

MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, April 25, 2012

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 8820 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; Bruce Kamilos, Associate Civil Engineer; Ellen Carlson, Management Analyst, and Donella Ouellette, Finance Supervisor
Associate Directors Present: Donald Menasco and Davies Ononiwu
Associate Directors Absent: None
Consultants Present: Rick Robinson, Best, Best & Krieger, LLP
Public Present: Roy Herburger and Bob Gray

Public Comment

No comments were made.

1. Proclamations and Announcements

No comments were made.

2. Consent Calendar

- a. Approve minutes of the Regular Board Meeting of March 28, 2012
- b. FRCD Cash Flow Worksheet – March, 2012
- c. Warrants Paid – March, 2012
- d. Active Accounts – March, 2012
- e. Bond Covenant Requirements for FY 2011-2012
- f. Revenues and Expenses – Actual vs Budget
- g. Cash Accounts
- h. Consultants Expenses

The Board pulled item (b) from the Consent Calendar to discuss.

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

Tom Nelson, Director, inquired on the rent payment reflected on the cash flow worksheet. He asked whether the District had to split the monthly rent payment with the two other RCD's. Dennis Coleman, Finance Manager, replied that the rent payment is already split when the District receives the payment and that the cash flow worksheet reflects a two month payment.

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

3. Water Awareness Month

Ellen Carlson, Management Analyst, presented a resolution to the Board of Directors to declare May as Water Awareness Month and to reaffirm their Blue Thumb Pledge.

MSC (Mulberg/Perez) to adopt Resolution 04.25.12.01 declaring May as Water Awareness Month, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

The Board of Directors also reaffirmed their Blue Thumb Pledge.

4. Elk Grove Water District – On-Call Duty Policy

Mark J. Madison, General Manager, presented the revised On-Call Duty Policy with a recommendation to be adopted by the Board.

The main benefits of the revised On-Call Duty Policy include:

- Compensation for on-call employees will be clearly and fairly established, consistent with industry standard.
- Qualified employees used for on-call duty will have scheduling flexibility, as some employees prefer to work more on-call hours than others.
- All qualified District employees shall be required to serve on-call duty, which maintains their proficiency in operating and maintaining District facilities.

MSC (Lightfoot/Dawson) to adopt resolution 04.25.12.02 of the Board of Directors of the Florin Resource Conservation District approving the On-Call Duty Policy to be incorporated into the Elk Grove Water District Employee Handbook, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

5. FY 2012 Financial Status Review

- a. Florin Resource Conservation District Financial Status
- b. Economic Development Corporation Financial Status
- c. Elk Grove Water District Financial Status
- d. Elk Grove Water District Major Issues and Principles
- e. Elk Grove Water District Reserve and Capital Investment Funding Policies
- f. Elk Grove Water District Debt Restructuring Options

Dennis Coleman, Finance Manager, presented the FY 2012 Financial Status Review.

Major budget issues:

- Revenue Projections
- Purchased Water Expenditures
- Capital Investment and Reserve Funding
- Consultants and Contracted Services
- Five Year Water Rate Study
- Employee Cost Control Program
- Employee Medical Costs
- Debt Restructuring
- Depreciation

Proposed revised reserve policy:

- Operating Reserves
- Capital Improvement Program (CIP) Reserves
 - Meter Retrofit Program
 - Supply/Distribution Improvements
 - Treatment Plant Improvements
 - Building Site Improvements

- Capital Replacement Program (CRP) Reserves
 - Supply/Distribution Improvements
 - Treatment Plant Improvements
 - Building Site Improvements
- Elections and Special Studies

Financial targets for each fund were proposed as follows:

- Operating Reserves – 50% of the Annual Operations and Maintenance Budget
- Capital Improvement Program Reserves – Annual CIP Budget
- Capital Reserve Program Reserves – Annual CRP Budget
- Elections and Special Studies - \$120,000

EGWD Highlights:

- Revenues are at 74.51% through the end of March 2012.
- Salaries and Benefits are at 63% through the end of March 2012 (due to turnover of several positions in Operations and being back filled by temporary personnel).

Mr. Coleman stated that the District will see the water rate study from Willdan Financial Services for the first time on Monday, May 14, 2012.

The Board inquired if it was possible to do a multi-year EDC Budget. Mr. Coleman responded yes, he would take a look at trying to do that.

Mr. Nelson inquired about whether or not the District should fund an average amount each year for the CIP reserves. A discussion was held regarding the flow of funds into the reserves.

