



District Attendees

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

Other Attendees

George Babcock	Visitor
Satya Chatterjee	Visitor
Daniel Cucchi	Abbott & Kindermann LLP
Carol Eisenhower	Visitor
Layne Ellis	Visitor
Lucinda Ernst Luttgen	Visitor
Bill Rickman	Visitor
Ingrid Shepline, CPA	Richardson & Company, LLP
Delina Tamagni	Visitor
Greg Vincent	Visitor
Josh Wilkie	Visitor
Jeff Young	Visitor

Absent

Director Marx

AGENDA ITEMS

I. Call to Order

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

II. Public Comment

- Mr. Rickman stated that he is not in favor of the proposed plan for the River Front.
- Operations Manager Nisenboym stated that there is an action item in the agenda for the River Front. He requested that Mr. Rickman wait until that item comes up later.

President Underwood moved agenda Items IV.1, V.2, V.11 and V.12 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 February 8, 2016
 2. Accept and file Treasurer's Report for the month of February, 2016
 3. Accept and file Investment Report for the month of January, 2016
 4. Accept and file Financial Expense Report for the month of February, 2016
 5. Approval of Warrants
 6. Approval of Cal-Card Statements for the month of February, 2016
 7. Approval of Monthly Board Expense Report for the month of February, 2016
- Vice President Sarkovich stated he would like staff to include the contingency line item on the monthly financials.
 - Director McRae stated that he would like a more defined approval of expenses. The expenses need to be pre-authorized. There needs to be a threshold amount that triggers it to be a warrant. He does not want to see an invoice after the purchase has been made.
 - Director Tafoya stated it could be blanket purchase order for pre-authorization.
 - The Board directed staff to work with the Budget Committee to revise policy 5020 and other related policies for the authorization of expenses to reflect the requested change. The Budget Committee members asked that staff schedule the meeting for the late afternoon.
 - President Underwood stated he noticed that FOWD does not have a credit card policy.
 - Finance Manager Ha-Ly stated that FOWD has a draft credit card policy.
 - The Board directed staff to include the draft credit card policy on the April 2016 Board meeting agenda for discussion and action.

Director McRae 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. Presentation by Richardson & Company, LLP on Fair Oaks Water District's Draft Comprehensive Annual Financial Audit for the year ended December 31, 2015

- Ms. Sheipline stated that FOWD received a clean opinion for the 2015 year-end audit. She emphasized that the draft CAFR is pending two adjustments including the updated pension liability information and depreciation corrections. She stated CalPERS anticipates releasing the actuarial report in spring 2016. The 2015 depreciation is calculated on the spreadsheet. She stated the District is currently correcting the depreciation in the system from 2014.
- Ms. Sheipline stated water sales decreased by \$262,000 due to reduction in water demand. Operating expenses increased by \$257,000 partly because of the surface water payment. FOWD had reserves of \$5.7M (reduced because of pension liability) at the end of 2015. She stated the District has no debt.
- Ms. Sheipline stated FOWD has good internal controls. She stated there are no instances of noncompliance. She stated the District has two audit adjustments; one is the inventory valuation of meters (\$14k) and accrual of grant revenues. She stated FOWD's accounting record is clean.
- Ms. Sheipline stated the Board needs to review the investment policy annually. She stated the pension contribution and census data needs to be reviewed; and the District should develop risk assessment.
- Director Tafoya inquired if pension has interest.
- Ms. Sheipline stated it has a discount rate of 7.5%.
- Director Tafoya stated it would be better to use the money to pay that liability.
- Ms. Sheipline stated some agencies consider issuing debt to pay their pension liability.
- Vice President Sarkovich stated the pension liability fluctuates based on the market rate; he does not recommend using District's money for the pension but to use it for capital improvements.
- Director McRae asked Ms. Sheipline for her opinion on the level of reserves a district should have.
- Ms. Sheipline stated it would depend on each agency. She stated some agencies have capital reserves and FOWD does not have a capital reserve.
- Vice President Sarkovich inquired when the CAFR will be finalized.
- Finance Manager Ha-Ly stated the CAFR will be brought to the Board for adoption as soon as the 2015 actuarial report is available.

V. Discussion and Action Items: Old Business

1. Discussion and possible action to approve the contract with T & S Construction Co., Inc. to complete Madison Well Project

- Operations Manager Nisenboym stated the District placed the advertisement in the Sacramento Bee for the Madison Well Project. FOWD received seven bids from qualified contractors. The lowest bid was T & S Construction for \$1,004,171.

Director Sarkovich motioned to authorize the General Manager to sign a contract with T & S Construction, Inc. to complete Madison Well equipping and site improvements for \$1,004,171.

