



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

Keith Durkin	SJWD Assistant General Manager
George Babcock	Visitor

Absent

AGENDA ITEMS

I. Call to Order

- President McRae 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 June 8, 2015
2. Accept and file Treasurer's Report for the month of June, 2015
3. Accept and file Investment Report for the month of May, 2015
4. Accept and file Financial Expense Report for the month of June, 2015
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of June, 2015
7. Approval of Monthly Board Expense Report for the month of June, 2015

Director Sarkovich moved to approve the consent calendar.

Director Underwood seconded the motion.

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

IV. Presentation & Correspondence

1. Correspondence from FOWD on proposed merger of the SJWD and SSWD - Multiple

- General Manager Gray stated in general, FOWD's customers were not aware of the SJWD/SSWD merger. Of the total comments received; all but one was against the merger.

V. Discussion and Action Items: Old Business

1. Update and discussion on FOWD Water Supply for the month of June, 2015

- Operations Manager Nisenboym reported that the total 892.47 AC-FT of water demand in June was met from 7.33% (65.46 AC-FT) groundwater pumping and 92.67% (827.01 AC-FT) surface water provided by SJWD. The District's overall consumption was 40.6% below the 10-year average with a 40.3% reduction from June 2013.
- General Manager Gray noted an item from SJWD Finance Committee/Board meeting related to Water Supply Reliability Projects - Flow Control Stations. He stated SJWD approved a budget of approximately \$750,000. He questioned how the project will be allocated for payment.
- Assistant General Manager Durkin stated that the Water Supply Reliability Projects - Flow Control Stations will be funded by capital reserve; he stated the money is currently available in capital reserve.
- General Manager Gray referred to the SJWD's June 24, 2015 Board minutes related to groundwater supply reliance. He stated at this time, there is no agreement to pump groundwater.
- The Board discussed the agreement for reimbursement for groundwater supply pumping.
- SJWD Assistant General Manager Durkin provided a brief overview of the drought planning, particularly the 32.5 million gallons a day water demand.
- President McRae inquired on the one year Emergency Water Supply Agreement.
- SJWD Assistant General Manager Durkin stated that there is a mutual aid agreement between the wholesale members for emergency situations.

2. Update and discussion of Water Conservation Outreach

- General Manager Gray provided an overview of the conservation door hanger notices that were hand delivered to 16,000 properties.

3. Update and discussion on the SJWD and SSWD merger study

- General Manager Gray referred to the attached letter signed by President McRae that was sent to SJWD and SSWD related to the merger study.
- Director Marx stated at the SSWD/SJWD joint Board meeting, it was voted 4 to 1 by the SSWD Board not to continue with analysis of the proposed merger of the two Districts at this time.

4. Report back on backyard steel water mains

- Director Tafoya thanked staff for providing the backyard steel water main information.

5. Report back on revisions to the FOWD website

- General Manager Gray stated that the website is updated to include current information on water conservation.
- Director Marx stated that the District needs to update 2015 rate information on its website.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on the payment of the employer accrued unfunded liability for pension benefits

- General Manager Gray stated effective July 1, 2015, the District is required to pay a portion of its accrued unfunded liability. He recommended that the Board approve to prep-pay the 2015-2016 accrued unfunded liability of \$42,361 to avoid incurring interest.

Director Sarkovich moved to authorize payment to CalPERS for the employer accrued unfunded liability for the fiscal year 2015-2016.

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 discussed the possibility of paying off the \$1.5M unfunded liability in five years with various payment options.
- The Board stated that staff should bring back several options including pay out right, pay with debt and pay as you go.

2. Discussion and possible action on additional funding for the 2015 Toilet Rebate Program

- General Manager Gray recommended that the Board approve \$15,000 additional funding for the toilet rebate program. He indicated the District currently exhausted all of its toilet rebate funds. He would like to transfer funds from the Large Landscape consulting budget to fund the program.

- Director Sarkovich stated that the District has money in the reserves to fund the additional \$15,000 for the toilet rebate program. He would like the District to keep the Large Landscape funds for 2015 spending.

Director Sarkovich moved to approve the transfer of \$15,000 from reserve to fund the toilet rebate program and continue with Large Landscape program.

Director Marx seconded the motion.

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

3. Discussion and possible action on an agreement with the County of Sacramento for the Hazel Avenue Widening Project Phase II Water Pipeline

- General Manager Gray stated the County of Sacramento, through its Department of Transportation (DOT), is planning to widen Hazel Avenue from Curragh Downs Drive to north of Sunset Avenue in 2016 and 2017. Fair Oaks Water District owns and operates distribution mains, services and fire hydrants within the County right-of-way (ROW). The distribution mains within Hazel Avenue ROW were constructed utilizing 8-inch and 10-inch asbestos-cement pipes in the 1950's and 1960's and are scheduled for replacement. The engineering estimate for the installation of water main for the Hazel Avenue Widening Project is \$2,860,000 plus the County administration fee of \$250,000. The District estimates the cost of water improvements for the Hazel Avenue Widening Project at \$3,200,000 for 2016 and 2017 budget years.