6. Draft FY 2013-17 Capital Improvement Program

Mr. Madison commented that the structure, layout and content of the Capital Improvement Program was the finest that he has ever seen.

Bruce Kamilos, Associate Civil Engineer, presented the Draft FY 2013-17 Capital Improvement Program to the Board of Directors. He walked the Board through the layout and content of the CIP.

Barrie Lightfoot, Chairman, complimented the Board of Directors (Elliot Mulberg, Tom Nelson and Associate Board Member Davies Ononiwu) for their work serving on the Infrastructure Committee and for their input on the CIP.

The Board had a discussion on how to move forward with the priorities 4 and 5.

Elliot Mulberg, Vice-Chairman, thanked Mr. Kamilos for all of his hard work on the CIP.

Mr. Madison stated that he would like to have the Board approve a five year CIP every year, however, the Board will only be approving the first year of the plan.

7. Legislative Update

Ms. Carlson presented the Legislative Update to the Board of Directors. She highlighted two measures: 1) HR 4345 – Domestic Fuels Preservation Act, which provides liability to fuel producers in the event that their fuels or additives leak from storage tanks into water sources or damages engines; and 2) AB 591 – Fracking Disclosures, which requires operators of oil and natural gas wells to provide information on hydraulic fracturing to the Division of Oil, Gas, and Geothermal Resources within 60 days after cessation, for publication on the Divisions website unless the chemical used is a trade secret. She stated that she will be watching these measures carefully.

The Board asked Ms. Carlson to check on the CSDA's stance on AB 2238 – Public water system's: drinking water.

Ms. Carlson stated that both AB1830 – Water service: mobile home parks; and AB 1831 – Local government: hiring practices passed committee and will be continuing.

The Board made an inquiry about AB 2324 – Public employees' retirement, which would prohibit public employees from purchasing additional retirement service credits, promotes an alternative pension program for public employees hired after July 1, 2013 and prohibits elected officials who are convicted of a felony in relationship to their official duties from all rights and benefits of their public retirement system. The bill also revises the PERS administrative board. The inquiry was whether or not the measure would affect the District employees; specifically, whether or not the employees could by additional service credit. Ms. Carlson replied, yes.

8. Committee Meeting(s) Update

- a. Finance Committee Meeting – April 4, 2012
- b. Special Meeting (Strategic Planning) – April 11, 2012
- c. Infrastructure Committee Meeting – April 18, 2012

MSC (Nelson/Lightfoot) to accept the minutes of the Finance Committee Meeting of April 4, 2012, Special Meeting (Strategic Planning) of April 11, 2012, and Infrastructure Committee Meeting of April 18, 2012, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

9. Operations Reports

Mr. Madison presented the Operations Report to the Board of Directors. He mentioned that the report No longer contains tabs, which is a cost savings to the District.

Highlights:

- Water production numbers have started to climb.
- Well 11D & 14D are becoming plugged (are in need of rehabilitation)
- Meter Map (Good job Travis Small!)
- Meter Installation Goal of 1200 has been met!!!
 - As of April 25, 2012, 1215 meters have been installed
- IT launched a new business server

The Board requested that the colors be changed between valves exercised and valves not exercised under Valve Exercising.

10. Directors Comments and Information

Mr. Madison stated that he taught to classes on behalf of the District at the Future Farmers of America (FFA) Convention on Monday, April 23, 2012. He thanked Ms. Carlson for helping him with his presentation.

Mr. Madison stated that the FRCD is taking the lead in pollinator habitat. The NRCS shared with the Board at the March meeting that the Fish and Wildlife had monies to spend before the end of May. He stated that in a joint effort, he and Ms. Carlson worked with Project Ride identify a project to use those funds. Project R.I.D.E. leases 60 acres for the horses in Herald. One of the conditions of their lease would be to develop 10 acres into wild flowers. The funding would be allocated to fund the construction of the wild flowers project.

Mr. Nelson stated that there may be a grant opportunity for pollinator habitat and he thought it might be a good idea to coordinate with schools to get the kids involved with planting flowers for pollination. He stated a location needed to be identified and the grant would need to be submitted by September.

Elliot Mulberg, Vice-Chairman, stated that the City of Elk Grove Sphere of Influence Municipal Services Review will be up for comment by May 7, 2012.

11. Closed Session

- a. (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--Anticipated Litigation
Significant exposure to litigation pursuant to Gov't. Code Sec. 54956.9(b): (1 case)

No reportable action was taken.

12. Closed Session

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

No reportable action was taken.

Respectfully submitted,

Stefani Phillips, Secretary