



## AGENDA ITEM III.1a

Regular Board Meeting

Approved Minutes

November 4, 2013

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### **District Attendees**

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

### **Other Attendees**

Ted Costa	SJWD Board Member
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### **Absent**

Timothy Healey	Board Member
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## AGENDA ITEMS

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

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

General Manager Gray stated that Director Healey informed the District he will be out of town and unable to attend this meeting.

### **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 14, 2013
2. Accept and file Treasurer's Report
  - a. No report due to meeting date
3. Accept and file Investment Report for the month of September, 2013
4. Accept and file Monthly Financial Expenses

- a. No report due to meeting date
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of October, 2013
7. Approval of Monthly Board Expense Report for the month of October, 2013

M/S/C Marx/McRae, to approve the consent calendar.  
Absent: Director Healey

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

##### **1. Correspondence dated October 23, 2013 from San Juan Water District Board President regarding: Wholesale Water Supply Agreement – Take or Pay**

- General Manager Gray stated SJWD's Board President Kenneth Miller responded that the "take or pay concept" is worth consideration. SJWD concurs that the existing wholesale water supply agreements should be reviewed and discussed among all wholesale customer agencies. SJWD is looking into hiring a consultant to prepare a five-year financial plan. The consultant will analyze and provide several possible rate options and one of these options will be selected for all wholesale agencies.

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

##### **1. Discussion and possible action on the proposed 2014 Budget and Financial Plan**

- President Sarkovich stated that the attached 2014 Proposed Budget and Financial Plan has no new debt and no rate adjustments. He stated the 2014 Proposed Budget and Financial Plan included a projected total annual revenue of \$8.5M and \$3.3M in ending reserves.
- General Manager Gray stated that the \$3.3M projected reserves in the proposed 2014 Budget is not in compliance with the FOWD's reserve policy of \$3.5M; he asked the Board to consider a rate adjustment to increase the reserves to be in compliance with the FOWD's reserve policy. He stated that having higher reserves would help with emergency repairs and future capital projects. He cited that a recent water leak costing the District an unbudgeted \$60,000 as an example. He also noted that the future Hazel Avenue project is expected to cost around \$2.5M-\$3M.
- President Sarkovich stated that the District can either defer projects or issue new debt for future projects as needed. He asked that staff place the reserves policy on the December Regular Board Meeting for review and update.
- Director McRae stated that he does not want to have any rate increase; instead, he would rather scale-back capital improvements.

- Director Marx stated that he would like the Board to consider long-term financial planning and not to defer projects due to limited funds.
- Vice President Gossett stated that he would prefer to implement a rate adjustment this year and build up the reserves to pay for needed future projects including Hazel Avenue and the Fair Oaks 40-Inch.
- SJWD Director Costa stated having larger reserves will provide more opportunity for FOWD to complete projects.
- Director McRae stated that he does not want a budget with a net loss for 2015.
- General Manager Gray stated that he would like to have the budget approved in October for next year to accommodate the billing schedule. General Manager Gray stated that the budget policy needs to be updated to reflect the future October adoption date.
- President Sarkovich asked that staff place the reserves policy on the December Regular Board Meeting for review and update.
- The Board stated that staff should publish tonight's action of no rate adjustment on the website with the language that the District foregoes the rate adjustment for two consecutive years in a row.

M/S/C           McRae/Gossett, to approve the 2014 Proposed Budget and Financial Plan

Absent:           Director Healey

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

### **1. Report back on the SMUD Industrial Users Forum**

- General Manager Gray stated that FOWD may be able to take advantage of the SMUD's utility incentive and grant programs with the future development of the storage tank at Gum Ranch.

### **2. Report back on the Bay Delta Conservation Forum**

- General Manager Gray provided an overview of the Bay Delta Conservation Forum.

### **3. Discussion on the State Water Resources Control Board Groundwater Workplan Concept Paper**

- General Manager Gray reported that the State Water Resources Control Board is developing a workplan that aligns with its current water protection efforts. He then provided an overview of the concept paper.

#### **4. Discussion on the process for a 2013 performance evaluation of the FOWD General Manager**

- General Manager Gray stated the policy for the General Manager's performance review is attached.
- Director Marx stated that he would like the Personnel Committee to review the General Manager's proposal for compensation, interview staff and report back at the December Board meeting.
- The Personnel Committee will select employees and interview them prior to the December Regular Board meeting.
- General Manager Gray stated that, as requested, he has obtained copies of other local General Manager's employment contracts, with the exception of SJWD.
- President Sarkovich informed General Manager Gray that there was no need for him to complete a written list of 2013 accomplishments; that this process is self-serving.
- Vice President Gossett stated he will request the contract from San Juan Water District.

#### **5. Discussion and possible action on FOWD Resolution No. 13-05: "Resolution to Support For The Sake Of The Lake Week"**

M/S/C Marx/Gossett, moved to approve Resolution No. 13-05: "Resolution to Support For The Sake Of The Lake Week."

### **VII. Upcoming Events**

- 1. For The Sake Of The Lake" press conference / November 4, 2013 / Folsom Lake**
  - Information only.
- 2. Fair Oaks Chamber Luncheon / November 21, 2013 / North Ridge Country Club**
  - Information only.
- 3. Fair Oaks Water District Annual Holiday Party / December 19, 2013 / 11:30 a.m. / FOWD Board Room**
  - Information only.

### **VIII. Representative Reports**

- 1. Sacramento Groundwater Authority (SGA)**
  - No meeting.
- 2. Regional Water Authority (RWA)**
  - No meeting.

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

- Director Marx reported that there was a Delta presentation. He asked General Manager Gray to obtain a copy of the Delta presentation and provide an overview to the full Board.

**4. Other**

- General Manager Gray provided the agenda for the SJWD Board meeting, minutes from the SJWD/SSWD 2x2 meeting and the contract for the SJWD/SSWD consolidation study to the Board.

**IX. Directors' Reports & Comments**

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

- No meeting.

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

- No meeting.

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

- No meeting.

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

- No meeting.

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

- No meeting.

**6. Other**

- None.

**X. General Manager's Report**

**1. Monthly Maintenance Work Report.**

- No report.

**2. Capital Projects Status Report**

- No report.

**3. Safety Issues Update**

- General Manager Gray stated that there was training on dog bites.

**4. Financial Issues Update**

- No report.

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

- Discussed earlier.

**6. Other**

- General Manager Gray informed that Board that with the approved 2014 Budget, the General Manager has the authorization to allocate merit increases to staff, based on performance, not to exceed the budget as reported at the October 14, 2013 Regular Board Meeting.
- The Board inquired on the minimum and maximum percentage merit allocation.
- General Manager Gray stated that depending on the performance and salary range of the individual, employees can get from zero to 5.5%. The higher percentage may be for promotion, etc.

**XI. Public Comment**

- None.

**XII. Adjournment**

With no further business to come before the Board, President Sarkovich adjourned the meeting at 8:45 p.m.

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The Board approved the preceding minutes on December 9, 2013

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Tom R. Gray  
General Manager/Board Secretary

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Date