



District Attendees

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|-----------------|---------------------------|
| Randy Marx | Board President |
| Michael McRae | Board Vice President |
| Gary Page | Board Member |
| Misha Sarkovich | Board Member |
| Tom R. Gray | General Manager |
| Chi Ha-Ly | Finance Manager |
| Shawn Huckaby | Customer Service Manager |
| Ben Voight | Operations Superintendent |

Other Attendees

| | |
|-------------|---------|
| Ted Costa | Visitor |
| Tim Menezes | Visitor |
| Mike Carey | Visitor |

Absent

AGENDA ITEMS

I. Call to Order

- President Marx called the meeting to order at 6:32 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 September 10, 2018
2. Accept and File Treasurer's Report for the month of September 2018
3. Accept and File Investment Report for the month of August 2018
4. Accept and File Financial Expense Report for the month of September 2018
5. Approval of Warrants
6. Approval of Cal Card Statements for the month of September 2018

7. Approval of Board Expense Report for the month of September 2018
 - Director McRae inquired about the electric bill using the term “power factor” on one of the water pump bills and requested staff to gather more information.
 - Director Sarkovich moved to approve the consent calendar as presented.
 - Director Page seconded the motion.
 - Motion carried with the following votes: Marx – aye, McRae – aye, Page – aye and Sarkovich – aye

IV. PRESENTATION & CORRESPONDENCE

1. Correspondence from the “Fair Oaks Historical Society”

- General Manager Gray reported that during the Chicken Festival a person drove into the Fair Oaks Historical Society building owned by FOWD. FOWD helped secure the property. The Fair Oaks Historical Society sent in a letter to recognize the help given by FOWD.

2. Staff presentation on the 2018 FOWD Website Project

- General Manager Gray presented information on the development an FOWD website that would exceed the expectations of the Board, employees and customers. General Manager Gray stated the website will be developed to meet ADA requirements and pass the scan for section 508 standard for compliance. General Manager Gray stated the website will be secured and SSL certified ensuring web responsive design allowing access from any device. He stated the website will have a transparency page.
- General Manager Gray stated the site will allow customers to view their bill electronically, sign up for paperless billing, make payments from the website and view up to 24-months of billing history.
- Director Sarkovich inquired on the current banking fees for credit cards.
- Finance Manager Ha-Ly responded 1.48% is current credit card fee.
- Board President Marx inquired if there are 2 separate agreements; one with Streamline and one with Invoice Cloud.
- General Manager Gray responded yes - Streamline will be the website designer and Invoice Cloud will be the online billing provider.
- Board President Marx inquired if these companies work with other districts.
- General Manager Gray replied that they currently work with water districts and that Invoice Cloud was recommended by FOWD’s current accounting/billing system provider.
- Board President Marx applauded the presentation and feels this is the way to go.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. Update and discussion on proposed revisions to the Wholesale Water Supply Agreement with the San Juan Water District.

- President Marx stated that the Board's desire to negotiate a revised wholesale water supply agreement resulted in the formation of a working committee. The committee met three times; March, April and July of 2018. He stated the committee discussed possible revisions to the wholesale water agreement. The Board proposed a take or pay agreement with a set volume and set costs. SJWD Board President Marty Hanneman wrote an email responding to the following proposals from FOWD:
 - 1- FOWD requested a three-year contract term ending in 2021 instead of 2045. San Juan Wholesale's response: this would cause a problem with any debt SJWD would issue between now and 2021 by downgrading the credit rating and interest rates which would cost wholesale customer agencies more in debt repayment and increase the financial cost to San Juan Wholesale.
 - 2- FOWD proposes to switch from a quarterly service charge; two debt payments and a volumetric charge to a single volumetric charge. They would increase this charge through 2021. San Juan Wholesale's response: SJWD felt the FOWD rates would be lower than the rates charged to the other customers; Folsom, Orange Vale, Citrus Heights and San Juan which is a violation of state law.
 - 3- FOWD proposes that future rates be subject to negotiation. San Juan Wholesale's response: These provisions would provide an advantage to FOWD that other wholesale customers would not have. More importantly such provisions would compromise San Juan Water District's fiduciary duty to generate adequate revenue to meet its bond obligations and is inconsistent with the industry standards in which wholesale agencies set rates for water delivered to retail agency customers.
- President Marx stated that it looks like we are at an impasse and will discontinue negotiations-but will keep the committee forum to discuss future topics.
- Director Sarkovich stated that the primary issue is the proposed rate structure. The District does not want to be in these contracts to 2045. The Board must determine what is in the best interest of the rate payers.
- President Marx stated the 3 options from the 2017 water management flexibility and preparedness evaluation to ensure water supply and economic sustainability; 1-Do what we are doing now, status quo. 2-Develop groundwater supply to meet the average daily demand of the entire system and 3-Renegotiate the water supply agreement.
- Vice President McRae stated he has a similar feeling, stating the new rate structure from San Juan is a game changer. Pricing changed from a community rate to a significant fixed rate regardless of water use. He stated FOWD will pay even if we turn off the spigot, San Juan has got their hand in our check book and that isn't right. Vice President McRae expressed concern over the increasing rate structure

of 16%, 9% ,9% ,9% 5%, and not knowing what happens after the 5th year. He stated San Juan has a history of raising rates and this will continue. I don't see how we can financially sustain that. We need to look at other options.

