hoc committee meetings and he would like for FOWD representative to be present. He asked that SJWD General Manager Lorange clarify the three alternatives voted on at the consolidation meeting.
- SJWD General Manager Lorange stated that the three alternatives include:
  - i. No consolidation;
  - ii. Water management by contract; and
  - iii. Consolidation.
- SJWD General Manager Lorange stated that the next step is an analysis of the problems and benefits with each alternative.

- SJWD General Manager Lorange stated that another issue is the State Board trying to manage the groundwater.
- General Manager Gray indicated that the FOWD's loyalty is to its existing rate payers before the Region. He stated that the FOWD Board wants to ensure that SJWD is fighting for the Family first, then the Region.
- SJWD General Manager Lorange confirmed that she would place existing rate payers' interests before Regional interests.

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

### **1. Discussion and possible action on approval of Fair Oaks Water District sponsoring a "Concerts in the Park" with a water conservation message**

- General Manager Gray recommended that the Board approve supporting the "Concerts in the Park" event with a water conservation message at a cost of \$600.

M/S/C Gossett/Marx, to approve supporting the "Concerts in the Park" event for \$600.

### **2. Discussion and possible action on approval of RWA JPA Amendments**

- Item deferred to the May Regular Board Meeting.
- The Technical Committee will meet prior to the next Regular Board meeting to go over the RWA JPA Amendments.

### **3. Update and discussion on FOWD vehicle retirements and replacements**

- General Manager Gray stated that the District sold two vehicles with a zero net book value for a total for \$21,000. He stated that he will use the funds to purchase new vehicles. He indicated that the replacement vehicles are in the approved 2013 budget.

## **VII. Upcoming Events**

### **1. Fair Oaks Chamber Luncheon / April 19, 2013 / FORPD Clubhouse**

- Information only.

### **2. ACWA Spring Conference / May 7-10, 2013 / Sacramento**

- Information only.

### **3. Supervisor Peters FO Community Meeting / May 15, 2013 / Fair Oaks Water District**

- Information only.

## **VIII. Representative Reports**

- 1. Sacramento Groundwater Authority (SGA)**
  - No report.
- 2. Regional Water Authority (RWA)**
  - Director Marx stated RWA is working on JPA amendments.
- 3. San Juan Family of Agencies Executive Committee**
  - General Manager stated that he included in the Board package all current SJWD Board and Committee meeting agendas.
- 4. Other**
  - None.

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

- 1. Budget Committee – (Sarkovich, Healey)**
  - No meeting.
- 2. Technical Advisory Committee – (Marx, McRae)**
  - Director Marx stated that the Technical Advisory Committee met and discussed the consolidation issue.
  - General Manager Gray stated that the Committee specifically discussed the proposed SJWD/SSWD consolidation, Pump Back Project, FO-40 Project status, wholesale water supply contract update and 2013 capital projects.
- 3. Capital Improvement Committee – (McRae, Sarkovich)**
  - No meeting.
- 4. Personnel Committee – (Gossett, McRae)**
  - Director McRae stated that the Committee met with a cross-section of District staff and discussed the current state of the District.
  - Vice President Gossett stated that employees are looking for more team building such as a potluck.
- 5. Public Relations Committee – (Healey, Gossett)**
  - No meeting.
- 6. Other**
  - None.

## **X. General Manager's Report**

- 1. Monthly Maintenance Work Report.**

- General Manager Gray provided an overview of the work completed by staff. He stated that the Water Sales Analysis Report included 2012 and 2013 data for comparison from month to month.

## **2. Capital Projects Status Report**

- General Manager Gray provided an overview of the projects.

## **3. Safety Issues Update**

- General Manager Gray stated that there is nothing to report for safety related issues at this time.

## **4. Financial Issues Update**

- General Manager Gray stated that for March 2013 YTD, the District is under budget by approximately 28%. He stated that part of the savings was from low water usage in winter months.

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

- General Manager Gray stated as part of RWA public relations program, there was a gathering of community leaders in Sacramento on 4/4/2013 for a briefing on the Delta Issues.

## **6. Other**

- General Manager Gray provided an overview of the current regional snow survey for the year.

## **XI. Public Comment**

- None.

President Sarkovich closed the open session meeting at 8:18 p.m.

President Sarkovich called the closed session meeting to order at 8:23 p.m.

## **XII. Closed Session Pursuant to Government Code Sections 54956**

1. Conference with Legal Counsel on Existing Litigation (Subdivision (a) of Section 54956.9) Name of case: Bluff City Inc. vs. Fair Oaks Water District et al. Sacramento County Superior Court
2. Conference with Legal Counsel on Anticipated Litigation (Subdivision (d) of Section 54956.9) – one case

President Sarkovich reopened the meeting to the public at 9:36 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 9:36 p.m.

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The Board approved the preceding minutes on May 13, 2013

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Tom R. Gray  
General Manager/Board Secretary

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Date