



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
Shawn Huckaby	Customer Service Manager
Ben Voight	Operations Superintendent

Other Attendees

Dane Wadle	CSDA Field Coordinator
Tim Menezes	Visitor
David Gordon	Citrus Heights Water District Operations Manager
Rex Meurer	Citrus Heights Water District Water Efficiency Supervisor and Project Manager
Dan York	Sacramento Suburban Water District General Manager
Steve Nugent	Carmichael Water District General Manager

Absent

AGENDA ITEMS

I. Call to Order

- President Marx called the meeting to order at 6:30 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 April 9, 2018
 - b. Special Board Meeting of April 18, 2018
2. Accept and File Treasurer's Report for the month of April 2018
3. Accept and File Investment Report for the month of March 2018
4. Accept and File Financial Expense Report for the month of April 2018
5. Approval of Warrants
6. Approval of Cal Card Statements for the month of April 2018
7. Approval of Board Expense Report for the month of April 2018

Vice President McRae 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 dated May 2, 2018 from County of Sacramento regarding estimated candidate statement costs for the November 2018 election

- General Manager Gray shared the cost is \$450 each, word limit is 200 words / 5 paragraphs and the candidate pays at the Election Office.

2. Presentation from California Special District Association (CSDA) representative Dane Wadle on CSDA activities and opportunities

- Mr. Wadle reviewed past actions of CSDA over the years to support recognition of special districts and noted three highlights involving current legislation:
 - 1) AB2065, Local agencies would have to go through a specific process to dispose of or lease surplus property. CSDA is opposed as it now is proposed.
 - 2) Legislative talk of financing for affordable housing and redevelopment/economic development.
 - 3) SB929, Requires Special Districts to maintain websites. CSDA is sponsoring it with exemptions for smaller districts and recommended best practices. Looking into scholarship support of costs for development of websites for some entities.
- General Manager Gray pointed out CSDA focuses on advocating for smaller to midsize districts, like FOWD, while ACWA is more broadly focused. He noted the end result is CSDA can show the special district is beneficial to the community.

- Mr. Wadle said CSDA and ACWA coalition is watching over legislature actions regarding 55 gallons of indoor use as a water standard default.

V. Discussion and Action Items: Old Business

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

- General Manager Gray discussed the contract for generic parts and fittings, noting the vendor cannot hold to their prices and will not renew or rebid after the annual contract expires later this year. The pricing has been adjusted up with a 6% increase. The increase raises the annual estimated parts costs from \$174,800 to \$185,600.
- Vice President McRae asked why not have FOWD stock parts.
- General Manager Gray stated that pre-stocking increases inventory and related costs, and throws off the restocking of needed parts which has moved to a more on demand model.

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

- General Manager Gray provided an update to the Board on the program activities, reporting Adam Robin has resigned as Advocacy Program Manager and RWA is seeking a replacement.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on a Memorandum of Understanding for a Regional Meter Replacement Program

- General Manager Gray requested direction to execute the MOU to support the Regional Water Meter Replacement Program, while continuing existing FOWD Policy No. 6300 for meter replacements. The MOU does not commit FOWD to any financial liability. Citrus Heights Water District (CHWD) requested in 2016 that FOWD participate in a regional water meter program. FOWD as directed by the Board will continue to monitor the process and show support.
- Director McRae verified it does not commit FOWD to the program.
- Mr. Steve Nugent, General Manager from Carmichael Water District, noted his district supports this item. They are looking for good pricing on regional meters.
- Mr. David Gordon, Operations Manager at CHWD, noted his Board of Directors and General Manager support this recommendation.
- Rex Meurer, CHWD, Water Efficiency Supervisor and Project Manager for their water meter program voiced support.
- Dan York, General Manager of Sacramento Suburban Water District (SSWD), stated he is bringing this to his Board in June.

Director Sarkovich moved to approve for the General Manager to execute the MOU to support the Regional Water Meter Replacement Program.

