

MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, June 27, 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; 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: Ann Siprelle, General Counsel, Best, Best, & Krieger, LLP

Public Comment

Diana Sarabia, member of the public, commented on the water rates and stated that she thought the District was going to look into bringing back a low income program for the customers.

1. Proclamations and Announcements

2. Consent Calendar

- a. Approve minutes of the Regular Board Meeting of May 23, 2012 and Special Meeting Minutes of May 23, 2012.
- b. FRCD Cash Flow Worksheet – May, 2012
- c. Warrants Paid – May, 2012
- d. Active Accounts – May, 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 items d and f from the Consent Calendar to discuss.

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

The Board questioned (d) Active Accounts stating that the number of active accounts compared to the number of installed meters does not match. Staff will review the accounts and bring this item back to the July meeting.

The Board commented on (f) Revenues and Expenses – Actual vs Budget, stating that the figures look like the District may be coming in less than what was budgeted. Mark J. Madison, General Manager, replied, yes. He stated that recent projections reflected that revenues were going to come in approximately \$100,000 over budget and expenses were going to be approximately \$550,000 under budget.

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

3. **USDA Natural Resources Conservation Service Update**

Dwane Coffey, NRCS District Conservationist, presented an update of District activities to the Board of Directors. He stated that no funding has been released as of yet. Mr. Coffey reported to the Board that the Fish and Wildlife had \$25,000 to spend before the end of May. He stated that in a joint effort, the FRCD is working with Project Ride to plant wild flowers for pollinator habitat. 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 the construction of the wild flowers project.

4. **California Special Districts Association 2012 Board Elections**

Stefani Phillips, Secretary, presented the California Special Districts Association 2012 Board Elections to the Board of Directors.

The Board briefly discussed the candidates.

MSC (Dawson/Lightfoot) to nominate Michelle Orrock for the Board of Directors, Region Two, Seat A, 4/1: Ayes: Dawson, Mulberg, Nelson, and Lightfoot; Abstained: Perez

5. **Local Groundwater Assistance Proposition 84 Grant Proposal**

Ellen Carlson, Management Analyst, presented the Local Groundwater Assistance Proposition 84 Grant Proposal to the Board of Directors for adoption. The California Department of Water Resources is soliciting applications for groundwater assistance funding. Grant funding is available up to \$250,000 through Proposition 84.

MSC (Mulberg/Perez) Adopt Resolution 06.27.12.01 of the Board of Directors of the Florin Resource Conservation District designating Mark Madison as the Authorized Representative to File an Application for the 2012 Local Groundwater Assistance Grant and to Enter into an Agreement with the State of California for this Grant, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

6. **Florin Resource Conservation District FY 12-13 Budget**

Mark J. Madison, General Manager, acknowledged Finance Manager Dennis Coleman and staff members who put a lot of work into the District Budgets. He stated that he was proud of their efforts.

Dennis Coleman, Finance Manager, presented the Florin Resource Conservation District FY 12-13 Budget to the Board of Directors. The proposed FY 12-13 Budget is \$17,150. The FRCD anticipates utilizing \$5,110 of reserves for anticipated election costs of \$8,500. Based on this projection, the fund balance for the FRCD is expected to decrease from \$89,258 to \$84,148.

MSC (Dawson/Perez) to adopt Resolution 06.27.12.02 approving the proposed Florin Resource Conservation District Fiscal Year 2012-2013 Budget, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

7. **Economic Development Corporation FY 2012-13 Budget**

Mr. Coleman presented the Economic Development Corporation FY 2012-13 Budget. The proposed budget is cash negative, with cash expenditures revenues exceeding projected revenues by \$120,809. A deduction of a calculated depreciation and amortization amount of \$618,828 brings the projected net loss to \$739,637.

A question and answer period followed.

MSC (Mulberg/Lightfoot) adopt Resolution 06.27.12.03 approving the Economic Development Corporation Fiscal Year 2012-2013 Budget, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

8. Revised Elk Grove Water District Reserve Policy and Capital Investment Funding Policy

Mr. Coleman presented the revised Elk Grove Water District Reserve Policy and Capital Investment Funding Policy to the Board of Directors.

