



District Attendees

Randy Marx	Board President
Michael McRae	Board Vice President
Gary Page	Board Member
Misha Sarkovich	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Finance Manager
Ben Voight	Operations Superintendent
Evan Currie	FOWD Operations Supervisor
Chris Ames	FOWD Water Quality Technician
Mike Northcutt	FOWD Field CS Lead Worker
George Williams	FOWD FSCR I

Other Attendees

George Babcock	Visitor
Tim Menezes	Visitor
Visiting Boy Scout	Attending for Merit Badge

Absent

AGENDA ITEMS

I. Call to Order

- President Marx called the meeting to order at 6:31 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 May 14, 2018
 - b. Special Board Meeting of May 7, 2018
2. Accept and File Treasurer's Report for the month of May 2018
3. Accept and File Investment Report for the month of April 2018
4. Accept and File Financial Expense Report for the month of May 2018
5. Approval of Warrants
6. Approval of Cal Card Statements for the month of May 2018
7. Approval of Board Expense Report for the month of May 2018
 - Comment from Vice President McRae on item III.2 questioning customer overpayment refunds in the past month.
 - General Manager Gray said the refunds are related to the transfer of real estate properties and pre-paid accounts are refunded to previous owners.

Vice President McRae moved to approve the consent calendar.

Director Page seconded the motion.

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

IV. PRESENTATION & CORRESPONDENCE

1. **Presentation by FOWD staff on proposed changes to the FOWD salary schedule**
 - General Manager Gray provided a presentation and an overview of the salary schedule for hourly employees, noting the hourly employees are where FOWD has the most turnover.
 - General Manager Gray stated management's goal is to treat all employees fair and reasonable which includes compensation. Over the past 14 years FOWD's compensation policy has been a merit-based system with no clarity on how to move up within pay range or promotion paths. Employees desire more transparency than just a merit-based system.
 - Management is proposing a new salary schedule to the Board with a step program. The salary schedule is in full compliance with Board Policy 4070 and current Board approved pay ranges. The proposed program still includes merit base for employees that perform well to move to the next step (steps 1 – 5). New employees would need to be employed at least one full year before being considered for the next step. Once at Step 5, for years 7, 8, and 9 there is a 2% lump sum payment with no change in base pay.
 - President Marx inquired on the percentage between each step.
 - Operations Superintendent Voight responded that it is approximately 4% on average between the steps.

- General Manager Gray stated the current certificate incentive program will be terminated and the incentive for obtaining certification is for promotion. This means instead of a lump sum bonus a certification can lead to promotion. Employees who meet certification requirements and have a positive work history can be promoted (DSOII/DSOIII).
- General Manager Gray explained the proposed salary schedule has five steps between years one through six and salary tops out at Step 5. Employees in the same classification during years 7-9 will receive an annual 2% lump sum. General Manager Gray noted there is a 10% salary increase at year 10 anniversary if an employee is still within the same classification.
- General Manager Gray stated assuming normal operations, no financial crisis in operations or no economic issues like a recession, an employee giving their best in the same position for 10 years would see a 35% total annual increase with the 7.3% lump sum compared to starting base pay. Per Policy, the goal is to recruit and retain quality staff.
- President Marx asked if there is any consideration for cost of living or inflation, because if inflation is 4% a year and increases are 4%, FOWD may need to look at this.
- General Manager Gray stated if inflation is high, management would bring it to the Board to adjust salary ranges rather than waiting for the five-year salary survey.
- President Marx noted this is transparent.
- Director Sarkovich stated he likes the structure for the salaries, it is a lot clearer and should help with employee retention, so it's a great thing.
- Vice President McRae stated he likes it, especially for a new hire to see where they would be (compensation steps) by staying with the District. He asked how the plan would impact staff if their position changes due to reorganization.
- General Manager Gray said typically salaries would not be reduced for the employee repositioned by the District to a position with a new title; they would keep their tenure. If an employee elects to move up in positions, then the 10-year count in the new position would apply as you want them to build experience in that classification.
- Director Page asked General Manager Gray to clarify from the handout, "With approval of this salary schedule, the Board will be approving a plan" and what the plan is that the Board is being asked to approve.
- General Manager Gray stated the plan is the salary range schedule, the concept of the 10-year cap for the max range and the FOWD employee compensation policy 4070.
- Director Page stated he is looking for a written plan. He asked for the written plan to include objective criteria for step movement such as the time in the position and the certifications needed to perform the job at a higher level.
- Director Page questioned why there are two agenda items, V1.1. and V1.2. to address the same item as is being discussed.
- Director Sarkovich stated one is a presentation and the others are the discussion and action.

