



**District Attendees**

Dave Underwood	Board President
Misha Sarkovich	Board Vice President
Randy Marx	Board Member
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
Michael Roster	Peterson Brustad, Inc.
George Babcock	Visitor

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

- President Underwood called the meeting to order at 6:32 p.m.

**II. Public Comment**

- None.

President Underwood moved Item V.7 before the consent calendar.

- General Manager Gray presented a plaque to Director Tom Tafoya recognizing him for his service at the Fair Oaks Water District.

**III. Consent Calendar**

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

1. Approval of minutes

- a. Regular Board Meeting of April 11, 2016
  - b. Budget Committee Meeting of April 5, 2016
  2. Accept and file Treasurer's Report for the month of April, 2016
  3. Accept and file Investment Report for the month of March, 2016
  4. Accept and file Financial Expense Report for the month of April, 2016
  5. Approval of Warrants
  6. Approval of Cal-Card Statements for the month of April, 2016
  7. Approval of Monthly Board Expense Report for the month of April, 2016
- Finance Manager Ha-Ly stated that the warrant for Neptune needs to be increased by \$2,851.20; thus, bringing the total warrant from \$491,478.76 to \$494,329.96.

Vice President Sarkovich moved to approve the consent calendar as amended.

Director Marx 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 by Peterson Brustad, Inc. of the FOWD Draft 2015 Urban Water Management Plan for Board review, discussion and comment**
  - Mr. Roster provided an overview of the 2015 Urban Water Management Plan. He stated FOWD is in compliance with the State. He stated a resolution is required and that this document is due on July 1, 2016.
- 2. Correspondence from State Water Resources Board regarding "Request for Electronic Submittal of Documents"**
  - General Manager Gray stated that the electronic format requirement would impact District's staff time and resources.
- 3. Correspondence from Aerojet Rocketdyne regarding the installation of a sample well on Greenvale Road**
  - General Manager Gray reported that Aerojet Rocketdyne will be installing a monitoring well on Greenvale Road south of Winding Way.

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

- 1. Update and discussion on FOWD water supply for the month of April, 2016**
  - Operations Manager Nisenboym reported that the total 543.92 AC-FT of water demand in December was met from 14.4% (78.72 AC-FT) groundwater pumping and 85.6% (543.92 AC-FT) surface water provided by SJWD. The District's overall consumption was 16.1% below the 10-year average. The total

consumption for the period of June through April of 2016 is 6,474.97 AC-FT which is a reduction of 35.2% from the same period of 2013.

**2. Update 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**

- General Manager Gray stated the attached Memorandum of Understanding (MOU) was updated and executed in accordance with Board direction on April 11, 2016.

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

- General Manager Gray stated staff was given direction to resolve the groundwater issue. He stated he is working on the agreement and ran it by the Board President and Vice President; he believes SJWD responded positively.
- Vice President Sarkovich concurred; he stated similar to FOWD, the SJ Board would like to get past this.

**4. Update and discussion on the FO-40 Phase II Project Payment Agreement**

- General Manager Gray reported that SJWD does not charge an administrative fee or labor on the Fair Oaks 40 project.
- Vice President Sarkovich stated SJWD is eager to resolve this; they will go to their legal/Budget Committee.

**5. Update and discussion on Collaborative Water Transfer Project**

- General Manager Gray stated there will be no water transfer. He stated as of today, FOWD, SJWD and CHWD are prepared if there are opportunities for the water transfer.

**6. Update and discussion on the Madison Well Project (verbal)**

- Operations Manager Nisenboym stated that the District signed the contract for grading at the Madison Well. The District is negotiating with SMUD on the location of the transformer.
- Director McRae inquired whether the Madison Well will be certified for the water transfer.
- General Manager Gray responded that the Madison Well will be certified for water transfer.

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

- General Manager Gray stated that he made contact with a legal representative related to 4940 Gastman and 5004 Tanaka; he stated the next step will be written agreements. He will work with the property owner 5016 as it has significant impact.
- Director Marx stated that there was discussion at the previous Board meeting on having the Technical Committee review the contracts.

- General Manager Gray stated that he will schedule a time for the Board members to tour the Gastman properties.

