



**District Attendees**

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

**Other Attendees**

Ray Riehle	CHWD Director
Nancy Stangel	ACWA-JPIA Director of Administration
Scott Kenney	Visitor
Lueinda Luttgen	Visitor
Jim Cihler	Visitor
Tom Parker	Visitor

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

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

**II. Public Comment**

None.

General Manager Gray requested that the Board move items IV.1 “Presentation of refund from ACWA-JPIA for low claims relative to insurance coverage of the FOWD” and VI.5 “Update and discussion on the completed topographic and boundary survey of District property between Dory Way and Sunrise Hills Drive” before the consent calendar.

The Board approved moving items IV.1 and VI.5 before the consent calendar.

### 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 9, 2015
2. Accept and file Treasurer's Report for the month of March, 2015
3. Accept and file Investment Report for the month of February, 2015
4. Accept and file Financial Expense Reports
  - a. February 2015
  - b. March 2015
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of March, 2015
7. Approval of Monthly Board Expense Report for the month of March, 2015

Director Marx moved to approve the consent calendar.

Director Sarkovich seconded the motion.

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

### IV. Presentation & Correspondence

1. **Presentation of refund from ACWA-JPIA for low claims relative to insurance coverage of the FOWD**
  - Ms. Stangel, ACWA-JPIA Director of Administration, presented a refund check to FOWD in the amount of \$40,955 for low claims over a 4-year period in the property, liability and worker's compensation insurance programs. She believes the professional development program contributed to the low claims. She stated District staff uses ACWA-JPIA's online courses and emphasized that Stacy Miller, FOWD HR Administrator, attends the ACWA-JPIA benefits committee meetings.
2. **Joint water district letter dated April 9, 2015 regarding the proposed merger of the SJWD and SSWD**
  - General Manager Gray reported that Fair Oaks Water District, Orange Vale Water Co., Citrus Heights Water District and City of Folsom wrote a joint letter requesting SJWD and SSWD to officially extend the public comment period regarding the merger to June 5, 2015 (an additional 30 business days).

**3. Correspondence dated March 16, 2015 from County of Sacramento Elections Office**

- General Manager Gray stated the County of Sacramento Elections Office is in the process of standardizing the manner in which candidates submit payment for their candidate statements.
- The Board asked that General Manager Gray report back on the impact of the new standardized format.

**4. News articles related to the drought and proposed merger of local water districts**

- General Manager Gray provided an overview of the comments in news articles from *The New York Times* and *Sacramento Bee* regarding the drought and merger of local water districts.

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

**1. Discussion and possible action to accept and file the Fair Oaks Water District's Comprehensive Annual Financial Report, with independent Auditor's Report, for the year ended December 31, 2014**

- General Manager Gray stated Richardson & Company presented the audited financials to the Board in March; pending depreciation adjustment. Attached is the updated audited financials with the depreciation adjustment for Board approval.

Director Sarkovich moved to approve the Fair Oaks Water District's Comprehensive Annual Financial Report, with independent Auditor's Report, for the year ended December 31, 2014.

Director Underwood seconded the motion.

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

**2. Update and discussion on FOWD Water Supply for the month of March, 2015**

- General Manager Gray reported that FOWD's total water system demand for March 2015 was 575 AF. The District had 11.7% water reduction from 2013 YTD and 13.1% from March 2013.

**3. Update and discussion on the Madison Well Project**

- General Manager Gray stated that the District sent a RFQ out to eight pre-qualified vendors and received six back. The District reviewed and selected two vendors to provide additional financial information.
- The Board asked that General Manager Gray setup a meeting with the Budget Committee to review the six RFQ's.

**4. Discussion and possible action on the "Phase 2A Study" document dated March 26, 2015 – related to the proposed merger of SJWD and SSWD**

- General Manager Gray provided an overview of the "Phase 2A Study."

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

### **1. Discussion on the 2014 State of California compliance inspection of the FOWD water system**

- General Manager Gray reported the State of California's overall system appraisal stated FOWD's water system is professionally operated and maintained. There were no defects or hazards in the system.

### **2. Discussion on reimbursements from Aerojet and the US Post Office**

- General Manager Gray reported FOWD received \$1,900 from Aerojet for sampling reimbursement and \$3,900 from US Postal Office for unused funds.

### **3. Discussion on Governor Brown's Executive Order B-29-15 & Mandatory Water Conservation**

- General Manager Gray stated Governor Brown's Executive Order B-29-15 requires a statewide 25% water reduction. To achieve a 25% statewide reduction, the State Water Board developed the Mandatory Water Conservation Framework that requires FOWD to cutback water usage by 35%.
- Director Sarkovich inquired on the penalty if FOWD does not meet the cutback requirements.
- General Manager responded that the penalty is \$10,000 a day.
- Mr. Cihler stated that FOWD reached 22% without raising rates; FOWD needs to educate the customers.
- General Manager Gray believes the state should allow FOWD to educate customers without imposing punitive rates.
- CHWD Director Riehle asked that the FOWD Board communicate with CHWD Director Allen Dains on public outreach.

### **4. Discussion on SJWD strategy of water source usage and the SJWD dry-year operations plan**

- General Manager Gray informed the Board that SJWD has indicated that all 2015 SJWD-W water demand could be met with 100% surface water.

### **5. Update and discussion on the completed topographic and boundary survey of District property between Dory Way and Sunrise Hills Drive**

- General Manager Gray stated FOWD hired a consultant to complete a topographic and boundary survey of District owned property near Dory Way. He asked that the Board allow him to release this information to the public.
- The Board stated General Manager Gray may release the topographic and boundary information to the public.

