



District Attendees

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

Other Attendees

Mike Carey	Visitor
Tim Menezes	Visitor

Absent

I. CALL TO ORDER

- The meeting was called to order at 5:30 p.m.

II. PUBLIC COMMENT

- None.

III. DISCUSSION & PRESENTATION

1. Discussion on the FOWD Proposed 2019 Annual Budget

- General Manager Gray provided a summary of the Proposed 2019 Annual Budget. The FOWD projects zero rate increase for 2019. The District kept the ratio of 77% in the service charge and 23% in commodity charge. The District continues to have zero debt. The proposed 2019 budget projects spending 74% of revenues from customer water sales into capital improvements. An estimated 2019 year-end cash of \$7 million. The Board recommended cash reserve of four months (about \$2.5 million). The 2019 operating budget is projected to increase about 7% or almost \$500,000. The majority is a \$277,000 increase in purchased water cost. He noted that the projected water purchase is based on 70% surface water and 30% groundwater pumping. He noted that labor and benefits are

projected to increase \$143,000 or 5% and other cost are estimated to increase \$50,000.

- Director Sarkovich stated that the rate structure has remained the same since 2012 and he emphasized that if the rates are stable then no one will complain.
- General Manager Gray stated that over the last 10 years FOWD has had two rate adjustments totaling 13%. In the last 10 years approximately 40 cents of every dollar from customer water sales revenue has been invested back into the District's infrastructure. In the last 10 years employee count has been reduced from 40 down to 30, due to advancements in technology and increase in efficiency. In the last 10 years the debt has been reduced to zero. In the last 15 years FOWD has received \$9 million from other sources. In 2019 the projected net income is \$2.1 million.
- Director Page inquired if that was estimated after the operating expenses.
- General Manager Gray responded that the \$2.1 million is after operating expenses.
- President Marx inquired if the net income could go to infrastructure or reserve.
- General Manager Gray replied that the Board could determine to use the net income for infrastructure, keep in reserves, or invest.
- General Manager Gray recommended that FOWD drill a well test hole at the Skyway tank site rather than re-designing Fair Oaks Park Well in 2019.
- The Board agreed to include the tank site test hole in the 2019 budget and not re-design the Fair Oaks Park Well.
- Director Sarkovich stated that he would like to have two wells that are fully functional plus a third well at the tank site to increase groundwater supply of water.
- The Board asked that staff bring back a list of potential well sites.
- General Manager Gray suggested FOWD hire a consultant to look at the potential well sites.
- The Board inquired on the costs and asked that staff bring back a recommendation to include in the 2019 Budget at the November meeting.
- General Manager Gray provided a brief overview on the potential grant funding for the well sites.
- President Marx thanked the staff for all the work on the budget.
- Director Sarkovich stated the budget will be ready for the November meeting.

2. Update and discussion on FOWD Corporate Yard

- General Manager Gray informed the Board that only two formal responses to the RFP were received. General Manager Gray gave two options for the Board to act.

The options were; 1) invite both firms to interview or 2) to rebid the design and try to get more proposals.

- Director Sarkovich replied that the Board should discontinue the bidding process and invite the firms for an interview.
- General Manager Gray stated that the FOWD would have a special meeting between the November 5 Board meeting and the December Board meeting to interview the bid responders.
- President Marx inquired what the interview process would include.
- General Manager Gray replied that the FOWD would ask them to present their design plans.
- Director Sarkovich instructed staff to check the firms' references and prior projects completed and schedule a meeting. He stated the meeting will start at 5:30 p.m. The Board will discuss the questions from 5:30-6:00 p.m.

IV. DISCUSSION AND POSSIBLE ACTION

1. Discussion and possible action on the Madison Well Pump

- General Manager Gray reported that a variable frequency drive motor does not make sense for this well design. The recommendation is that FOWD replace the Madison Well pump with a comparable soft start.
- President Marx motioned that FOWD replace the mechanism at the Madison Well pump with a comparable soft start with design capacity to match the existing well motor of 200 hp.
- Director Sarkovich seconded the motion.
- Motion carried with the following votes: Marx – aye, McRae – aye, Page – aye and Sarkovich – aye

2. Discussion and possible action on the IT Support Plan

- General Manager Gray presented an update to the Shandam quote for the IT Support Plan.
- President Marx made a motion to approve the IT Support Plan as presented.
- Director Sarkovich seconded the motion.
- Motion carried with the following votes: Marx – aye, McRae – aye, Page – aye and Sarkovich – aye

V. PUBLIC COMMENT

- None.

VI. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956

1. Conference on Anticipated Litigation (Subdivision (d) of Section 54956.9) – one case

VII. REPORT FROM CLOSED SESSION

- None

VIII. PUBLIC COMMENT

- None

IX. ADJOURNMENT

With no further business to come before the Board, President Marx adjourned the meeting at 9:10 p.m.

The Board approved the preceding minutes on November 5, 2018

Tom R. Gray
General Manager/Board Secretary

Date