**8. Discussion and possible action on FOWD Policy No. 5090: “Credit Card Policy”**

- Vice President Sarkovich stated this was a combined effort of Board, staff and legal.

Vice President Sarkovich moved to approve the Credit Card Policy No. 5090.

Director Marx seconded the motion.

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

**9. Update and discussion on SJWD Water Supply and Reliability**

- General Manager Gray reported that SJWD is undertaking a project to look at water supply and reliability. He stated the attached document is the first draft.

**10. Update and discussion on a Mutual Aid Agreement between FOWD and FORPD (verbal)**

- General Manager Gray stated the Park District requested for a 2x2 meeting. He will be setting the meeting to include Dave Underwood and Misha Sarkovich. He stated he drafted the agreement and included items he knew. He included a table with every connection including revenues generated. He believes that it will be useful to the Board members.
- President Underwood stated he is concerned whether FOWD can legally do this.

**11. Discussion and possible action on approval of a FOWD General Manager Amended and Restated Employment Agreement**

Vice President Sarkovich moved to approve General Manager’s Agreement.

Director McRae seconded the motion.

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

An electronic copy will be sent to the Board President once the agreement is signed.

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

**1. Discussion and possible action on a call for a Public Hearing on June 13, 2016 to consider approval and adoption of the FOWD 2015 Urban Water Management Plan**

Vice President Sarkovich moved to approve the call for a Public Hearing on June 13, 2016 to consider approval and adoption of the FOWD 2015 Urban Water Management Plan.

Director Tafoya seconded the motion.

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

**2. Discussion and possible action on request for funding the “Fair Oaks Founders Monument”**

- Board approved funding of \$500 based on acquiring additional information.
- The Board asked that General Manager Gray contact Barry Brown and to invite him to the present on the topic or provide additional information to staff to present to the Board.

**3. Discussion and possible action on FOWD Policy No. 5050: “District Reserve Policy”**

Director McRae motioned to approve the District Reserve Policy No. 5050.

Director Sarkovich seconded the motion.

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

- Vice President Sarkovich stated that the updated reserve policy included 4 months rather than 6 months of operating expenses for emergency fund and the rate stabilization fund has been removed.
- Director McRae stated the finance team was involved in this process. He stated Finance Manager Ha-Ly asked for more money in reserve and the Budget Committee went from 3 months to 4 months of operating expenses for emergency fund.
- Director Marx stated he wants to make sure staff has access to cash when needed.
- President Underwood stated four months would be adequate time to come up with other financing.

**4. Discussion on FOWD Policy No. 5110: “Procurement and Payment Policy”**

- General Manager Gray stated that the attached FOWD Procurement and Payment Policy was prepared for Board’s consideration and comment based on the understanding that the Board intends on establishing a new FOWD policy relative to procurement of resources required to effectively serve the FOWD rate payers.
- Vice President Sarkovich asked for an electronic copy of the Procurement and Payment Policy No. 5110.

**5. Discussion and possible action to approve and accept a water easement from the Fair Oaks Presbyterian Church**

Director Sarkovich motioned to approve and accept a water easement from the Fair Oaks Presbyterian Church.

Director Marx seconded the motion.

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

**6. Discussion and possible action on various FOWD related election issues**

- General Manager Gray stated with Division 3 vacant after 5/9/2016, there will be three seats open.
- Legal Counsel Mitchell stated the District has the option to fill the seat until November or leave open until November.
- Vice President Sarkovich recommended the District leave the seat open until November.
- Director Marx agreed to leave the seat open until November.
- Director McRae stated to fill it at the November election.
- General Manager Gray stated he marked up the resolution to include Division 3 for a limited term. He can contact the County on the timing to bring back the 3<sup>rd</sup> resolution with a Special Board meeting if needed.
- Vice President Sarkovich stated General Manager Gray already included all the required information in the attached form. He does feel there needs to be another meeting for this.
- Legal Counsel Mitchell stated that the Board can authorize the Board President to sign a resolution substantiating the information in the packet.

Director Sarkovich motioned to authorize the General Manager to prepare, and the Board President to sign the resolution in substantial conformance with the draft document (filling two full-term positions and one short-term position) and that the District has chosen to fill Division 3 vacancy by General Election.