- General Manager Gray stated that FOWD included in its budget, \$475,000 to replace the existing pipeline between Dory Way and Sunrise Hills Drive. To abandon the existing pipeline and relocate it would cost an additional \$500,000.
- The customers asked the Board to reconsider replacing the main in their backyard. They indicated that the houses were there prior to the District owning the property. They were concerned about the landscape currently being maintained by individual owners. They requested that FOWD maintain the property if owners are not allowed access.
- General Manager Gray stated that, independent of whether the District owns or has easement rights, we need access to the property to maintain the pipeline. General Manager Gray stated the details have to be worked out. He foresees having staff provide routine maintenance on the property; having landscapers come in once a quarter to do major maintenance.
- The Board directed staff to work with the customers over the next 60 days and then provide a recommendation to the Board for action.
- Director Tafoya asked that staff provide a list of backyard mains throughout the service area.

**6. Update and possible action on FOWD becoming a member and sponsor of the American River Parkway Foundation**

Director Sarkovich moved to approve a minimum \$500 payment to the American River Parkway Foundation for the FOWD name and logo to be on its website as part of the conservation effort.

Director Tafoya seconded the motion.

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

- General Manager Gray suggested that FOWD become a member of American River Parkway Foundation.
- The Board stated that General Manager Gray can report back and provide a recommendation at a later date.

**7. Discussion and possible action on the calculation of the long-term obligation for pension benefits**

- General Manager Gray asked that the Board approve FOWD to use CalPERS for the long-term obligation for pension benefits calculation.

Director Sarkovich moved to use CalPERS for the long-term obligation for pension benefits calculation.

Director Underwood seconded the motion.

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

**8. Discussion and possible action on purchasing a replacement dump truck in accordance with the approved 2015 budget**

- General Manager Gray stated the District received three bids for a new dump truck. The District reviewed the three bids and recommended Sacramento Truck Center. The lowest bidder did not bid in accordance with the specifications. The District included \$110,000 in the 2015 budget for this dump truck.

Director Sarkovich moved to authorize the General Manager to purchase a 2015 2-axle dump truck from Sacramento Truck Center in the amount of \$106,993.14.

Director Underwood seconded the motion.

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

**9. Discussion and possible action on proposed changes to the FOWD billing format**

- Item deferred to May Board meeting.

**10. Discussion and possible action on the updated Policy No. 6060: “Water Conservation”**

- General Manager Gray stated that the changes are highlighted. He also noted that under the enforcement section, staff will change the title from California Department of Health to State Water Resources Control Board.

Director Sarkovich moved to approve the updated Policy No. 6060: “Water Conservation.”

Director Underwood seconded the motion.

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

- Director Sarkovich stated that the District should increase the landscaping incentive to an amount greater than \$75 and develop a well-defined guideline for the program.
- Director Tafoya suggested that the District print a conservation message on the back of the billing envelopes.
- Director Sarkovich suggested that the District include the River Friendly Landscaping College link on FOWD’s website with a message on “how to conserve.”

**11. Discussion and possible action on FOWD Resolution No. 15-01: “A Resolution Amending Resolution No. 0704 Water Conservation Requirements and Enforcement Measures”**

Director Sarkovich moved to approve Resolution No. 15-01: “A Resolution Amending Resolution No. 0704 Water Conservation Requirements and Enforcement Measures”

Director Tafoya seconded the motion.

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

**12. Discussion and possible action on FOWD Resolution No. 15-02: “A Resolution Declaring a Stage Four – Water Crisis within the Fair Oaks Water District Service Area”**

- General Manager Gray stated Resolution 15-02 proposed that FOWD enter into Stage 4 - Water Crisis.
- President McRae stated that the word “despite” should be changed to “by” in the resolution.

Director Sarkovich moved to approve Resolution No. 15-02: “A Resolution Declaring a Stage Four – Water Crisis within the Fair Oaks Water District Service Area” as amended.

Director Underwood seconded the motion.

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

**VII. Upcoming Events**

**1. Fair Oaks Chamber of Commerce Business Luncheon / April 16, 2015 / Fair Oaks Community Club House**

- Information only.

**2. Fair Oaks Fiesta Days / May 2-3, 2015 / Fair Oaks**

- Information only.

**3. 2015 ACWA Spring Conference / May 5-8, 2015 / Sacramento**

- Information only.

**4. Supervisor Susan Peters Community Meeting / May 20, 2015 / FOWD Board Room**

- Information only.

**VIII. Representative Reports**

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

- No report.

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

- No report.

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

- No report.

**4. Other**

- None.

**IX. Directors' Reports & Comments**

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

- No report.

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

- No report.

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

- No report.

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

- No report.

**5. Public Relations Committee – (*Underwood, Tafoya*)**

- No report.

**6. Wholesale Water Communications Committee**

- No report.

**7. Other**

- None

**X. General Manager's Report**

**1. Monthly Maintenance Work Report**

- Report provided for information. No discussion.

**2. Capital Projects Status Report**

- Report provided for information. No discussion.

**3. Safety Issues Update**

- No report.

**4. Financial Issues Update**

- No report.

**5. Employee Update**

- General Manager Gray informed the Board that Operations Manager Nisenboym will be off for three weeks starting Wednesday April 15, 2015.

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

- No report.

**7. Other**

- None.

**XI. Public Comment**

- None.

President McRae closed the open session meeting at 10:03 p.m.

President McRae called the closed session meeting to order at 10:04 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

President McRae reopened the meeting to the public at 11:18 p.m.

**XIII. Report from closed session**

- No report.

**XIV. Public Comment**

- None.

**XV. Adjournment**

With no further business to come before the Board, President McRae adjourned the meeting at 11:18 p.m.

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The Board approved the preceding minutes on May 11, 2015

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Tom R. Gray  
General Manager/Board Secretary

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Date