



District Attendees

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

Other Attendees

Jeffrey Mitchell	Kronick, Moskovitz, Tiedemann & Girard
Dree Bleakly	Visitor

Absent

Randy Marx	Board Member
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AGENDA ITEMS

I. Call to Order

- President Underwood called the meeting to order at 6:33 p.m.

II. Public Comment

Ms. Bleakly suggested that the Board establish a procedure for a one-time water bill adjustment. She stated that there was a leak at her property unbeknownst to her. She found out after receiving her water bill. She contacted the District on December 19, 2015. After Christmas, someone came out and determined the problem. She would like to see if the FOWD can give her a one-time adjustment.

Director McRae inquired the cause of the leak.

Ms. Bleakly stated they believed it was due to the pipe being old.

Vice President Sarkovich stated that this item is not on the agenda. He instructed staff to place this on the February 2016 agenda.

General Manager Gray stated that Ms. Bleakly can leave her contact information and FOWD staff will investigate. The District will then discuss the possibility of a future policy and report back to the Board.

III. Consent Calendar

The following consent calendar items were considered and acted upon as follows:

1. Approval of minutes
 - a. Regular Board Meeting of December 14, 2015
2. Accept and file Treasurer's Report for the month of December, 2015
3. Accept and file Investment Report for the month of November, 2015
4. Accept and file Financial Expense Report (No Report)
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of December, 2015
7. Approval of Monthly Board Expense Report for the month of December, 2015

Director Sarkovich moved to approve the consent calendar.

Director Tafoya seconded the motion.

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

Absent: Director Marx

IV. Presentation & Correspondence

1. Correspondence from the County of Sacramento Voter Registration and Elections Department Re: "Request for Memorandum of Understanding for Election Services"

- General Manager Gray stated this was brought to the full Board at the last meeting. The County is reminding FOWD to take action on this Memorandum of Understanding (MOU) for Election Services. The County requested that the MOU be signed and finalized before July 18, 2016 and this requires Board direction.
- Vice President Sarkovich inquired if there was a draft copy of the proposed MOU.
- General Manager Gray stated that the proposed MOU was included at the previous Board meeting and he can include the same packet in the February Board meeting for discussion and action.

2. Correspondence dated December 4, 2015 from ACWA/JPIA Re: "President's Special Recognition Award"

- General Manager Gray stated ACWA/JPIA recognizes members with low liability loss annually and FOWD is one of the members receiving an award.

3. Correspondence dated December 15, 2015 from FOWD to SJWD regarding FO-40 Phase II Project

- General Manager Gray stated that SJWD's January 12, 2016 (4 p.m.) Finance Committee meeting will include an action item to consider a motion to accept FOWD direct funding for Phase II and there are conditions they outline for acceptance. He stated that he will be attending the water transfer meeting and will be unable to attend the Finance Committee meeting.
- General Manager Gray mentioned that SJWD's January 13, 2016 (7 p.m.) Board meeting will cover: (1) pay as you go; (2) groundwater reimbursement; (3) water transfer opportunity; and (4) residential sprinkler systems impact on District resources and operations.
- President Underwood inquired if FOWD obtained legal input as to whether SJWD can charge in advance.
- General Manager Gray stated that Rob Dolan gave an informal opinion; that as loosely as the wholesale water supply agreement is written, they can do this. In the contract, there is a fixed charge, commodity charge and debt service charge. Now, SJWD unilaterally introduced a capital facility charge. He stated he can refer to District's legal counsel for a formal response.
- Vice President Sarkovich stated he would like to know whether FOWD has a legal standing. He stated, chances are they will approve this at FOWD's expense.
- President Underwood stated that they want to charge for the upcoming quarter; however, the other costs down the road are pay as you go. He stated we were up against the clock on first quarter invoice.
- Vice President Sarkovich stated that his understanding is that SJWD was going to collect the money a year in advance. He stated that this was confirmed by SJWD General Manager Shauna Lorange.
- General Manager Gray stated he agreed with President Underwood where the facility charge will be included in the first quarter of 2016 as FOWD does not have an agreement in place. Until an agreement is in place, SJWD will follow its policy and charge FOWD in advance.
- Vice President Sarkovich stated he would like to get legal opinion on SJWD being able to charge in advance.
- President Underwood agreed to have legal look at the charge in advance.
- Director McRae stated that he would like to continue with the current plan; however, he would like to know whether SJWD can contractually charge FOWD in advance.
- General Manager Gray stated that this is not an adversary position; however, we should use due diligence to make sure that FOWD knows its responsibilities.

4. Presentation of the Board approved 2016 District Budget in final written format

- General Manager Gray stated the attached budget is the final written budget document and will be posted on FOWD's website.

