



District Attendees

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

Other Attendees

Tim Menezes	Visitor
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Absent

AGENDA ITEMS

I. Call to Order

President Marx called the meeting to order at 6:34 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 July 9, 2018
2. Accept and File Treasurer's Report for the month of July 2018
3. Accept and File Investment Report for the month of June 2018
4. Accept and File Financial Expense Report for the month of July 2018
5. Approval of Warrants
6. Approval of Cal Card Statements for the month of July 2018
7. Approval of Board Expense Report for the month of July 2018

Director Page moved to approve the consent calendar.

Director Sarkovich seconded the motion.

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

IV. PRESENTATION & CORRESPONDENCE

1. **Correspondence from ACWA/JPIA regarding “ACWA/JPIA 2018 Wellness Grant”**
 - General Manager Gray provided an overview of the Wellness Program. This is the third year in a row (since inception) that FOWD was awarded a grant from ACWA/JPIA for an employee wellness program. FOWD has been awarded \$1,200 to continue the program in 2019. It is a 50/50 match, so management has approved another \$1,200 as the 50% matching funds to come from the employee recognition fund. The Wellness Program will cover items like teambuilding, training on health, and weight management.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. **Update and discussion on Regional Water Authority (RWA) Lobbying Subscription Program activities (verbal)**
 - General Manager Gray stated that he sent a copy of an email to the Board related to a statewide water tax. It would be part of a trailer bill to impose a water tax on every single resident of California and water agencies would have to collect it. ACWA/JPIA asked FOWD to join in a coalition letter to oppose this bill. General Manager Gray recommended the Board be on public record to approve that FOWD provide an official letter in opposition to the water tax as requested by ACWA/JPIA.
 - President Marx noted the Board is unanimous in directing General Manager Gray to prepare a letter noting the Board's opposition to the proposed water tax.

2. Update and discussion on the 2018 Water Transfer Project (verbal)

- General Manager Gray provided costs of groundwater production. July pumping was 24/7. He shared power, chemical, testing and total cost of groundwater production.
- Director Sarkovich inquired on the cost per acre foot.
- General Manager Gray stated it varies by well. He shared electricity costs over 3 years. In 2015 it was \$164,000 with baseline pumping, in 2016 it was at \$176,000, in 2017 with ramped up pumping, it went to \$352,000, and in 2018 it will be even higher.

3. Update and discussion on FOWD participation in the November 2018 General Election (verbal)

- General Manager Gray provided an overview of the status of FOWD elections.

4. Update and discussion on Gum Ranch Unit No. 2 and the Kenneth Tank Site (verbal)

- General Manager Gray stated the Gum Ranch Unit 2 is in its final stage of build-out. FOWD received over \$900,000 in additional connection fees for Gum Ranch which brings total cash from that project to within the \$3.5 million-dollar range, along with the tank site. He provided an update on the tank site. General Manager Gray said a member of the Park Board stated Director Sarkovich told him that the tank site would never be used.
- Director Sarkovich clarified he said if ground water is used, it would not be used. Only if FOWD has to “go solo.” He noted the Park Board member doesn’t want a tank and felt it would be an eyesore.
- General Manager Gray said FOWD is planning to put the site into production by using it for operations and storage and wants it clarified that this will immediately be used for FOWD water supply operations.
- Director Sarkovich is concerned about the cost of building a tank. He said if staff can come up with matching grant funding then he would be ok with the building of the tank site.
- Director Page wondered why FOWD wouldn’t use the site.
- General Manager Gray said the vision is to build a water storage facility. This is a strategic location for joint benefit to FOWD, Orangevale and Citrus Heights. He noted it would help with treatment for wells. While it may never happen, it needs to be considered by the Board for future planning.