Director McRae seconded the motion.

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

Absent: Director Marx

- Vice President Sarkovich complimented staff on for the bid process as it was well documented.

2. Discussion and possible action on providing water service to the project known as “Traditions II” located near Fair Oaks Boulevard and Archer Avenue and within the existing District service area

- Operations Manager Nisenboym recommended that the Board approve FOWD providing public water service to the proposed 19-lot subdivision in accordance with the approved County of Sacramento written conditions for approval.
- Mr. Gregory Thatch, the legal representative for Traditions II, proposed one water line rather than 19 individual meters.
- Traditions II will provide a letter to FOWD stating the agreed upon items at the 3/14/2016 meeting including: (1) the looping of the water line on Archer Avenue; (2) 20 feet easement to Archer (asphalt...something similar); and (3) abandonment of the T...not to exceed \$10,000.

3. Update and discussion on the status of the San Juan Water District Reorganization discussions

- Operations Manager Nisenboym provided a brief overview of the SJWD reorganization. He stated SJWD and SSWD are looking at their Board for direction.
- President Underwood stated the item on the March Agenda meeting did not pass.

4. Update and discussion on the status of the Groundwater Reimbursement Agreement with the San Juan Water District

- President Underwood stated SJWD will discuss/take action on this agreement in April. The Board directed staff to place the groundwater reimbursement discussion on the April 2016 meeting.

5. Update and discussion on payment of the FO-40 II Project Agreement

- Operations Manager Nisenboym stated he received the agreement from SJWD and will review it.

6. Update and discussion on FOWD water supply for the month of February, 2016

- Operations Manager Nisenboym stated February was a very dry month. He reported that the total 318.21 AC-FT of water demand in December was met from 18.3% (58.31 AC-FT) groundwater pumping and 81.7% (259.9 AC-FT) surface water provided by SJWD. The District's overall consumption was 17.9% below the 10-year average. The total consumption for the period of June through February of 2016 is 6,126.86 AC-FT which is a reduction of 34.9% from the same period of 2013.

7. Update and discussion on FOWD Water Wise Landscape Workshop

- Customer Service Manager Huckaby reported that the District scheduled a "Water Wise Landscape Workshop" on April 9, 2016 led by Cheryl Buckwalter of EcoLandscape California. Regional Water Authority will pay \$1,500 and FOWD will pay for \$1,000 for a portion of the cost. He stated staff posted signs at the shops, contacted landscape customers and made announcements at the F.O. chamber luncheon. There will also be an announcement included on upcoming water invoices.
- Vice President Sarkovich suggested placing it in the Sacramento Bee garden area.

8. Update and discussion on Collaborative Water Transfer Project

- Operations Manager Nisenboym stated staff is proceeding with Board's direction on the water transfer project.

9. Discussion on FOWD website update

- Customer Service Manager Huckaby stated management just went through performance review and revised the website update team. The current team includes, himself, Stacy Miller, and Chris Shepard. He stated the team is meeting weekly until the website is current. He stated staff is working on the bid and surplus auction content on the website.
- Mr. Babcock suggested having electronic ticklers.

10. Update and discussion on Gum Ranch Phase II (verbal)

- Operations Manager Nisenboym reported he met with the developers on March 8, 2016 on the second phase of Gum Ranch (256 homes on Kenneth and Madison). He stated the developers are planning to comply with the conditions from 2007 that FOWD placed on the project.

11. Update and discussion on the River Front Main Replacement Project - customer request (verbal)

- Operations Manager Nisenboym stated that the River Front Main Replacement Project was scheduled in 2015. The main is not in public right of way and FOWD does not have easement. Staff proposes a private service line be placed the private main.

- Mr. Rickman stated it would be expensive to provide easement.
- Vice President Sarkovich inquired if FOWD needs to complete a survey.
- Operations Manager Nisenboym stated that it is the owner's responsibility to provide the easement.
- The Board directed staff to provide a clear memorandum on the need of public easement to do public works.

12. Update and discussion on the Gastman Main Replacement Project (verbal)

- Operations Manager Nisenboym reported that General Manager Gray is working with customers on the agreements. He added that FOWD began excavation on Sunrise Hill Drive.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on 7748 Winding Way – customer request

- Mr. Young requested the Board to waive the \$2,800 fee for water reconnection and repairs to the damaged water meter. He stated the water line blew up during the installation. He stated he was given neither instruction nor diagram for connection.
- Operation Manager Nisenboym stated District staff provided Mr. Young with instruction on where to connect.
- Mr. Young stated he would pay \$500.

Director Sarkovich motioned to waive the \$2,300 and for Mr. Young to pay \$500.