V. Discussion and Action Items: Old Business

1. Update and discussion on FOWD Water Supply for the month of December, 2015 and year end

- Operations Manager Nisenboym reported that the region's rainfall is still below normal. Operations Manager Nisenboym reported that the total 351.99 AC-FT of water demand in December was met from 3.9% (13.81 AC-FT) groundwater pumping and 96.1% (338.18 AC-FT) surface water provided by SJWD. The District's overall consumption was 23.6% below the 10-year average. The total consumption for the period of June through December of 2015 is 5,489.47 AC-FT which is a reduction of 36.08% from the same period of 2013.
- Operations Manager Nisenboym reported that the total consumption in 2015 from all water supply sources was 8,129.74 AC-FT, compared to 9,591.31 AF-FT in 2014 and 12,258.97 in 2013. The lower consumption in 2015 was due to severe drought conditions and great response from customers to the District's call for conservation efforts.

2. Update and discussion on the District Water Conservation Program

- General Manager Gray stated in general that FOWD is on target at 36% for the mandate. FOWD is the only District that allows customers to water three days a week. It is a great story to tell that our customers are working collaboratively.

3. Update and discussion on the Madison Well Project

- General Manager Gray stated the consultant plan and specifications are complete. Staff is currently reviewing the plan and specifications and will present a bid packet to the Board at the February Board meeting. This project will exceed one million dollars.

4. Update and discussion on the Hazel Avenue Main Replacement Project

- General Manager Gray stated he included a letter FOWD received dated December 16, 2015 related to the Hazel Avenue Main Replacement Project Phase III; the County is soliciting comments from FOWD by February 21, 2016.
- Director McRae inquired on the phases of the Hazel Avenue Main Replacement Project.
- General Manager Gray stated phase I is from bridge to Curragh Downs, Phase II is from Curragh Downs to Sunset; Phase III is from Sunset to Madison.

5. Update on annual District financial audit for the year ended December 31, 2015

- General Manager Gray reported that the District's interim audit for 2015 is on January 12 and 13 and the year-end audit is scheduled at the end February.

6. **Consider appointments to serve as District representatives to various organizations and committees**

- President Underwood inquired on the Wholesale Communications meeting that he and Director Marx attend.
- General Manager Gray stated that the committees listed are Ad Hoc and there are certain requirements that go along with the designations. He can add the Wholesale Communication if need be.
- Vice President Sarkovich stated that there is no need as the Board knows what Director Marx and Underwood are doing.
- President Underwood stated the committees will remain the same.
- The following are the Board and Ad Hoc Committee Assignments for 2016.

2016 Board Assignments	
Organization Name	Members
SGA	Marx, Underwood
RWA	Marx, Gray, Underwood
ACWA JPIA	Marx
SJWD Executive Committee	Marx, Gray, Underwood
WFSE	Tafoya, Gray

2016 Ad Hoc Committee Assignments	
Committee Name	Members
Budget	Sarkovich, Underwood, Gray
Capital Improvement	McRae, Sarkovich, Gray
Personnel	Tafoya, McRae, Gray
Public Relations	Underwood, Tafoya, Gray
Technical Advisory	Marx, McRae, Gray

VI. Discussion and Action Items: New Business

1. Discussion and possible action on providing public water service to the development project known as “Traditions II” located near fair Oaks Boulevard and Archer Lane

- General Manager Gray stated the developer requested this item to be on the agenda for tonight’s Board meeting. Since that request, they contacted General Manager Gray directly and requested a meeting with him and their legal prior to the Board meeting. General Manager Gray contacted Board President Underwood and he said to go ahead and move forward with the meeting. The agenda is included for the Board with what was discussed. In the end, they decided they did not want to meet with the FOWD Board right now. They have some items they need to work out between themselves and with some neighbors first. They will then work with staff and plan to meet with the Board at a later date. General Manager Gray emphasized that there is a possibility that they may come to the Board and request a variance of how FOWD typically does things.

- President Underwood inquired on the possible proposal.
- General Manager Gray reported that they have 19 lots that they are requesting public water service for and they are putting in a private street. It is something that FOWD is currently moving away from and correcting within the District. The ideal situation is for FOWD to set infrastructure in the frontage of the public street and then they can run private beyond that. They are claiming this is going to be a new hardship and they are looking for variances. There is a possibility of future development right behind them with a cul-de-sac that may allow them to loop the water system. This could potentially provide some public benefit. General Manager Gray stated he had given them the opening to explore that option and bring back their findings to him for consideration of presenting it to the Board. Even though there would be infrastructure on private property, there could be a benefit to the entire water system.

2. Update and discussion on Form 700 electronic filing

- General Manager Gray stated that starting January 1, 2016 the form 700 is required to be filed electronically. He stated the attached information provides more detail on the requirements and deadline.

VII. Upcoming Events

1. Fair Oaks Chamber of Commerce Business Luncheon / January 21, 2016 / Fair Oaks Community Club House

- Information only.

2. Supervisor Susan Peters Community Meeting / January 27, 2016 / FOWD American River Room

- Information only.

3. 2016 ACWA Legislative Symposium / March 9, 2016 / Sacramento

- Information only.

4. 2016 Water Education Foundation Executive Briefing / March 17, 2016 / Sacramento

- Information only.

VIII. Representative Reports

1. Sacramento Groundwater Authority (SGA)

- General Manager Gray stated the SGA is taking over the role of groundwater management and there is debate over whether SGA's current boundaries are going to merge with other management to make a larger one.

