

# MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, December 7, 2011

The regular meeting of the Board of Directors of the Florin Resource Conservation District was called to order at 6:30 p.m. by Barrie Lightfoot, Chair, at 9257 Elk Grove Blvd, Elk Grove CA.

## Call to Order, Roll Call, and Pledge of Allegiance.

Directors Present: Barrie Lightfoot, Chuck Dawson, Elliot Mulberg, Tom Nelson and Tony Perez  
Directors Absent: None  
Staff Present: Mark J. Madison, General Manager; Ann Siprelle, General Counsel; Dennis Coleman, Finance Manager; Stefani Phillips, Secretary/Human Resource Specialist; Ellen Carlson, Management Analyst; Walt Sadler, CIP Project Manager; Bruce Kamilos, Associate Civil Engineer; and Steve Shaw, Water Treatment Foreman  
Associate Directors Present: Donald Menasco and Davies Ononiwu  
Associate Directors Absent: None  
Consultants Present: Jim Dehart, Infinity Engineering and Rick Robinson, BB&K  
Public Present: Dwane Coffey, NRCS District Conservationist and Roy Herburger

## Public Comment

No comments.

Mark Madison, General Manager, introduced the District's newly hired Associate Civil Engineer, Bruce Kamilos. Mr. Kamilos came from Laugenour and Meikle Civil Engineers in Woodland. Mr. Kamilos stated he has obtained both a Distribution Operator II License and Treatment Operator II License in the last year. Mr. Madison stated he was happy to have him aboard. The Board welcomed him.

## 1. Consent Calendar

- a. Approve Regular Meeting minutes for October 25, 2011 and Special Meeting minutes for October 19, 2011 and October 25, 2011.
- b. FRCD Cash Flow Worksheet – October, 2011
- c. Warrants Paid – October, 2011
- d. Active Accounts – October, 2011
- e. Bond Covenant Requirements for FY 2011-2012
- f. Revenues and Expenses – Actual vs Budget
- g. Cash Accounts
- h. Consultants Expenses
- i. Investment Policy
- j. Authorize Signatories for Local Agency Investment Fund

MSC (Dawson/Lightfoot) to approve the Consent Calendar items a-d, f, g, i, and j, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

The Board briefly discussed e and h.

Tom Nelson, Director, voiced his concerns over legal costs. Mr. Madison stated there are several legal issues underway that would be discussed in closed session. Mr. Madison stated he shared his concerns.

MSC (Nelson/Dawson) to approve the Consent Calendar items e and h, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

## 2. Capital and Repair Projects Status Update Report

Walt Sadler, CIP Project Manager, presented the Capital and Repair Projects status update. Mr. Sadler provided information on all of the projects that are planned. He stated there are eight active projects, all of which are a priority for the District. Most of the projects will be funded through the bond proceeds, approximately \$543,000. The accelerated meter retrofit program will be paid for by the Proposition 50 grant. The remainder of the projects will be paid for by reserve monies.

### 3. Well No. 9 Rehabilitation Project

Mr. Madison requested authorization by the Board to execute a contract with Roadrunner Drilling and Pump Company in the amount of \$57,080.55 for the Well No. 9 Rehabilitation Project.

The project will take care of all phases of the project and the electrical improvements will be separate and lumped with Well 3, 6, and 8.

MSC (Dawson/Mulberg) authorize the General Manager to execute a Construction Contract with Roadrunner Drilling and Pump Company, in the amount of \$57,080.55 for Well No. 9 Rehabilitation Project, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

### 4. Natural Resources Conservation Services Update

Dwane Coffey, NRCS District Conservationist, gave an update of their activities. He stated that the NRCS worked with farmers in the Sacramento County on conservation projects totalling approximately \$2.1 Million over the last year. He stated that the FRCD equals about a third of those monies. Mr. Coffey stated in 2012, the NRCS will be working on a project called Polinator Habitat. He stated they collected 80 contracts for new project proposals in November for the upcoming year.

Tony Perez, Director, requested Mr. Coffey provide him with examples of model projects. Mr. Madison stated that polinator habitat is one of the ideas for the FRCD that have been discussed for the strategic plan.

### 5. Elk Grove Water District Financial Discussion

Dennis Coleman, Finance Manager, gave a presentation on the overall financial status of EGWD. Three analyses were provided with options with respect to potential water rate increases:

- 1) Option No. 1 "Do Nothing"
- 2) Option No. 1a "Deferred Inflationary"
- 3) Option No. 1b "Full Inflationary"

Questions of the Board of Directors:

- If the District took care of the shortfall of \$82,000, would the District still have a shortfall in year 2013-2014? Mr. Coleman replied that he can run that as part of the water rate study and will bring it back to the Board.
- If the meter retrofit is to be completed in 2016, why doesn't the analysis show a decrease of costs? Mr. Coleman responded that the meter retrofit project is a capital project and is not part of operations and maintenance.
- Can the District capitalize labor costs for the meter retrofit program to lower operational expenses? Mr. Coleman responded, after consulting with the auditors, the answer is yes.
- Do the net revenues reflect depreciation and amortization? Mr. Coleman stated he would check and provide follow up at a later date.