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 Policy Number 2040: “Compensation for Directors”

- Director Page stated he recently attended an event for the District and it was not clear whether this event was compensable based on the current Policy. He wants a clear policy with criteria on what is a compensated item.
- President Marx said the current expense form includes compensation for five items: Board Meetings, Special Board Meetings, other committee meetings, conferences, and seminars. He would like it clarified in the form and policy.
- Vice President McRae stated he wasn’t sure what was covered at seminars and conferences and did not expect any compensation.
- General Manager Gray said staff is reluctant to interpret policy.
- Director Sarkovich wants meetings to have an agenda and be approved by the FOWD Board to tie expenses to those approved activities. Two by two Board Meetings would be part of compensation as there is a standing agenda. He wants to closely hold the line on what is covered where the business is related to FOWD business and is “agendized.”
- Vice President McRae noted a meeting he attended had an agenda and expenses were covered, but policy does not cover compensation. He noted he thought serving is voluntary but understands that it is legitimate to consider having compensation. He feels more training would be helpful and expects the cost of training and time would be reimbursed, as there needs to be an incentive to engage in the water business. He suggested FOWD could limit the days of compensation per month, such as the 10 days listed now.
- Director Sarkovich says one meeting that is multiple days is still only one compensation day. ACWA is an example where the expense of the conference is covered, but compensation is not. He noted some members have covered it at the \$100/day meeting rate.
- General Manager Gray recognized the benefit of training and conferences. He also recognized that staff already routinely cover expenses themselves, such as cost of tips or taking an employee out to lunch.

- Vice President McRae feels that he could be more engaged with some training. He thought the cost of any training and compensation of \$100/day would be included. He said being engaged in business and keeping the line at 10 compensation days per month is a good idea, noting he has only attended one training event.
- General Manager asked Mr. Wadle for counsel on this type of issue and how the CSDA organization recommends handling this.
- Mr. Wadle said the CSDA can send examples of policies. He noted he is also a water district Board member in Cool, where they just get a nominal stipend for regular meetings. There is no stipend for other meetings or events.
- Director Page suggested to compensate at FOWD for Board Meetings with a formal agenda and for half to full day meetings such as ACWA Conferences.
- General Manager Gray said keeping within 10 meetings per month has been used.
- Director Sarkovich does not like the general description and prefers to specify the types of meetings as Board and Special Board Meetings, committee meetings, 2x2, ad-hoc and Board workshops that have an agenda. He questioned what to do about conferences.
- Director Page thinks \$100/day for conferences is good.
- Vice President McRae feels it is valuable for FOWD to have a presence at state wide conferences especially when local.
- General Manager Gray also raised the fact there is training value to the Board to attend such conferences.
- Director Sarkovich summarized that the policy should specify that compensation cover the following approved types of meetings:
 - a. Regular Board Meetings
 - b. Special Board Meetings
 - c. Committee Meetings
 - d. 2 x 2 Meetings
 - e. Ad-Hoc Meetings
 - f. Workshops
 - g. Representative Meetings
 - h. Conferences and Training (More than half a day)
- General Manager Gray said it should also include any Board directed meetings.
- Director McRae asked if this would cover attending other districts' Board Meetings.
- Director Sarkovich said this should be covered if FOWD has an issue before that Board or a local water district. FOWD Board could attend as a representative.

- General Manager Gray noted it helps to develop relationships by attending other local Board Meetings.
- The Board directed General Manager Gray and staff to draw up the proposed updated policy for Board review and action.

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

- Operations Manager Nisenboym reported actual precipitation recorded at 2.5” by the DWR and that the FOWD total system demand from all sources for the month of April was recorded at 502 AC-FT. The wholesale connections provided 428 AC-FT (85%) and groundwater wells produced 74 AC-FT (15%) of the total water demand. Per Board direction, the goal for the ratio of surface to groundwater production was set to 90-10 and groundwater production went higher due to warm weather later in the month. The April 2018 total demand of 502 AC-FT represents a decrease of 19% from April 10-year average and 40% reduction from April 2013.
- General Manager Gray noted we have done all repairs and maintenance for wells and are ready for water transfers to start in July.
- Vice President McRae asked if all wells are certified and metered and ready to go.
- General Manager Gray stated FOWD is ready and that Regional Water Authority is going to submit documentation for the entire regional team. Testing is good for two years and the latest FOWD report is from 2016 and still valid for now.
- President Marx asked about the timing of different wells being pumped.
- Operations Manager Nisenboym noted each well is run about once a day.
- General Manager said FOWD has a scheduled rotation of pumps for normal District operations.

