



District Attendees

Michael McRae	Board Vice President
Randy Marx	Board Member
Dave Underwood	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Finance Manager

Other Attendees

Ted Costa	SJWD Board Member
George Babcock	Visitor

Absent

Lonny Gossett	Board President
Misha Sarkovich	Board Member

AGENDA ITEMS

I. Call to Order

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

Vice President McRae stated that Directors Marx, McRae and Underwood are present with planned absence from President Gossett and Director Sarkovich as they are both out of state.

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 June 9, 2014

2. Accept and file Treasurer's Report for the month of June, 2014
3. Accept and file Investment Report for the month of May, 2014
4. Accept and file Financial Expense Report for the month of June, 2014
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of June, 2014
7. Approval of Monthly Board Expense Report for the month of June, 2014

Director Marx moved to approve the consent calendar.

Director Underwood seconded the motion.

Motion carried with the following votes: Marx – aye, McRae – aye, and Underwood – aye.

Absent: Directors Gossett and Sarkovich

- Director Underwood inquired on the connection fee refund on item III.2 “Treasurer’s Report.”
- General Manager Gray stated that this will be reported under item V.7.
- Director Underwood inquired on the revised amount of the truck costs paid to Sacramento Truck Center under III.2 “Treasurer’s Report.”
- General Manager Gray stated the District had a \$16,000 trade-in from one of the dump trucks; therefore, the check amount for the new dump truck was reduced by \$16,000.
- Vice President McRae inquired on the Neptune invoice under item III.5 “Warrants.”
- General Manager Gray stated that the Neptune invoice included the AMRs and meters purchased.
- Vice President McRae inquired on Rawles Engineering review check; why certain items had check marks and some did not. He would like to ensure that the District did not miss any items.
- General Manager Gray stated the District had many levels of review. The first review was done by the DSO IV. The check marks showed that he reviewed those particular items and the Operations Manager/General Manager signed off for full review.

IV. Presentation & Correspondence

1. Correspondence dated June 13, 2014 from RWA regarding “The American River Basin Conjunctive Use Program”

- General Manager Gray reported that FOWD received approximately \$1,000 in refunds for the reconciliation of the “The American River Basin Conjunctive Use Program.”

2. Correspondence dated June 16, 2014 from ACWA JPIA regarding “Trench and Excavation Training”

- General Manager Gray stated ACWA JPIA thanked FOWD for hosting the “Trench and Excavation Training.”

3. Correspondence dated June 18, 2014 from San Juan Water District regarding “Response to Comments on Proposed Pump Back Project”

- General Manager Gray reported that FOWD received a response from SJWD related to the Pump Back Project. General Manager Gray stated the following relative to the SJWD response: Project cost of around \$2M-\$3M, provides for mutual aid, emergency water and reliable dry-year water supply. He shared some concerns related to water reliability, equal level of service between agencies including other retail agencies that were allowed to participate in the Pump Back Project (a wholesale project) and FOWD not being allowed to participate.
- Vice President McRae stated he is uncertain about the repayment in the form of surface water from the retail agencies indicated in the letter. He also had concerns that in the long-run, FOWD has to pay for water reliability for other retail agencies through wholesale rates.
- Director Marx stated that the Pump Back Project is similar to the Fair Oaks 40-inch Project. Currently, they are entering into the agreement without a detailed payment plan; the plan only calls for beneficiaries to pay. He stated that General Manager Gray can follow up with another letter for clarification on the response if needed.
- SJWD Director Costa stated that Folsom Lake cannot be relied upon all the time. The Pump Back Project is for the SJWD retail customers. If Folsom Lake is dry, then the Pump Back Project will be used for other agencies. This project is like drilling a well.
- General Manager Gray agreed that the Pump Back Project is like drilling a well. He stated that FOWD’s Well project was not included in the SJWD-W grant application but the Pump Back Project was included. SJWD wholesale is promoting other retail agencies projects but not FOWD. SJWD-W is not treating all customers the same.
- SJWD Director Costa stated that Citrus Heights Water District was not included

either.

- Director Underwood stated that at one of the meetings, the District asked about the possibility of doing the water transfer and getting the proceeds to offset the cost of the infrastructure. He noticed the different views of different water districts. Director Underwood suggested having a family meeting and pooling all projects for the grant application.
- General Manager Gray stated that the family should work out all the agreements and pooling the assets prior to negotiating with outside agencies.
- Vice President McRae suggested having the Technical Committee meet to go over the Pump Back Project.

V. Discussion and Action Items: Old Business

1. Update and discussion on FOWD Water Supply for the month of June, 2014

- Operations Manager Nisenboym reported that the total 1,283.9 AC-FT of water demand in June was met from 21.35% (274.05 AC-FT) groundwater pumping and 78.65% (1,009.85 AC-FT) surface water provided by SJWD. The ratio of groundwater production to surface water purchase was higher than normal (90-10) due to wholesale water provider requesting for additional groundwater pumping during the last week of June. The District's overall consumption was 17.6% below the 10-year average for the month and a 14.1% reduction from 2013 for the month of June.

2. Update and discussion on the drilling of the Madison Well

- General Manager Gray reported that the Madison Well had 1,000 GPM capacity at 500 feet. The District had the driller drill another 100 feet in search of additional capacity; thus, incurring an additional expense. The District may have 1,200 GPM depending on the quality of the water. The original target was 1,500 GPM.

3. Update and discussion on FOWD participation in Proposition 84 Grant Application

- General Manager Gray stated FOWD requested \$750,000 for the Madison Well Project in the Proposition 84 grant application. He stated that the District obtained the site for free and collected \$360,000 from the developer. Thus, the District rate payers' investment will be approximately \$500,000 for the Madison Well if the grant application is successful.