Director Sarkovich moved to direct the General Manager to execute an agreement for the \$3.2M Hazel Avenue Widening Phase II Water Pipeline Project in substantial conformance with the attached draft document.

Director Underwood seconded the motion.

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

4. Discussion on State requirements to provide sick leave to part-time employees

- General Manager Gray stated based on the Healthy Workplace Families Act of 2014 (AB-1522), the District is required to provide sick leave to part-time employees effective July 1, 2015. There are two accrual methods that may be used: 1) to accrue based on hours worked; and 2) accrue 24 hours (3 days) at the beginning of the year. The District elected to provide 24 hours (3 days) at the beginning of the year.
- General Manager Gray stated that it will be reflected in the employee handbook.

5. Discussion on an update of the Wholesale Water Supply Agreement between FOWD and SJWD

- General Manager Gray stated per Director Marx/Underwood's request, various items/agreements related to water supply were included in the Board packet.

- Vice President Underwood stated that based on the FO-40 settlement, one of the conditions was to revisit the Wholesale Water Supply Agreement. The FOWD/SJWD 2x2 committee had discussed and agreed that staff should work on the Wholesale Water Supply Agreement.
- Director Marx stated that FOWD should send a letter to SJWD General Manager Lorange asking to open a renegotiation process based on the condition of the Fair Oaks 40 and attach the documents from this Board packet.
- The Board asked General Manager Gray to draft a letter to SJWD General Manager Lorange regarding the Wholesale Water Supply Agreement. The letter should be reviewed by Vice President Underwood and Director Marx; then signed by President McRae.
- SJWD Assistant General Manager Durkin stated that the Wholesale Water Supply Agreement is missing from the packet. He stated that they did revisit the Wholesale Water Supply Agreement. He suggested FOWD Board review the current Wholesale Water Supply Agreement as some of the items may have been addressed in that document.
- General Manager Gray stated that he can forward the Wholesale Water Supply Agreement to the Directors again since FOWD has a new Director. He stated that there are new concerns related to the water supply since the last time the Wholesale Water Supply Agreement was discussed.

VII. Upcoming Events

- 1. Fair Oaks Chamber of Commerce Business Luncheon / July 16, 2015 / Fair Oaks Community Club House**
 - Information only.
- 2. Supervisor Susan Peters Community Meeting / August 19, 2015 / Fair Oaks Water District**
 - Information only.

VIII. Representative Reports

- 1. Sacramento Groundwater Authority (SGA)**
 - No meeting.
- 2. Regional Water Authority (RWA)**
 - Director Underwood provided an overview on the state budget and groundwater management, particularly AB 453.
 - General Manager Gray stated they had discussion on a conservation budget and they may request that the District provide additional funds around \$5k-\$7k; which would provide a value to FOWD ratepayers.

3. San Juan Family of Agencies Executive Committee

- No meeting.

4. Other

- None.

IX. Directors' Reports & Comments

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

- General Manager Gray stated staff is currently working on the Five-Year Financial Plan. Staff will meet with the Budget Committee around September/October to go over the draft.

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*)

- Director Tafoya provided a brief summary of the meeting.

6. Wholesale Water Communications Committee

- Discussed earlier.

7. Other

- None

X. General Manager's Report

1. Monthly Maintenance Work Report

- General Manager Gray stated that the report includes data on reduced water supply demand.
- Director Marx stated that the District should add a graph to the report starting at the time of the mandate.
- The Board stated this information should also be placed on the website.

2. Capital Projects Status Report

- Information is provided. No discussion.

3. Safety Issues Update

- No report.

4. Financial Issues Update

- General Manager Gray stated that the District is under budget as of June 30, 2015.

5. Employee Update

- General Manager Gray reported that the District hired two new employees and they started Wednesday of last week.

6. Delta Issues – Update on Regional Involvement

- General Manager Gray provided a brief overview of the current Delta Tunnel Proposal and information was included in the Board packet related to the project.

7. Other

- General Manager Gray stated that Madison Well is under design and the project is progressing.
- General Manager Gray reported that he was invited to talk at the Fair Oaks Rotary Club and they requested that a Board member from FOWD attend.
- Director Marx stated he can attend the FO Rotary meeting.

XI. Public Comment

- Mr. Babcock is concerned about a 4-inch fire hydrant. He stated that there is not a good supply of water in the area with a 4” fire hydrant; he noted that the standard fire hydrant is 6”.
- General Manager Gray stated that the District placed in its budget \$100,000 per year to upgrade fire hydrants. He stated that the District will replace damaged fire hydrants first. He indicated the District meets fire flow standard requirements in all areas.

President McRae closed the open session meeting at 8:39 p.m.

President McRae called the closed session meeting to order at 8:52p.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 9:56 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 9:56 p.m.

The Board approved the preceding minutes on August 10, 2015

Tom R. Gray
General Manager/Board Secretary

Date