4. Discussion and possible action on the relocation of water meter for the proposed Fair Oaks Founders Monument

- General Manager Gray noted that FOWD installed the monument’s water meter a few years ago, and now that they are relocating the monument, the water meter needs to be moved. Parts will be about \$1,800 and he suggested FOWD split the cost and provide the labor as an act of community support.

Director Sarkovich moved to approve the water meter relocation and splitting the cost.

Vice President McRae seconded the motion.

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

5. Discussion and possible action on a request dated April 30, 2018 from Amanda Thomas to support her candidacy to serve as Independent Special District Representative on the Consolidated Redevelopment Agency Oversight Board (RDAOB) for Sacramento County

- General Manager Gray noted Ms. Thomas requested that FOWD cast a vote for her to be on the committee.
- Board did not feel it had enough information and elected to take no action.

6. Discussion and possible action on the Actuarial Amortization Policy from California Public Employees' Retirement System

- Finance Manager Ha-Ly informed the Board that CalPERS is changing the Actuarial Amortization Policy, effective with the June 30, 2019 Actuarial Valuation Reports and contributions beginning fiscal year 2021-2022. Of significance, the amortization period has been reduced from 30 years to 20 years for new gains/losses established on or after June 30, 2019.

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

- General Manager Gray requested authorization to transfer \$53,000 from the 2018 contingency fund for two capital improvement projects already in progress.
- Director McRae asked if any other budget items could be postponed to next year or delayed rather than transfer funds.
- General Manager Gray noted the Board eliminated this type of budget transfer.
- Director Sarkovich noted the contingency fund in the budget was specifically set up for this reason and it has not been used at the almost half-year point.

Director Sarkovich motioned to approve the transfer of \$53,000 from the 2018 contingency fund.

Director Page seconded the motion.

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

8. Discussion and possible action on FOWD's website design and outreach program

- General Manager Gray noted he has been directed from the Public Relations Committee to provide more information to the Board and noted the website is worthy of additional annual expenditures.
- Director Page provided an update on the Public Relations Committee meeting, noting that infrastructure needs updating on the website. He specifically noted a website developer that has provided a full-service quote for servicing FOWD website needs. He said the proposal from the company needs to be discussed and reviewed for action at the next meeting.
- Director Sarkovich noted the company specializes in non-profit websites.

- Director Page stated the current website coding is not up to standard, noting a recent website hack. He said the proposing company is state-of-the-art and is suggesting a new website.
- General Manager Gray said a recent website fix will cost \$3,500-\$5,000 and that FOWD will push back to share responsibility as the site was hacked while the current company was hosting it.
- Director Sarkovich noted the new company would host the website and manage it.
- General Manager Gray said that unlike SMUD or other entities with larger, well maintained websites, the FOWD budget is much smaller.
- Director Sarkovich noted the proposed cost could be up to four times more than it is currently.
- Director Page wants direction to proceed and asked General Manager Gray and staff to come back with a full report.

VII. Upcoming Events

1. San Juan Water District Board Meeting / May 24, 2018 / SJWD Administration Building

- Information only.

2. Fair Oaks Chamber of Commerce Business Luncheon / May 17, 2018 / Fair Oaks Community Club House

- Information only.

3. USBR Contract Negotiation Session with SSWD / May 18, 2018 / Sacramento

- Information only.
- General Manager Gray noted that Sacramento Suburban is having public hearings with the Bureau of Reclamation for Folsom water allocations.

4. 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 will add Director Page to the meeting distribution list.

4. Other

- None.

IX. Directors' Reports & Comments

1. Budget Committee – (Sarkovich, Page)

- No report.