Director McRae seconded the motion.

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

Absent: Director Marx

2. Discussion and possible action on FOWD Resolution No. 16-01: “A Resolution of the Board of Directors of the Fair Oaks Water District for Check Signing Authorization”

Director McRae motioned to approve Resolution No. 16-01: “A Resolution of the Board of Directors of the Fair Oaks Water District for Check Signing Authorization.”

Director Underwood seconded the motion.

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

Absent: Director Marx

3. Discussion and possible action on FOWD Resolution No. 16-02: “A Resolution of the Board of Directors of the Fair Oaks Water District Authorizing Investment of Monies in the Local Agency Investment Fund”

Director Sarkovich motioned to approve Resolution No. 16-02: “A Resolution of the Board of Directors of the Fair Oaks Water District Authorizing Investment of Monies in the Local Agency Investment Fund.”

Director Underwood seconded the motion.

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

Absent: Director Marx

4. Discussion and possible action on FOWD Resolution No. 16-03: “A Resolution of the Board of Directors of the Fair Oaks Water District Calling for a General Election”

Director Sarkovich motioned to approve Resolution No. 16-03: “A Resolution of the Board of Directors of the Fair Oaks Water District Calling for a General Election.”

Director Underwood seconded the motion.

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

Absent: Director Marx

5. Discussion and possible action on request to have FOWD Board Committee and FORPD Board Committee meeting

- Operations Manager Nisenboym stated that the District has been using FORPD’s site for storing spoils. FORPD recently informed FOWD that the site will no longer be available and asked that FOWD use another place to for material storage. Operations Manager Nisenboym stated it will cost the District money to find another site to store the spoils.
- There was discussion on FOWD providing FORPD with rates reduction. If FOWD does not receive any benefits from FORPD, the rates reduction needs to be reconsidered.
- President Underwood and Vice President Sarkovich volunteered to meet with FORPD on this issue. President Underwood suggested including Jeffrey Mitchell in the meeting as FOWD might discuss rates.

VII. Upcoming Events

1. Fair Oaks Chamber of Commerce Business Luncheon / March 17, 2016 / Fair Oaks Community Club House

- Information only.

2. 2016 Water Education Foundation Executive Briefing / March 17, 2016 / Sacramento

- Information only.
- 3. FOWD Water Wise Landscape Workshop / April 9, 2016 / FOWD Administration Building**
 - Information only.

VIII. Representative Reports

- 1. Sacramento Groundwater Authority (SGA)**
 - No report.
- 2. Regional Water Authority (RWA)**
 - Vice President Sarkovich stated RWA increased the fees.
- 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*)**
 - Vice President Sarkovich stated there needs to be a meeting scheduled to discuss the water tank; this meeting should be agendaized for the Brown Act. He asked for the meeting to be scheduled in the late afternoon after 4 PM.
- 4. Personnel Committee – (*Tafoya, McRae*)**
 - No report.
- 5. Public Relations Committee – (*Underwood, Tafoya*)**
 - No report.
- 6. Wholesale Water Communications Committee**
 - President Underwood provided an overview of the capital project flowchart. He stated the flowchart is being reviewed by SJWD General Manager Lorange and SJWD Assistant General Manager Durkin and then it will be brought to both committees.

7. Other

- None.

X. General Manager's Report

1. Monthly Maintenance Work Report

- Report provided.

2. Capital Projects Status Report

- Operations Manager Nisenboym stated the Sacramento County is moving forward with the Hazel Avenue Phase III project; the County requested FOWD to review the project alignment.

3. Authorizations of Additional Funding

- Director McRae stated he would like to see the date on the report provided for the contingency funding.

4. Water Transfer Status Report

- Discussed earlier.

5. Claims Against District

- Customer Service Manager Huckaby provided an overview of all the claims at the District.
- The Board asked that staff include the type of claims on the report.

6. Employee Update

- No report.

7. Water Issues – Update on Regional Involvement

- No report.

8. Other

- None.

XI. Public Comment

- None.

President Underwood closed the open session meeting at 10:07 p.m.

President Underwood called the closed session meeting to order at 10:15 p.m.

XII. Closed Session Pursuant to Government Code Section 54957 and 54956.8

1. Conference with Real Property Negotiators
 - a. Property: District Groundwater Resources
 - b. Negotiators: Tom R. Gray
 - c. Negotiating Party: San Juan Water District
 - d. Under Negotiation: Price

2. Public Employee Performance Evaluation – General Manager

President Underwood reopened the meeting to the public at 11:35 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 11:35 p.m.

The Board approved the preceding minutes on April 11, 2016

Tom R. Gray
General Manager/Board Secretary

Date