Director McRae seconded the motion.

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

General Manager Gray reminded Director Tafoya to complete the form 700 as a requirement of leaving office.

**VII. Upcoming Events**

**1. Supervisor Susan Peters Community Coffee Meeting / May 18, 2016/ Fair Oaks Water District**

- Information only.

- 2. Fair Oaks Chamber of Commerce Business Luncheon / May 19, 2016 / Fair Oaks Community Club House**
  - Information only.
- 3. Special District General Manager Training Summit / June 12-14, 2016 / Lake Tahoe**
  - President Underwood and Vice President Sarkovich stated it would be good for General Manager Gray to attend the Summit.
  - General Manager Gray stated he would like to go but also noted that he would not be at the Board meeting. He asked if he can prepare the Board packet and not attend the Board meeting.
  - Vice President Sarkovich stated Operations Manager Nisenboym can run the meeting; he has done it in the past.
  - General Manager Gray stated Operations Manager Nisenboym will be on vacation and cannot attend the meeting.
  - Director Marx suggested changing the Board meeting date.
  - Vice President Sarkovich stated he would like to keep it because it has been the second Monday of every month.
  - Board President Underwood stated he would like to have General Manager Gray attend the training and suggested Finance Manager Ha-Ly or Customer Service Manager Huckaby run the meeting.
  - General Manager Gray stated that Finance Manager Ha-Ly and Customer Service Manager Huckaby can run the meeting and he will have the information ready for that day.
- 4. ACWA Presentation on the Sustainable Groundwater Management Act / June 21, 2016 / Sacramento**
  - Information only.
- 5. Special District Leadership Conference / July 10-13 / Napa**
  - Information only.

## **VIII. Representative Reports**

- 1. Sacramento Groundwater Authority (SGA)**
  - Director Marx stated there was a 13% rate increase and it was passed unanimously. He stated FOWD's portion went up by 9%. Director Marx reported on the Basin and the snow pack level (88%).
- 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*)**

- President Underwood stated the Budget Committee met and discussed the reserve policy.
- Vice President Sarkovich requested staff to schedule a Budget Committee meeting to discuss the Procurement and Payment Policy after 5:30 PM.

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

- General Manager Gray requested to have a Technical Advisory Committee meeting to go over the District's IT. He asked if he can invite Director Tafoya.
- Director Tafoya said he would attend.
- The Board directed staff to schedule a Technical Advisory Committee around Director Tafoya's schedule.

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

- No report.

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

- President Underwood will be on the Personnel Committee replacing Director Tafoya.
- General Manager Gray requested to have a Personnel Committee meeting to provide the Board with updates.
- The Board stated to go ahead and schedule a meeting.

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

- No report.

**6. Wholesale Water Communications Committee**

- No report.

**7. Other**

- Director Marx reported on the ACWA conference including water transfer rates/drought. He stated that there are agencies that provided lower rates for low income.
- Legal Counsel Mitchell stated that in order for FOWD to offer the low income rates, the District need to have general funds or other source of funds to subsidize; not other rate payer's money.

**X. General Manager's Report**

**1. Monthly Maintenance Work Report**

- Report provided; no discussion.

**2. Capital Projects Status Report**

- Report provided; no discussion.

**3. Authorizations of Additional Funding**

- General Manager Gray stated there is the \$17,500 budget transfer for the IT backup solution. He stated this was the money that was budgeted in 2015 but not spent until 2016.

**4. Water Transfer Status Report**

- Discussed earlier.

**5. Claims Against District**

- Customer Service Manager Huckaby provided an overview of the claims.

**6. Employee Update**

- General Manager Gray reported on the condition of the 10317 FOB and a brief overview of the findings. He stated more details will be discussed during the Personnel Committee meeting.

**7. Water Issues – Update on Regional Involvement**

- General Manager Gray discussed the new Executive Order relative to required water conservation.

**8. Other**

- None.

**XI. Public Comment**

- None.

**XII. Adjournment**

With no further business to come before the Board, President Underwood adjourned the meeting at 8:42 p.m.

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The Board approved the preceding minutes on June 13, 2016

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Tom R. Gray  
General Manager/Board Secretary

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Date