The Board moved items VI.1. and VI.2. to immediately follow the IV.1. presentation.

2. Correspondence from Sacramento Local Agency Formation Commission announcing the appointment of the Independent Special District Representative and Alternate for the Consolidated Redevelopment Oversight Board in Sacramento County

- General Manager Gray referred the Board to the LAFCO letter dated May 29th.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. Report back and discussion on the 2018 annual contract to supply water system parts to FOWD

- General Manager Gray provided an update that the annual contract for water system parts was terminated by the supplier under the termination clause. Prices increased 6% over what was contracted, and we no longer have a fixed cost.
- Director Page asked if FOWD is still under a contract.
- General Manager Gray stated there is not a contract and we will go to bid to all 3 suppliers for significant purchases.

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

- General Manager Gray shared the information in the Board packet, noting that the water tax did not pass.
- Director Page referred to AB1668 that was passed for mandating preservation of water and asked how a Water District will deal with it.
- General Manager Gray stated there are no details on implementation at this time and the reduction in urban per capita water use starts in 2020. In Fair Oaks, usage is about 90 gallons per capita, and seasonally can be up to 270 with outside irrigation. State Water Resources has a new ordinance with no implementation or enforcement details at this time. RWA and ACWA are active in addressing this.
- Director Sarkovich expressed concern about the broad-brush approach to set everyone at 55 gallons per day North to South, which will impact Northern California disproportionately.

3. Discussion and possible action on the updated Policy 2040: “Compensation for Directors” activities

- Director Sarkovich noted the only change was to Section 4 Compensable Meetings.

Director Sarkovich moved to adopt the proposed Policy 2040.

Director Page seconded the motion.

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

- 4. Update and discussion on the Fair Oaks 40 Pipeline Relining Project (Fair Oaks 40 Phase II Project)**
 - General Manager Gray said the FO-40 Phase II is moving forward, and SJWD re-bid is due back June 19th. General Manager Gray reminded the Board that FOWD will pay based on actual which will be approximately \$2 million, FOWD prepaid almost \$200,000.

- 5. Update and discussion on FOWD Information Technology and SCADA Projects**
 - General Manager Gray stated FOWD is working with Shandam Consulting to provide IT Consulting advice under a contract for \$3,300 with a scope of deliverables.
 - General Manager Gray noted IT Consulting is currently a number one priority with the loss of the recent IT employee, and it bumped the priority of other items, such as the website.
 - Director Page acknowledged the IT priority and agreed not to rush the website until it can be done well.
 - General Manager Gray stated the SCADA implementation is complete and with training in progress.

- 6. Update and discussion on the 2018 Water Transfer Project**
 - General Manager Gray stated as of June 6th there are still minor legal revisions in process, all financials remain the same and a signed agreement is not ready yet.

VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS

- 1. Discussion and possible action on revisions to the FOWD salary schedule**
 - Director Page stated he is opposed to an incomplete plan. He doesn't mind paying more every year when employees are doing their job so they can grow and gain competency. For employees that don't perform, get rid of them, for employees that show up, pay them. It should not be subjective merit. He wants objective criteria and clear, objective steps. He doesn't like treating employees differently and prefers incentives and certifications built into the steps so employees know what to expect.
 - General Manager Gray pointed out the merit-based policy comes from the Board, so the Board can change it. Where discipline is required, management works with the employee rather than letting them go. He said employees are not treated differently, those with the certifications, acceptance of responsibility, positive performance and merit have the chance to leapfrog others when they are really working hard.
 - Finance Manager Ha-Ly stated those who worked hard to obtain certifications should be recognized.
 - President Marx stated FOWD should have good position descriptions, which then isn't a leapfrog; it is simply that someone has met the criteria to move from a DSO I to DSO II.
 - General Manager Gray said the job descriptions are updated every year and the annual evaluations are shared with the Board.

