



**District Attendees**

Dave Underwood	Board President
Misha Sarkovich	Board Vice President
Randy Marx	Board Member
Michael McRae	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
Pete Shroeder	Visitor
Anthony Chacon	Visitor
Don McGovern	Visitor

**Absent**

**AGENDA ITEMS**

**I. Call to Order**

- President Underwood called the meeting to order at 6:31 p.m.

**II. Public Comment**

- Mr. McGovern requested that the District waive the late payment penalty. He mentioned that the bill from FOWD is due prior to him receiving his pay check.
- General Manager Gray stated that FOWD's policy provides one late payment waiver every three years. Mr. McGovern already had one waived.
- Customer Service Manager Huckaby stated that the District has a seven day grace period.
- The Board deferred to General Manager Gray to work with Mr. McGovern to handle the specific issues.

Vice President Sarkovich moved to waive the penalty.

Director Marx seconded the motion.

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

- Director McRae stated that Mr. McGovern could pay FOWD in advance to prevent payment timing issues.
- Director Marx informed Mr. McGovern that FOWD has a conservation program and suggested that Mr. McGovern take advantage of it if he has not done so.

### **III. Consent Calendar**

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

1. Approval of minutes
  - a. Regular Board Meeting of September 12, 2016
  - b. Personnel Committee Meeting of September 29, 2016
2. Accept and file Treasurer’s Report for the month of September, 2016
3. Accept and file Investment Report for the month of August, 2016
4. Accept and file Financial Expense Report for the month of September, 2016
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of September, 2016
7. Approval of Monthly Board Expense Report for the month of September, 2016

Director Marx moved to approve the consent calendar.

Director McRae seconded the motion.

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

### **IV. Presentation & Correspondence**

#### **1. Correspondence from Fair Oaks Chamber of Commerce thanking FOWD for our sponsorship of the 2016 Fair Oaks Fiesta**

- Information only.

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

#### **1. Discussion and possible action on the proposed 2017 FOWD Annual Budget**

- General Manager Gray stated that the Budget Committee provided the following directions to staff for the 2017 FOWD Proposed Budget:

- No rate adjustment
- No new debt
- Limit operating expenses to \$5.8M

-Focus capital budget on Hazel Avenue Project, FO-40 Project and Madison Well.

-Do not complete formal master planning

-Do not complete formal financial planning

The 2017 Proposed Budget Summary includes:

- ✓ No rate increase
- ✓ Zero District debt
- ✓ 52% of estimated water sales revenue invested back into capital
- ✓ 3.3% Decrease in total salaries and wages budget
- ✓ 2017 Estimated year ending cash is \$3,818,400
- ✓ 2017 Reserve target per policy is \$2,085,200

The current 2017 Proposed Budget includes \$6,255,500 of operating expenses. The uncontrollable expenses are: Wholesale water rate increase (\$421,600); Paving cost increase (\$30,000); and State Dept. Health fee increase (\$22,500). Excluding the uncontrollable increases; FOWD operating expense budget would be \$5,781,400.

Vice President Sarkovich moved to approve the 2017 FOWD Annual Budget.

Director McRae seconded the motion.

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

- Vice President Sarkovich thanked General Manager Gray, Operations Manager Nisenboym, Finance Manager Ha-Ly and Customer Service Manager Huckaby for working on the 2017 Budget. He stated staff initiated to operate using 28 positions versus the 30 approved positions. He stated he is happy with the 2017 Budget.
- Director McRae stated that staff did a great job in following the guidelines the Board asked for the 2017 Budget.
- Director McRae stated that the District is using a lot of the reserves to fund the 2017 budget. He believes that every project that is placed in the budget has been well thought out; however, he stated the District should consider looking into each project and maybe deferring some.
- Vice President Sarkovich stated that the Hazel Avenue and FO-40 are two projects that FOWD cannot defer. Staff and the Committees reviewed these projects thoroughly and recommended that all the projects in 2017 remain in tack.
- President Underwood stated that he requested staff provide a rough draft on the projects. He stated there was a discussion on having the Technical Committee look at replacement projects. Is the District keeping up or is it behind? He suggested looking at the upcoming projects.

- Director Marx stated he has always been in favor of capital project planning. He suggested developing a document that outlines five years or three years for future planning.
- President Underwood suggested a 10 year capital project plan.
- Vice President Sarkovich stated that at the September 29, 2016 Budget Committee meeting, there was discussion on the efficient use of resources and options of groundwater versus surface water. It is to the District's best financial interest to look at long-term.
- The Board discussed water transfer and revenue recovery.
- President Underwood stated the Wholesale Water Communications Committee met and discussed providing water to Folsom and developers which would mean potential future revenues to offset the long-term costs.
- Director McRae stated that in 2017 if staff needs money for the water transfer, staff can shift some of the capital projects to do the transfer because the water transfer is more important.

**2. Discussion and possible action on a Mutual Aid Agreement between FOWD and FOCD**

- The Board indicated that staff should correct the number format on page two and the spelling of the word "hereby" in the Agreement.

Vice President Sarkovich moved to approve the Agreement between FOWD and FOCD as amended.

Director McRae seconded the motion.

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

The Board discussed the rate comparison within the region and FOWD was among the lowest. The Board directed staff to put on its website: "FOWD rates are \$....compared to the average rate of \$...in the region."