2. Technical Advisory Committee – (Marx, McRae)

- No report.

3. Capital Improvement Committee – (McRae, Sarkovich)

- No report.

4. Personnel Committee – (Sarkovich, McRae)

- No report.

5. Public Relations Committee – (Sarkovich, Page)

- Director Sarkovich stated the committee met and discussed the website and a water quality item.

6. Wholesale Water Communications Committee – (Sarkovich, Marx)

- Director Sarkovich asked General Manager Gray to make sure SJWD General Manager Helliker and panel have a draft proposal for the FOWD June meeting and something to discuss.

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

- No report.

8. 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; will discuss in closed session.

5. Claims Against District

- Report provided; no discussion.

6. Employee Update

- General Manager Gray shared there have been three recent additional resignations of front line employees leaving for higher compensation packages elsewhere. Since 2016 FOWD has had 15 employee separations: Eleven for more pay and benefits elsewhere; Two retired but would have stayed for more years if they could have had some sort of medical retirement stipend; and Two others were terminations.
- Director Page noted FOWD is within the ballpark for salaries based on compensation studies.
- General Manager Gray says merit-only salary structure has worked, but without step raises there has been only the option to be promoted. It is not working anymore because three mid-management leaders have left and there is no intrinsic appreciation of the FOWD culture for new starting level employees. Within two years a 50% turnover is not working.
- Director Sarkovich noted FOWD did not cut staff during the last recession and FOWD should wait and let things stay as they are. There will be plenty of applicants to fill open positions.
- General Manager Gray stated FOWD reduced staff since he came on board from 40 employees down to 30 employees and have used funds to try to keep employees.
- Director Page stated the merit-only structure was not a Board policy.
- General Manager Gray stated when over 50% of the District is new, someone must be there to train them. A large percentage of employees are over 50.
- Operations Manager Nisenboym commented on the need for experienced operators and customer service employees. It takes over a year to learn the system operations and employees who have been here just a year are now leaving for more money and benefits.
- General Manager Gray noted FOWD expects more from employees because FOWD has less people, and employees work harder for their money.
- Director Page thinks younger people don't need the benefits as much and they will generally leave for more money elsewhere. He expects more churn and believes there should be more documentation in place to help replacements get up to speed quicker.
- Director Sarkovich noted that the ratepayer public perception is that water district employees are overpaid. He cited a recent study where SJWD averages in the six-figure salary range. If benefits are included, FOWD compensation would be higher than the \$54,000 average that was listed in the same study.
- General Manager Gray stated FOWD pension cost is 3.85% of total revenue, or 4.85% of the operational budget, whereas statewide it is at 8.3%.

- Director Page worries about favoritism with merit-based pay and said it is good to be thinking about the whole picture now.
- General Manager Gray said with the current merit culture a new hire might leapfrog a 5-year employee. He says the culture here is good and old and new employees are treated the same.
- Operations Superintendent Voight commented that a mix of merit and step programs could be good for his staff and he will discuss a draft of ideas with management in the coming week.
- Board President Marx asked that staff meet with the Personnel Committee and look at staff retention.
- Vice President McRae stated he does not want to micromanage, but suggested ideas come before the Personnel Committee to keep them informed.
- General Manager Gray noted that within one year, front line staff must pass a test for a grade 1 water operator system state license.

7. Water Issues – Update on Regional Involvement

- No report.

8. Other

- General Manager Gray shared that Neil Schild had passed away and \$250 from the recognition fund will be used to donate to the Neil Schild Memorial scholarship fund.

XI. Public Comment

- None

President Marx closed the open session meeting at 8:40 p.m.

President Marx called the closed session meeting to order at 8:45 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
3. Conference with Real Property Negotiators on the possible sale of water to buyers outside of the current FOWD service area in California
 - a. Negotiating parties: Board President Marx & General Manager Gray
 - b. Under negotiation: price and terms of payment

President Marx reopened the meeting to the public at 9:25 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 9:25 p.m.

The Board approved the preceding minutes on June 11, 2018

Tom R. Gray
General Manager/Board Secretary

Date