- Director Sarkovich stated he wants to go on record as having worked on this for 2 years.

2. Update and discussion on Regional Water Authority (RWA) Lobbying Subscription Program activities (verbal)

- General Manager Gray reported that RWA has not yet selected a legislative advocate for its staff. Most significantly after two tries, the state legislature gave up and there will not be a water tax in 2018.

3. Update and discussion on the 2018 Water Transfer Project

- General Manager Gray reported on the transfer of groundwater from FOWD to outside agencies for a total reimbursement of \$457,186.
- Director Sarkovich inquired on the status of providing water to Carmichael Water District.
- General Manager Gray replied that FOWD should have another 2x2 meeting with CMW to discuss the future possibility of water transfers to Carmichael Water District and the potential to reroute water across the American River for use on the south side.

4. Discussion and possible action on the IT Support Plan.

- General Manager Gray recommended the Board authorize him to execute an agreement with Shandam Consulting to help FOWD determine who to hire for an IT solution. He stated the Board had already agreed to take funds from the vacant IT position to put into a fund for IT support.
- President Marx motioned for possible action on the IT support plan.
- Director Sarkovich Second.
- General Manager Gray stated that Shandam is currently supporting FOWD's IT system. They have a detailed approach, a proposed plan and experience to develop the RFP for IT solutions.
- Director Page stated he is concerned that they suggested there could be an alternative team but not an alternative pay schedule.
- Motion is tabled.
- Withdrawn 1st and 2nd motion.
- General Manager Gray inquired if he can meet with the Technical Committee.
- Director Sarkovich replied that staff can bring new information to the meeting.
- The Board directed staff to bring the IT Support Plan to the October 23, 2018 Special Board Meeting.

5. Discussion and possible action on the Website Design and Contract

- Director Sarkovich moved to authorize the General Manger to execute an agreement with Invoice Cloud to provide online bill service after incorporating potential legal comments.
- Director Page seconded the motion.
- Motion carried with the following votes: Marx- aye, McRae – aye, Page – aye and Sarkovich – aye
- Director Page stated that he likes that it accomplished everything FOWD wanted to see bringing a refreshed and more current design to the FOWD website. He stated he likes the interactive online bill pay and that the site builds our brand and provides more customer engagement.
- General Manager Gray stated that with the first roll out customers can sign up for email alerts for FOWD.
- Director Sarkovich stated that this is a quantum improvement. Job well done.
- Customer Service Manager Huckaby stated that Citrus Heights Water District is currently using Invoice Cloud and Carmichael Water District will go live in spring.
- President Marx thanked staff and Director Page.
- Visitor Tim Menezes inquired if Streamline is going to sell information.
- General Manager Gray stated that Invoice Cloud will not sell customers' information and assured that Invoice Cloud is very secure.

6. Update on FOWD November Regular Board Meeting (verbal)

- General Manager Gray stated at the January 2018 Board meeting, the Board moved the November 12 meeting (Veterans Day) to November 5, 2018.

7. Update and discussion on FOWD 2019 Annual Budget (verbal)

- There will be a Special Board Meeting on Tuesday, October 23, 2018 at 5:30 p.m. to discuss the FOWD 2019 Annual Budget.

8. Update and discussion on FOWD Corporate Yard (verbal)

- General Manager Gray provided updates on the FOWD corporate yard. He stated the District received two responses. The responses will be opened this week and discussed on October 23, 2018 at the Special Board Meeting.

VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS

1. Discussion and possible action on the Madison Well Pump

- General Manager Gray recommended the Board to authorize a contract with Kirby Pump and Mechanical to remove the Madison Well pump and motor for inspection, repairs, reinstallation and perform required testing to place back in service.
- Director Sarkovich inquired if the pump was under warranty.

- General Manager Gray replied the motor failed outside of warranty.
- Director Sarkovich inquired on how long it will take to obtain and install a new motor.
- General Manager Gray replied that it will take 4-8 weeks.
- Director Sarkovich inquired if the motors are the same in all wells or are each different.
- General Manager Gray replied that the District tries to make all wells the same, but there are differences based on individual well designs.
- President Marx inquired if the Town Well is an above ground motor.
- General Manager Gray replied that the Town Well is an above ground motor.
- President Marx inquired if FOWD repairs Madison Well but holds off on buying a backup motor, can FOWD investigate if it is possible to convert this motor into an above ground turbine.
- Director Sarkovich stated that in this case FOWD can deduct the extra motor and that he does not want to sit on an extra motor.
- President Marx stated his desire to keep a level of awareness of the history of the well.
- Director Sarkovich inquired if an above ground motor is better and can be converted.
- General Manager Gray responded that it would be more expensive and that FOWD would investigate the cost.
- Director Sarkovich inquired if there is a variable speed motor
- The Madison Well is designed to add in a variable speed motor, but does not have one at this time.
- President Marx inquired if the switch to VFD in the Madison Well right now is a good idea.
- General Manager Gray stated that he will gather additional information on the viability of variable frequency drive motor.
- President Marx tabled the discussion.
- The Board directed staff to bring the Madison Well Pump information to the October 23, 2018 Special Board Meeting.