Mr. Coleman provided three main options in implementing a strategy of maintaining fiscal stability and meeting bond covenants:

- 1) Reduce Expenditures
- 2) Increase Revenues
- 3) Use Reserve Funds

The primary components of expenditure reduction include:

- Purchased water costs
- Employee costs
- Operating and maintenance costs
- Debt management
- Reduce reserves

Mr. Madison presented comments with respect to the reserve policy. He stated that currently the policy states that the District will must strive for a reserve of \$30 Million, but did not designate a time frame. Elliot Mulberg, Vice-Chairman, stated that the targets in the reserve policy should be reviewed with respect to the bucket goal.

Mr. Madison stated the strategic plan and budget should link to the reserves.

Mr. Coleman gave the Board an update on the request for proposals for the water rate study, which was incorporated into the budget for fiscal year 2011-2012. He stated that staff put out the RFP on October 28, 2011 and received four proposals. Mr. Madison stated that they have briefly reviewed the proposals and it appears that the cost will be slightly under \$50,000. He asked the Board how they wanted to review the proposals and whether any of them were interested in participating. The Board briefly discussed the selection process and decided that Director Chuck Dawson and Vice-Chairman Elliot Mulberg would participate with staff in selecting the best firm to bring to the full Board for action.

Mr. Mulberg stated that another component to help reduce expenditures would be outside services. Mr. Coleman stated, yes, and that is something to discuss during the preparation of next year's budget.

## **6. Associate Directors Appointment and Policy**

Stefani Phillips, Secretary, informed the Board that upon their request, staff solicited for Associate Directors for the FRCD. She stated they only received one applicant, who did not meet the required qualifications. Upon review of the policy, staff determined that the terms of Associate Director Donald Menasco and Davies Ononiwu had expired on June 30, 2011. Ms. Phillips requested the Board to adopt Resolution No. 12.10.11.03 of the Board of Directors of the FRCD adopting an amendment to the policy regarding Associate Directors.

The Board briefly discussed the policy and the fact that the terms for the Associate Directors had expired. The Board gave staff direction to revise the policy to include that "District staff shall contact each Associate Director no later than May 1st prior to the expiration of his or her two-year term to ascertain whether the Associate Director wishes to serve another term. At the next meeting of the Board of Directors held in June, the Board shall consider reappointing any Associate Director who has stated a desire to serve another two-year term."

The Board asked that the Associate Directors submit an email or letter of interest to continue their term.

The Board requested that staff bring the items back to the January 2012 Board meeting.

## **7. Sacramento Local Agency Formation Commission Special District Advisory Committee**

Ellen Carlson, Management Analyst, presented a resolution to nominate Director Tom Nelson to the Sacramento LAFCo Special Advisory Committee.

MSC (Mulberg/Dawson) to adopt Resolution No. 12.07.11.04 of the Board of Directors of the Florin Resource Conservation District nominating Director Thomas Nelson to the Sacramento LAFCo Special District Advisory Committee, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

## **8. Legislative Update**

Ms. Carlson presented the Board with the Legislative Update. The highlight of the Legislative Update was news about the California Water Commission trying to find more ways to tap the water in Northern California for the use of Southern California by claiming Delta lands under eminent domain for the purposes of installing a new canal or tunnel through the Delta.

## **9. Committee Meeting(s) Update**

Tom Nelson, Director, addressed the Board about the purpose of committees. Mr. Nelson stated that he was not clear about the purpose of committees was. He stated that he thought that committees worked on examining the deep issues and then brings a recommendation to the Board. He said lately, the Board has been meeting on topics as a whole versus dealing with those topics through the designated committees.

The Board discussed the purpose of committees further. The Board agreed that sometimes they will come together as a whole to sort through topics, but would like to keep the standing committees.

## 10. Operations Report

Mr. Madison reported that the number of new meters installed is up. He stated 139 meters were installed in the month of October, whereas the monthly goal is a minimum of 100. Mr. Madison reported that the District had a failure on one of their servers. He stated that failure indicated how dependent the District is on our Information Technologist Thomas Dainet.

Mr. Nelson complimented Mr. Dainet for his work on the virtual server. Barrie Lightfoot, Chairman, wanted to thank him for his hard work at the District. Mr. Madison stated that Mr. Dainet was an anchor at the District.

Mr. Lightfoot requested an additional color coding to the leaks for the yearly activity of accumulative trending patterns.

Mr. Madison surveyed the Board on their preference to receive hard bound Operations Reports versus compiling the report with the Board packet unbound. The Board opted to keep the hard bound Operations Report.

## 11. Directors Comments and Information

Elliot Mulberg, Vice-Chairman, thanked Stefani Phillips, Secretary, for working on the Associate Director Policy and Dennis Coleman, Finance Manager, for providing an overview of the District's finances.

## 12. Closed Session

- a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
(Subdivision (a) of Section 54956.9)  
Name of case: J.B. Jones v. FRCD, EGWS, et al, Sacramento Superior Court Case No. 34-2009-00046310
- b. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION (Gov't. Code Section 54956.9(a))  
United States, et al. ex rel John Hendrix v. J-M Manufacturing Company Inc. dba JM Eagle, et al. Docket No: ED CV06-00055-GW  
Court: United States District Court for the Central District of California
- c. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
(Gov't. Code Section 54956.9(a))  
Name of case: FRCD v. JBK Finance LLC, et al., Yolo County Superior Court Case No. CV08-974

No reportable action was taken.

Respectfully submitted,

Stefani Phillips, Secretary