Mr. Coleman stated that the previous policy was adopted on July 22, 2009. He stated that the policy that is currently in effect addresses Capital Assets, Building Construction, and Special Projects. The target for Capital Assets was \$30 Million. The target for the Building Construction fund was \$5 Million with 15% of the revenue in excess of expenditures. The target for the Special Projects fund was \$200,000 and only 5% of the revenue in excess of the expenditures.

Staff proposed the following structure for a reserve policy and targets:

- Operating Reserves – 120 days of the Annual Operations and Maintenance Budget
- Capital Improvement Program (CIP) Reserves – Annual CIP Budget
 - Meter Retrofit Program
 - Supply/Distribution Improvements
 - Treatment Plant Improvements
 - Building Site Improvements
- Capital Replacement Program (CRP) Reserves – Annual CRP Budget
 - Supply/Distribution Improvements
 - Treatment Plant Improvements
 - Building Site Improvements
- Elections and Special Studies - \$120,000 in Fiscal Year 2012-2013, and \$70,000 annually thereafter

A question and answer period followed.

A discussion was held regarding pre-designating monies to be drawn from the unrestricted reserves to the proposed reserve funds.

The Board supported staffs recommendation for the Reserve Policy and Capital Investment Funding Policy as proposed.

MSC (Dawson/Lightfoot) approve Resolution 06.27.12.04 adopting the proposed Elk Grove Water District Reserve and Capital Investment Policy, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

9. Elk Grove Water District FY 2013-17 Capital Improvement Program

Bruce Kamilos, Associate Civil Engineer, presented the Elk Grove Water District FY 2013-17 Capital Improvement Program. Mr. Kamilos highlighted that projects for the first fiscal year of the CIP would be funded exclusively by reserve money in accordance with the newly adopted Capital Investment Funding Policy. He stated that no monies from the Operations Budget will be used to fund the CIP.

Tom Nelson, Director, stated that the only item being approved is the first fiscal year of the CIP. Mr. Nelson requested the staff to evaluate and review the need for the additional storage tank.

MSC (Mulberg/Perez) Approve Resolution 06.27.12.05 of the Board of Directors of the Florin Resource Conservation District Adopting the Elk Grove Water District FY 2013-2017 Capital Improvement Program, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

10. Elk Grove Water District Fiscal Year 2012 – 2013 Operating Budget

Mr. Madison acknowledged all of the staff members for being helpful with cost saving measures. He stated that the FY 2012-2013 Operating Budget did not contain a proposed

water rate adjustment. Mr. Madison stated that a water rate study is underway and the Board may need to consider an adjustment pursuant to the study.

Mr. Coleman presented the Elk Grove Water District Fiscal Year 2012-2013 Operating Budget. He highlighted that Operating Budget did not include a water rate adjustment and did not take into affect any debt restructuring, or the use of reserves. He stated that the budget is balanced with the exception that separate from the budget is appropriations in the amount of \$2,250,000 in reserves for the Elk Grove Water District Fiscal Year 2012-2013 Capital Improvement Program. The budget reduces the total operational expenses by \$483,254 over the last fiscal years budget. The budget also includes the capitalization of personnel and materials for the Utility Department of the Operations Division, in the amount of \$503,064 and allocated to the five year CIP Budget. Additionally, the budget has two frozen positions, the Operations Manager and a Distribution Operator. The budget includes a two percent cost of living adjustment (COLA), which will be offset by the exact increase by the employees in paying for their share of the Public Employees Retirement System (PERS) contributions.

Mr. Mulberg commented that this was a good report on the Elk Grove Water District Fiscal Year 2012 – 2013 Operating Budget.

Mr. Mulberg inquired about how the Community Advisory Committee would be appointed.

A discussion followed.

Ann Siprelle, General Counsel, stated that if the Board were to appoint the Community Advisory Committee, it would be subject to the Brown Act.

A question and answer period followed regarding the budget.

The Board stated that the Organization Chart contained in the budget was hard to read.