2. Update and discussion on FOWD water supply for the month of September 2018

- General Manager Gray inquired if there were any questions about the FOWD water supply for the month of September.
- President Marx stated that the graph shows where Madison Well stopped production.
- Director Sarkovich stated that he likes the graph.

3. Discussion and possible action on additional funding for 2018 expenses

- General Manager Gray requested the Board to authorize the General Manager to transfer \$8,300 from contingency fund (\$1,300 DMV and DOT physicals and \$7,000 for the design of Hazel Phase III).
- President Marx moved to authorize the General Manager to transfer \$8,300 from the 2018 contingency fund to cover \$1,300 DMV/DOT physicals and \$7,000 Hazel Phase III.
- Director Sarkovich seconded the motion.
- Motion carried with the following votes: Marx- aye, McRae – aye, Page – aye and Sarkovich – aye

4. Discussion and possible action to approve and accept water easement from the D. N. Burford Construction Inc.

- General Manager Gray recommended the Board approve and accept the easement to put in water meters.
- President Marx moved to approve water easement from D.N Burford Construction.
- Director Sarkovich seconded the motion.
- Motion carried with the following votes: Marx- aye, McRae – aye, Page – aye and Sarkovich – aye

VII. UPCOMING EVENTS

1. Sacramento Groundwater Authority 20-Year Anniversary Lunch / October 18, 2018 / North Ridge CC

- Information Only.

2. Fair Oaks Chamber of Commerce Business Luncheon / October 18, 2018 / Fair Oaks Community Club House

- Information Only.

3. San Juan Water District Finance Committee Meeting / October 23, 2018 / SJWD Administration Building

- Information Only.

4. San Juan Water District Board Meeting / October 24, 2018 / SJWD Administration Building

- Information Only.

5. ACWA 2018 Fall Conference / November 27-30, 2018 / San Diego

- Information Only.

VIII. REPRESENTATIVE REPORTS

1. Sacramento Groundwater Authority (SGA)

- None.

2. Regional Water Authority (RWA)

- None.

3. Sacramento Water Forum

- Meets October 11, 2018

4. Other

- None.

IX. DIRECTORS' REPORTS & COMMENTS

1. Budget Committee – (Sarkovich, Page)

- None.

2. Technical Advisory Committee – (Marx, McRae)

- None.

3. Capital Improvement Committee – (McRae, Sarkovich)

- None.

4. Personnel Committee – (Sarkovich, McRae)

- None.

5. Public Relations Committee – (Sarkovich, Page)

- None.

6. Wholesale Water Agreement Ad-Hoc Committee – (Sarkovich, Marx)

- None.

7. Carmichael Water District Ad-Hoc Committee – (Sarkovich, Page)

- None.

8. Other

- None

X. GENERAL MANAGER'S REPORT

1. Monthly Maintenance Work Report

- Report provided; no discussion.

2. Capital Projects Status Reports

- Report provided; no discussion.

3. Authorizations of Additional Funding

- Report provided; no discussion.

4. Water Transfer Status Report

- Discussed earlier.

5. Claims Against District

- Report provided; no discussion.

6. Employee Update

- General Manager Gray reported that on Friday two employees gave notice for separation from FOWD. The economy is booming, people can move therefore they are. FOWD will need to fill these positions. The Board approved the new step program and today management promoted the first employee based on the program criteria.
- Board President Marx inquired if the new program has been well received.
- Operations Superintendent Voight replied that it has.
- Board President Marx inquired if the separated employees were long term.
- General Manager Gray stated that one was at the District for 2 months. The employee was a long-term Sacramento City employee and is going back to a municipality. The other was a 5-year employee.

7. Water Issues – Update on Regional Involvement

- None.

8. Other

- General Manager Gray provided an update on the 2 x 2 meetings with San Juan and Sacramento Suburban.
- Director Sarkovich stated that talks of consolidation and mergers between water districts come up every few years and he doesn't want to spend a lot of time talking about mergers and becoming one large district, when historically nothing happens.
- General Manager Gray requested reimbursement for money he paid for a meeting with managers of other water districts. The Board did not approve and felt this was not a good use of rate payer money.

XI. PUBLIC COMMENT

- None
- Board President Marx determined that closed session was not required.

XII. ADJOURNMENT

With no further business to come before the Board, President Marx adjourned the meeting at 8:39 p.m.

The Board approved the preceding minutes on November 5, 2018

Tom R. Gray
General Manager/Board Secretary

Date