5. Update and discussion on the FOWD Website Project (verbal)

- General Manager Gray said FOWD is still migrating to “cloud based” technology and that this has delayed moving the FOWD website project forward. He has also negotiated with Michael Baker regarding an outstanding balance due of \$3,200, asking for consideration, given recent issues. They cut the balance by \$1,600.
- Director Page stated he does not like the current website vendor and wants to go to LiveImpact. He stated the Board directed staff at the last Board meeting not to go out to bid and to sole source LiveImpact. Only if LiveImpact doesn’t work, should FOWD look for other vendors.

- General Manager Gray said the migration and hosting are interrelated, so network changes need to be done ahead of setting up the new website and hosting arrangements.

VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS

1. Discussion and possible action on the 2018 IT budget allocation

- General Manager Gray asked for approval for reallocation of 2018 budget funds to the Professional Services IT consulting expense project. This would include \$65,000 from the approved 2018 Network Upgrade (capital) project and \$56,168.91 from the approved 2018 IT Technician (labor) budget.
- Director Sarkovich raised the issue that inhouse labor would be more cost effective.
- General Manager Gray said in-house could not start mid-project and FOWD does not have that position filled right now. Outside consultants will help build a Scope of Work to determine the best way to move forward with IT support for FOWD.
- Director Page asked about the project management and goals. He suggested doing a peer review with an agency using the cloud. He asked about timing for review.
- General Manager Gray noted that reviews have been started. It will be reviewed as part of the budget process.
- Customer Service Manager Huckaby shared that he visited the Telecommunications group hosting the phone service on the “cloud” to get an understanding of working within a cloud based IT system.
- Director Page reiterated a concern for security and asked if there is contract agreement language in place to ensure data and IT security procedures are part of the agreement.
- General Manager Gray stated he is sure such language is in place as a vital part of the process. He also discussed concern related to internet connection failure.
- Customer Service Manager Huckaby noted a plan might be to include a second local server. It is still being discussed.

Director McRae moved to approve the staff recommendations for the IT budget reallocations.

Director Page seconded the motion.

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

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

- General Manager Gray referred to the staff report, noting Operations Manager Nisenboym was not available for the meeting.
- Director Sarkovich asked if there is anything wrong with the Northridge well.
- General Manager Gray said nothing is wrong. The Northridge well is smaller, and the Madison and Northridge wells influence each other. They are close enough together to impact the water tables at each location.
- Director McRae asked about reconfiguring the wells.

- General Manager Gray said changes to mitigate this would lead to new well construction at Northridge.
- Director Sarkovich asked about costs.
- General Manager Gray noted that fixed costs increase per unit of water when less is pumped.

3. Discussion and possible action on approval of utility agreement with the County of Sacramento for the Winding Way Bridge Water Main Replacement Project

- General Manager Gray requested authorization to execute the agreement. The FOWD water main replacement design will be included in the bid package of the county, which then reduces the cost to FOWD.

Director McRae moved to authorize the General Manager to execute an agreement for the Winding Way Bridge Water Main Replacement Project in substantial conformance with the attached draft document.

President Marx seconded the motion.

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

4. Discussion and possible action on FOWD’s Policy No. 1010: “Conflict of Interest”

- General Manager Gray asked that the Board review and approve the policy.

Director McRae moved to approve the Policy with no changes.

President Marx seconded the motion.

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

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

- General Manager Gray addressed questions about Performance Pipeline Inc. and the Transmission Main Project on Fair Oaks Boulevard. Extra costs include \$60,000 for the AT&T workaround, and \$70,000 for rock and concrete removal. FOWD staff, inspectors and management met and reviewed the second Change Order for \$131,000 to substantiate the expenses. Staff recommends using contingency funds as well as transferring money from another 2018 capital budget project.
- The Tomar Project was budgeted in 2018 for \$250,000 and so far, \$2,470 has been spent. Staff recommends deferring the Tomar Shadowood Way Project and transferring \$140,000 to the FOB T-Main Project.
- General Manager Gray noted the warrants section reviewed included the Change Order cost.

Director Sarkovich moved to approve the transfer of \$140,000 from the Tomar Shadowood Project to the FOB T-Main Project and deferring the Tomar Shadowood Project.