**3. Discussion and possible action on a Mutual Aid Agreement between FOWD and FORPD**

- General Manager Gray stated FOWD & FORPD have been working on the MOU. Directors Underwood and Sarkovich met with FORPD. Enclosed is the MOU that was presented to the 2x2. Since then the document has been updated and attached is the copy that addressed the FORPD's comments.
- General Manager Gray provided a brief overview of the MOU.
- The Board was okay with the MOU and directed staff to place the MOU on the November Board meeting agenda for adoption.

#### **4. Discussion and possible action on a new phone system for FOWD**

- General Manager Gray stated the Board requested more details on the new telephone system at the September Board meeting. He stated staff obtained three hosted PBX solution providers and estimates are attached for the Board to review.

Director McRae moved to authorize staff to establish a service agreement with TelePacific Communications to provide a hosted PBX solution with 20 Mbps connection speed.

Vice President Sarkovich seconded the motion.

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

Director McRae complimented staff on providing more data for validation and transparency.

#### **5. Update and discussion on required improvements to 10317 Fair Oaks Boulevard**

- General Manager Gray stated that FOWD sent out the bid packet on 9/28/2016. The mandatory walk through will be on 10/11/2016; bid due back on 10/18/2016; contract award will be on 10/24/2016; expected completion on 11/21/2016 with a 12/1/2016 move-in date.

#### **6. Update and discussion on the Madison Well Project**

- Operations Manager Nisenboym stated that the building is completed. The District is waiting for the approval from the Sacramento Metropolitan Air Quality Management District related to the emergency generator. The contractor plans to install the submersible pump on November 1, 2016. SMUD accepted the installation of the underground conduit.

#### **7. Update and discussion on the FOWD salary survey**

- General Manager Gray reported that the Personnel Committee met and entered into a contract with Bryce Consulting. The consultant will compare FOWD with 12 other agencies and will present the completed draft on October 12, 2016.

#### **8. Update and discussion on FOWD water supply for the month of September 2016**

- Operations Manager Nisenboym reported that the total 1,109.49 AC-FT of water demand in September was met from 6.3% (69.97 AC-FT) groundwater pumping and 93.7% (1,039.52 AC-FT) surface water provided by SJWD. The September 2016 total demand of 1,109.49 AC-FT represents a decrease of 20.3% from September 10-year average and 12.6% reduction from September 2013.
- Operations Manager Nisenboym stated that FOWD received the result of lead and copper samples; all samples are below MCL.

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

**1. Discussion and possible action on replacement of the FOWD large format plotter**

- General Manager Gray stated that the current plotter, purchased in 2009, no longer has support and will no longer get repair parts from HP and HP's authorized re-sellers. The District has money in the 2016 Budget to cover the large format plotter.

Director Marx moved to authorize the General Manager to purchase the HP Designjet, model T2530 Postscript multifunction plotter.

Vice President Sarkovich seconded the motion.

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

**2. Discussion and possible action on the replacement of a light duty service truck**

Director McRae moved to authorize the purchase of a 2016 Silverado 1500 light duty truck from Performance Chevrolet in the amount of \$24,258.97 with additional \$3,831.33 for various safety equipment for a total of \$28,090.30.

Vice President Sarkovich seconded the motion.

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

**VII. Upcoming Events**

**1. SJWD Wholesale Financial Plan Ad-Hoc Committee Meeting / October 11, 2016 / SJWD**

- Information only.

**2. Fair Oaks Community Coffee Meeting with Supervisor Susan Peters / October 19, 2016 / Fair Oaks Water District**

- Information only.

**3. Fair Oaks Chamber of Commerce Business Luncheon / October 20, 2016 / Fair Oaks Community Club House**

- Information only.

**4. ACWA 2016 Fall Conference / November 29 – December 2, 2016 / Anaheim**

- 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*)**

- Discussed earlier.

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

- No report.

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

- No report.

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

- Staff to send out an agenda for the 10/12/2016 Personnel Committee meeting.

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

- No report.

**6. Wholesale Water Communications Committee**

- Discussed earlier.

**7. Other**

- None.

**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**

- Report provided; no discussion.

**4. Water Transfer Status Report**

- No report.

**5. Claims Against District**

- Report provided; no discussion.

**6. Employee Update**

- General Manager Gray provided a brief overview of the FOWD's new organization structure and leaders.

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

- No report.

**8. Other**

- President Underwood read a thank you note from CSDA.
- General Manager Gray stated based on the presentation and feedback he received, FOWD will be joining CSDA.
- President Underwood also noted that FOWD received a letter from a customer with no name indicating that they're not happy with FOWD not offering a low income discount.

**XI. Public Comment**

- None.

President Underwood closed the open session meeting at 6:53p.m.

President Underwood called the closed session meeting to order at 6:53 p.m.

**XII. Closed Session Pursuant to Government Code Section 54956**

1. Existing Litigation (Subdivision (a) of Section 54956.9) Name of case: Luttgen vs. Fair Oaks Water District et al. Sacramento County Superior Court

President Underwood reopened the meeting to the public at 7:33 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 9:04 p.m.

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The Board approved the preceding minutes on November 14, 2016

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Tom R. Gray  
General Manager/Board Secretary

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Date