- Director Page wants to add that it isn't just subject to the Board's policy to give advancement discretion to the General Manager but to make it clear that if they meet the job description, they can advance.
- Director Sarkovich asked to define subjectivity as part of what is normal satisfactory work performance. He is eager to implement this, as he thinks it is a step in the right direction.
- Operations Supervisor Currie stated FOWD has massive turnover for entry level positions. He noted these entry level employees leave after being trained and obtaining certifications. He sees the plan as an improvement. He noted he was able to move up by working hard and getting every certification he could. He stated he would have been held back based on Director's Page suggestion.
- Water Quality Technician Ames voiced support of the steps and the clarity provided. He thinks advancement is, by nature, discretionary, which he thinks works, noting management is willing to listen.
- Director Page said he would like to see a plan with clarity and a clear path; a plan and process, defined with clear job descriptions and clear criteria for advancement.
- Vice President McRae noted employees with good reviews and performance can change or compete for a position. He likes the way the plan is written and believes it is good for the District, perhaps refining some things.

Director Sarkovich moved to adopt the salary schedule as presented in V1. 1.

President Marx seconded the motion.

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

2. Discussion and possible action on FOWD Policy 4070: “Employee Compensation”

- General Manager Gray highlighted Section 1.8 for long-term employees at 15, 20 and 25 years to get a larger lump sum increase.
- Director Page said to strike out 1.5.1. “at the discretion of the General Manager” and 1.5.1.1. “merit” and thinks there should be policy on disciplinary procedures. Director Page would also like to see a discretionary bonus fund.
- Director Sarkovich agreed the Board could eliminate the wording “at the discretion of the General Manager” and read the proposed changes before the Board, for the language of 1.5.1: “Employee advancement in the salary range shall be based on positive annual performance, meeting job specifications, and demonstrated support of the District's mission.” and in 1.5.1.1.: “The General Manager shall authorize advancement...” which strikes “merit” before “advancement.”
- Vice President McRae suggested the Board also add a sentence to authorize the General Manager to award bonuses based on merit for outstanding performance.
- General Manager Gray said it could be based on year end evaluations or a one-time merit bonus and the discussion can be brought back to the Board at a later time.

Director Sarkovich moved to approve the revised Policy 4070 as discussed.

Vice President McRae seconded the motion.

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

3. Update and discussion on FOWD water supply for the month of May 2018

- Operations Manager Nisenboym reported average temperature in May was 3 degrees below the historic average and actual precipitation was recorded at almost an inch, at 0.94”, by the DWR. FOWD total system demand from all sources for the month of May was recorded at 910.92 AC-FT. The San Juan wholesale connections provided 756.25 AC-FT (83.02%) and groundwater wells produced 154.67 AC-FT (16.98%) of the total water demand. Per Board direction, the goal for the ratio of surface to groundwater production was set at 90-10. Groundwater production went slightly higher in the second part of the month due to required 2nd quarter disinfection-by-product sampling. The FO-40 connection was closed with CTP connection supplying treated surface water. The May 2018 total demand represents a decrease of 14.1% from the May 10-year average and a 32.03% reduction from May 2013.
- General Manager Gray provided direction at the Board meeting to Operations Manager Nisenboym to shut down or do minimal groundwater pumping until told to turn on in July in preparation for the transfer.

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

- General Manager Gray requested Board approval for the internal transfer of \$10,000 as recommended in the staff report for the General Manager to move funds from the 2018 Contingency Fund to fund the internal FOWD capital design of two improvement projects.
- Director Sarkovich asked about the Winding Way Bridge Project.
- General Manager Gray explained there is a FOWD pipeline that needs redesigned as part of the County Bridge Project on Chicago Creek and Winding Way.

Director Page moved to approve the transfer.

Director Sarkovich seconded the motion.

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

5. Discussion and possible action on FOWD’s website design and public outreach program

- General Manager Gray said more information will be available at the next meeting.
- Director Page wants to take advantage of the information from Live Impact.
- General Manager Gray recognized George Williams for 12 years of service and noted he is a star and the Best Ambassador for FOWD public outreach, bar none. Noting Mr. Williams’ love for what he does, General Manager Gray said he is

invaluable in his position and close to the top of his range, noting the new salary structure will help recognize him.