President Marx seconded the motion.

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

VII. UPCOMING EVENTS

- 1. Fair Oaks Chamber of Commerce Business Luncheon / August 16, 2018 / Fair Oaks Community Club House**
 - Information only.
- 2. San Juan Water District Board Meeting / August 22, 2018 / SJWD Administration Building**
 - Information only.

VIII. REPRESENTATIVE REPORTS

- 1. Sacramento Groundwater Authority (SGA)**
 - SGA met and agenda distributed. Attended by General Manager Gray.
- 2. Regional Water Authority (RWA)**
 - RWA met prior to last Board meeting, on July 12, 2018. Attended by President Marx and General Manager Gray.
- 3. Sacramento Water Forum**
 - No comment.
- 4. Other**
 - General Manager Gray stated FOWD is taking an active role in the regional aquifer storage and recovery program. General Manager Gray informed the Board that he recently toured the Woodland-Davis aquifer storage and recovery system.

IX. DIRECTORS' REPORTS & COMMENTS

- 1. Budget Committee – (Sarkovich, Page)**
 - Director Sarkovich stated he is not able to attend FOWD meeting in October when budget review starts. He suggested to have an agenda item in September on the 2019 budget for the Board to provide direction. He stated it may take until December to complete the process, recognizing the key is to have a budget in place by January.
 - General Manager Gray suggested meeting in October with at least two Board members to review the details. General principles and guidance could start in September. Staff will provide a schedule for 2019 annual budget development at the next FOWD Board meeting.
- 2. Technical Advisory Committee – (Marx, McRae)**
 - None.

- 3. Capital Improvement Committee – (McRae, Sarkovich)**
 - Director Page asked about the Corporation Yard Design Project.
 - Director Sarkovich noted FOWD was supposed to go out to bid and then meet.
 - General Manager Gray noted the bid request was posted. October 1, 2018 is the deadline for bid submissions.
- 4. Personnel Committee – (Sarkovich, McRae)**
 - None.
- 5. Public Relations Committee – (Sarkovich, Page)**
 - None.
- 6. Wholesale Water Agreement Ad–Hoc Committee – (Sarkovich, Marx)**
 - President Marx noted on July 11, 2018 there was a meeting with San Juan on wholesale costs.
 - Director Sarkovich said it was a productive meeting and FOWD is to develop a draft of information to present to the San Juan Water District later this month.
- 7. Carmichael Water District Ad–Hoc Committee – (Sarkovich, Page)**
 - None.
- 8. Other**
 - None.

X. GENERAL MANAGER’S REPORT

- 1. Monthly Maintenance Work Report**
 - Director Page asked about the July 2018 water supply production which was larger than the winter months usage. Could this be used to supply needs in winter?
 - General Manager Gray noted groundwater can supply about 50% of peak months water supply demand or all of a winter month’s needs.
 - Director Page asked about hydraulic modeling and water tank use in operations.
- 2. Capital Projects Status Reports**
 - No comment.
- 3. Authorizations of Additional Funding**
 - Discussed earlier.
- 4. Water Transfer Status Report**
 - Discussed earlier.
- 5. Claims Against District**
 - No comment.

6. Employee Update

- General Manager Gray stated FOWD successfully recruited a Water Efficiency Specialist, a Field Customer Service Representative and two Distribution System Operators.

7. Water Issues – Update on Regional Involvement

- Discussed earlier.

8. Other

- None.

XI. PUBLIC COMMENT

- None.

President Marx closed the open session meeting at 8:11 p.m.

President Marx called the closed session meeting to order at 8:18 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956

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

XIII. REPORT FROM CLOSED SESSION

- None.

President Marx reopened the meeting to the public at 8:58 p.m.

XIV. PUBLIC COMMENT

- None.

XV. ADJOURNMENT

With no further business to come before the Board, President Marx adjourned the meeting at 8:58 p.m.

The Board approved the preceding minutes on September 10, 2018

Tom R. Gray
General Manager/Board Secretary

Date