2. Regional Water Authority (RWA)

- General Manager Gray reported that RWA will meet this week and there will be elections of executive officers for 2016. He and Director Marx will attend the meeting.

3. San Juan Family of Agencies Executive Committee

- No report.

4. Other

- General Manager Gray stated that there will be the Water Forum Successor Effort and Water Caucus meetings this week. The Water Caucus is the group of Water Agencies that caucuses on behalf of the Water Forum Successor Effort.

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)

- President McRae stated that the Committee met and has no report at this time.

5. Public Relations Committee – (Underwood, Tafoya)

- No report.

6. Wholesale Water Communications Committee

President Underwood stated the Committee will meet Thursday, January 14, 2016 to look at the flowchart of processes that might help build a relationship with FOWD and SJWD.

- Director McRae stated he believes the Wholesale Water Communications Committee is a great thing. He would like to thank everyone for supporting him in 2015 as Board President. He would like to thank Director Marx and Underwood on the 2x2 committee. He believes that the Wholesale Water Communications Committee is forging the District to go in the right direction.

7. Other

- None.

X. General Manager's Report

1. Monthly Maintenance Work Report

- General Gray stated the report is provided; he will answer questions.

2. Capital Projects Status Report

- Report provided.

3. Authorizations of Additional Funding

- General Manager Gray stated he added this item to report on the usage of funds from the 2016 Budget contingency line item. He stated FOWD has been using a budget transfer form to transfer from project to project. He would like continue using the budget transfer form to transfer from the contingency to the project. It will be required that a District leader or supervisor identify the need and take it to a manager; the manager will then sign it and it come to General Manager Gray for approval; it will then be reported to the Board.
- General Manager Gray stated there is a 2015 item that needs a fund transfer.
- Vice President Sarkovich stated to use the 2016 contingency fund to buy the equipment.

4. Water Transfer Status Report

- The first meeting is tomorrow to discuss possible partnership. We are not just looking at working with SJWD but with neighboring water Districts to make this robust and more favorable to the groundwater suppliers. Tomorrow's meeting will be with SSWD, CHWD, FOWD and SJWD. There will be possible discussion on bringing in Carmichael WD.
- General Manager Gray stated that Tully and Young has been working for FOWD on groundwater issues. He stated Tully and Young are currently representing both FOWD and CHWD on the merger and groundwater issues. FOWD would pay the invoice and CHWD would reimburse FOWD 50%. General Manager Gray stated he would like to stay on the same path. He stated SSWD also used Tully and Young. He stated that he has a letter with all the requirements to certify the wells for the water transfer. General Manager Gray stated it is being vetted right now and will then be brought to the Board.
- Director McRae inquired if the Madison Well can be certified by document or does it have to be built first.
- General Manager Gray stated it has yet to be determined.

5. Employee Update

- No report.

6. Water Issues – Update on Regional Involvement

- The region is responding to the likely ongoing State mandated water conservation effort, Executive Order 2. RWA has responded. FOWD commented.

7. Other

- General Manager Gray stated that 10317 FOB has been having flooding issues. It flooded in 2000, 2004, 2005, 2013 and 2014. FOWD replaced carpet and insurance paid for it. He stated the District needs to do something about it. He is

seeking Board's input whether to build a new building or do temporary improvements.

- Vice President Sarkovich stated that he thought the District had already started working on the design. People have informed him that the building is an eyesore. The District can look at the landscaping, wall barrier, new structure and all the standards.
- General Manager Gray questioned on the design inclusion in the 2016 Budget.
- Vice President Sarkovich stated that the design he is talking about is conceptual. He stated FOWD should obtain input from the neighbors and community and there should be no cost associated with it at this time.
- General Manager Gray stated he will look at what FOWD can do to address immediate needs.
- Director McRae stated that when staff comes up with some ideas, run it by the Capital Improvement Committee. He suggested a French drain.
- Operations Manager Nisenboym stated FOWD already had all the drains. It was the way the building was built; water seeps in no matter what.
- General Manager Gray stated he sent out an email to the full Board that FOWD will start staking Gastman tomorrow. The surveyor will be out there; staff will be out there. Staff will document the concerns and discuss at the February Board meeting. The next step is for FOWD to contact the Gastman customers for discussion. He stated AT&T is complete. Staff is still working diligently with SMUD.
- President Underwood thanked Director McRae for a job well done as Board President in 2015.

XI. Public Comment

- None.

President Underwood closed the open session meeting at 7:58 p.m.

President Underwood called the closed session meeting to order at 8:03 p.m.

XII. Closed Session Pursuant to Government Code Section 54954.5

1. Public Employee Performance Evaluation – General Manager's performance evaluation and conference involving compensation

President Underwood reopened the meeting to the public at 8:36 p.m.

XIII. Report from Closed Session

- None.

XIV. Public Comment

- None.

XV. Adjournment

With no further business to come before the Board, President Underwood adjourned the meeting at 8:36 p.m.

The Board approved the preceding minutes on February 8, 2016

Tom R. Gray
General Manager/Board Secretary

Date