VII. UPCOMING EVENTS

- 1. Fair Oaks Chamber of Commerce Business Luncheon / June 21, 2018 / Del's Pizza / 11711 Fair Oaks Blvd. / Fair Oaks**
 - Information only.
- 2. CSDA General Manager Leadership Summit / June 24-27, 2018 / Lake Tahoe**
 - Information only.

VIII. REPRESENTATIVE REPORTS

- 1. Sacramento Groundwater Authority (SGA)**
 - None.
- 2. Regional Water Authority (RWA)**
 - None.
- 3. Sacramento Water Forum**
 - General Manager Gray noted that Director Page has RSVP'd for this Thursday's meeting.
- 4. Other**
 - General Manager Gray reported on the SJWD Board meeting and distributed a copy to all Board members of the Draft Wholesale Budget for the upcoming fiscal year.

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)**
 - The Committee did meet and Director Sarkovich noted this was already discussed.
- 5. Public Relations Committee – (Sarkovich, Page)**
 - None.
- 6. Wholesale Water Agreement Ad-Hoc Committee – (Sarkovich, Marx)**
 - General Manager Gray shared comments from the SJWD approved minutes. He said they are working on the "take or pay" template from the 1994 agreement.
 - Director Sarkovich said he is available for these 2x2 meetings.

- President Marx noted he will be available for the 2x2 meetings except for a few days in June.
- Director Page stated the Board position on cost, noting this is not something the Board wants to argue about right now.
- General Manager Gray confirmed they are working on the framework first and not negotiating cost.

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

- Director Page asked about Gastman funds.
- General Manager Gray said some of the funds were preserved for outreach to the other customers and that the court recorded the Case dismissal.

3. Authorizations of Additional Funding

- Report provided; no discussion.

4. Water Transfer Status Report

- No discussion.

5. Claims Against District

- Report provided; no discussion.

6. Employee Update

- General Manager Gray shared news of the resignation of the Water Efficiency Specialist who is going in a different career direction and that the organization chart now reflects that about 50% of FOWD employees have been at the District less than a year.

7. Water Issues – Update on Regional Involvement

- None.

8. Other

- T-Main Replacement Project (Master Plan planning) is underway. Staff is developing a plan based on Board direction. There will be a big financial impact to be planned for by the Board.

- General Manager Gray confirmed the FOWD chlorine residual is being reported under the Consumer Confidence Report and has the lowest chlorine residual in the entire San Juan Family.
- Director Page stated that he is still concerned chlorine is used in water as a disinfectant.

XI. PUBLIC COMMENT

Public Comment was made following Item VI.2 for consideration in original Public Comment Item II. The speaker had arrived late, and comments have been inserted below.

- Dominic Figueroa from the nonprofit organization "Californians for Safe Drinking Water and a Clean and Reliable Water Supply" spoke about the water bond that has qualified for the November 2018 ballot. Conveyance through management of watersheds, repairs and funding, groundwater management and restoration are areas addressed. He spoke briefly about efforts and endorsements, and asked for consideration to be able to give a Board presentation to seek a resolution for endorsement.
- Director Sarkovich asked if July is too late to come back to the next Board meeting.
- Vice President McRae noted that support for other measures has been requested.
- President Marx asked if they had approached the Regional Water Authority for endorsement, and suggested coordinating with the RWA. He said the Board would be willing to listen.
- General Manager Gray said the water bond presentation would be added to the July agenda.

President Marx closed the open session meeting at 8:54 p.m.

President Marx called the closed session meeting to order at 8:55 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54954.5, 54956, 54956.8, 54956.9 AND 54957

1. Public Employee Performance Evaluation – General Manager’s performance evaluation and conference involving compensation
2. Conference on Anticipated Litigation (Subdivision (d) of Section 54956.9) – one case

President Marx reopened the meeting to the public at 9:35 p.m.

XIII. REPORT FROM CLOSED SESSION

- None.

XIV. PUBLIC COMMENT

- None.

XV. ADJOURNMENT

With no further business to come before the Board, President Marx adjourned the meeting at 9:35 p.m.

The Board approved the preceding minutes on July 9, 2018

Tom R. Gray
General Manager/Board Secretary

Date