4. Update and discussion on SSWD / SJWD water supply and consolidation discussions

- General Manager Gray reported that SJWD/SSWD approved a not to exceed \$100,000 for a phase II study of the SSWD/SJWD consolidation.
- General Manager Gray reported that legal representation related to the SSWD/SJWD consolidation will be determined by the consultant per SJWD comments.
- SJWD Director Costa believes that the consultant selected should be able to recommend a legal representative with knowledge about water.

5. Update and Discussion on FOWD water conservation activities

- General Manager Gray stated FOWD is on target to achieve the targeted 20% reduction in water demand in 2014 when compared to 2013. He provided information related to water code, violations, fines, and requirements for reporting conservation measures.

6. Update and Discussion on November 4, 2014 General Election

- General Manager Gray provided the Board with the November 4, 2014 General Election Candidate Guide.

7. Update and Discussion on providing water service to 4760 Illinois Avenue

- General Manager Gray stated that two Board meetings ago, a customer residing on Illinois Ave. came to the Board meeting and discussed the connection fees. After the Board meeting, the customer was able to work out a plan and downsized from a 1.5-inch to a 1-inch service. The District refunded the customer fees for the difference in water service size.

VI. Discussion and Action Items: New Business

1. Discussion on SJWD wholesale water rates and budget

- General Manager Gray included the staff report and power point presentation prepared for the SJWD Wholesale Water Rates and Budget. The Budget included a 5% wholesale water rate increase for FOWD in 2015.
- General Manager Gray stated he inquired on the allocation of ACWA fees between SJWD wholesale and SJWD retail. He said he did not have an answer yet.

VII. Upcoming Events

- 1. Fair Oaks Chamber of Commerce Business Luncheon / July 17, 2014 / Fair Oaks Community Club House**
 - Information only.
- 4. ACWA Fall Conference / December 2-5, 2014 / San Diego**
 - Information only.

VIII. Representative Reports

- 1. Sacramento Groundwater Authority (SGA)**
 - No report.
- 2. Regional Water Authority (RWA)**
 - Director Marx reported that RWA approved the budget with fees as presented at the previous Board meeting. He added RWA will be looking at the fee structure and he is on the committee to recommend the fee structure.
- 3. San Juan Family of Agencies Executive Committee**
 - General Manager Gray stated Prop 84 was discussed. Local Sacramento Region is requesting a total grant funding of under \$10M and FOWD's portion is \$750,000.
- 4. Other**
 - None.

IX. Directors' Reports & Comments

- 1. Budget Committee – (Sarkovich, Underwood)**
 - No meeting.
- 2. Technical Advisory Committee – (Marx, McRae)**
 - The Technical Committee is considering meeting in three weeks.
- 3. Capital Improvement Committee – (McRae, Sarkovich)**
 - No meeting.
- 4. Personnel Committee – (Gossett, McRae)**
 - General Manager Gray stated Director Gossett contacted him regarding the next employee meeting and it is usually the third Tuesday of the month.
- 5. Public Relations Committee – (Underwood, Gossett)**
 - No meeting.

6. Other

- None.

X. General Manager's Report

1. Monthly Maintenance Work Report

- General Manager Gray stated that the monthly maintenance work report provides detailed information of work completed.

2. Capital Projects Status Report

- General Manager Gray stated that the Capital Project status report contains information on all projects included in the approved 2014 budget. There was a brief discussion on the Walnut/Pershing mainline replacement project.

3. Safety Issues Update

- General Manager Gray reported that the District had nine employees attend "trench safety" training.

4. Financial Issues Update

- General Manager Gray stated the District is approximately 20% under budget for the YTD operating expenses as of June 30, 2014.

5. Delta Issues – Update on Regional Involvement

- General Manager Gray provided a brief overview of the impact the drought has on the Delta issues particularly the current water bond. General Manager Gray stated that there are at least six different water bonds and he believes that a smaller version of the bond measure than the \$11 billion estimate will be the outcome.
- Director Underwood is concerned that costs associated with the Delta Projects are not being fully disclosed.

6. Other

- General Manager Gray stated the drinking water program that regulates our water permit is currently under the State Department of Health. As of 7/1/2014, that program was transferred to the State Water Control Board.
- General Manager Gray reported that starting July 1, 2014, the Chromium 6 standard was set at 10 parts per billion. He stated all FOWD wells comply with this new standard. He stated that 50% of Rio Linda wells are threatened by the new standard. Some of SSWD are affected. FOWD asked SJWD to consider the age and water quality when negotiating with SSWD at the 2X2 meeting.

- Director Marx stated that he attended the employee meeting and he was impressed with FOWD staff. He indicated that there was a lot of interaction and teamwork.

XI. Public Comment

- Director Costa stated that the ACWA dues are split 50% wholesale and 50% retail.
- Mr. Babcock discussed the water shortage issues related to the release of water from Folsom Lake for environmental purpose and the potential capacity requirement of surface water to be maintained in Folsom Lake.
- General Manager Gray stated there was a letter from Senator McClintock that requested an “Operational Plan” for the releasing of water supply from Folsom Lake.

Vice President McRae closed the open session meeting at 8:33 p.m.

Vice President McRae called the closed session meeting to order at 8:53 p.m.

XII. Closed Session Pursuant to Government Code Section 54956

1. Conference with Legal Counsel on Anticipated Litigation (Subdivision (d) of Section 54956.9) – one case

Vice President McRae reopened the meeting to the public at 9:40 p.m.

XIII. Report from Closed Session

None.

XIV. Public Comment

None.

XV. Adjournment

With no further business to come before the Board, Vice President McRae adjourned the meeting at 9:40 p.m.

The Board approved the preceding minutes on August 11, 2014

Tom R. Gray
General Manager/Board Secretary

Date