Chuck Dawson, Director, provided some history from his involvement in the previous Community Advisory Committee and regarding the previous water rate adjustments that were passed on to the rate payers by the Board as well as those proposed adjustments that were frozen. He stated that he was proud of the staff and thanked them for their hard work during the budget process. He stated that the budget was one of the better products that he has seen the District produce. Mr. Dawson added that the District will not be able to go on forever without water rate adjustments. He stated that expenses are being made toward the CIP and the funds will need to be replenished. Mr. Dawson stated that he feels good about spending monies on the CIP's because those projects will take care of the rate payers forever.

MSC (Mulberg/Nelson) adopt Resolution 06.27.12.06 approving the proposed Elk Grove Water District Fiscal Year 2012-2013 Budget, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

11. Amendment to Construction Contract for Well 9 Electrical Upgrades

Mr. Kamilos presented the amendment to Construction Contract for Well 9 Electrical Upgrades.

He stated that the District has a construction contract with Sac Valley Electric, Inc. for electrical upgrades at Wells 3 and 8. Subsequent to the contracted work at Wells 3 and 8, Well 9 was rehabilitated. Testing of Well 9 after the rehabilitation showed that Well 9 water quality is good and sand production minimal at flow rates ranging from 450 gpm to 500 gpm. He stated that the electrical facilities at Well 9 are deficient and do not meet current Electrical Code or OSHA standards. The electrical upgrades required at Well 9 are similar to those currently being constructed by Sac Valley Electric at Well 8. District staff has been pleased with the performance of Sac Valley Electric and are recommending an amendment to the Construction Contract for Well 9 Electrical Upgrades.

MSC (Nelson/Dawson) approve a motion authorizing the General Manager to amend the existing construction contract with Sac Valley Electric, Inc. in the amount of \$102,290 for Electrical Upgrades at Well 9, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

12. Legislative Update

Ellen Carlson, Management Analyst, presented the Legislative Update to the Board of Directors. The highlights were: AB 1971 - Theft: junk, metals and secondhand materials, which is in the Senate, to the third reading in Public Safety Committee; AB 2069 – Sanitation, sewage and water charges: collection; AB 2075 – Relating to the Water Code; SB 1380 – Environmental impact report: environmental standards; SB 1538 – Safe Drinking Water Plan for California.

Ms. Carlson stated that many of the bills she was following have changed all together.

Mr. Mulberg requested that all of the dead bills be placed at the end of the report.

The Board questioned whether or not the federal bills are useful for tracking. Staff responded that the only bills useful for tracking are if they are applicable to water.

The Board requested Ms. Carlson to follow up on AB 2238 – Public water systems: drinking water.

13. Committee Meeting(s) Update

Finance Committee Meeting – June 12, 2012

MSC (Nelson/Dawson) accept the minutes of the Finance Committee meeting of June 12, 2012, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

Mr. Madison briefed the Board of Directors on a tri-RCD meeting that occurred on June 7, 2012 regarding the shared property at 8999 Elk Grove-Florin Rd. He explained that there were several issues discussed at the meeting related to the property. He stated that one of the topics for discussion was that Bettie Fox, Secretary for the Sloughhouse RCD would be retiring in December and that the FRCD will be taking back the administrative duties for the property.

14. Operations Reports

Mr. Madison presented the Operations Report to the Board of Directors. He stated that the highlights were as follows:

- Consumer Confidence Report – The District met or exceeded all water quality standards for 2011.
- Water production is up
- Well 4D is producing well
- Well 14D continues to deteriorate and is scheduled for rehabilitation – August or September
- Chromium VI – Although the District is not required to test for it, the District is being pro-active in doing so and all testing has indicated that there is no evidence of Chromium VI.
- 83 valves exercised per month
- Meter retrofit – 1370 as of the end of May
- Meter retrofit as of today – 1500 meters installed by District employees!

15. Directors Comments and Information

The Board requested that the Operations Reports be moved up on the agenda.

A brief discussion occurred regarding fire suppression and Mr. Madison stated he would follow up on the matter and report back to the Board.

Mr. Mulberg suggested adding the topic of Community Advisory Committee to the agenda.

MSC (Mulberg/Perez) to add Community Advisory Committee to the agenda, 3/2: Ayes: Mulberg and Perez; Noes: Dawson, Lightfoot, and Nelson

16. 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

Stefani Phillips, Secretary