

# MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, August 22, 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; Donella Ouellette, Finance Supervisor; and Richard Salas, Water Distribution Foreman  
Associate Directors Present: Donald Menasco and Davies Ononiwu  
Associate Directors Absent: None  
Consultants Present: Ann Sipelle, General Counsel, and William Robinson, Best, Best, & Krieger, LLP

## Proclamations and Announcements

General Manager Mark J. Madison commented on the fine craftsmanship performed by Water Distribution Operator I Bryan Hutchinson. Mr. Madison stated that Mr. Hutchinson had worked on the piping polymer feeder injection and his work was of high quality.

Management Analyst Ellen Carlson spoke about her experience attending the Fish and Wildlife Service "Friends Academy." As part of the through the Stone Lake National Wildlife Refuge, she was one of 25 individuals selected to attend a conference in Wisconsin and went through some intense training on lobbying before congress, leadership, employee retention, diversity and much more.

## 2. Consent Calendar

- a. Approve minutes of the Regular Board Meeting of July 25, 2012.
- b. FRCD Cash Flow Worksheet – July, 2012
- c. Warrants Paid – July, 2012
- d. Active Accounts – July, 2012
- e. Bond Covenant Requirements for FY 2011-2012
- f. Revenues and Expenses – Actual vs Budget
- g. Cash Accounts
- h. Consultants Expenses

The Board questioned (f) Revenues and Expenses – Actual vs Budget inquiring whether the figures were the final numbers. Staff responded that it will be finalized after the annual audit.

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

## 3. Presentation by Karen Buhr from California Association Resource Conservation District

Karen Buhr, Executive Director from the California Association Resource Conservation District gave a presentation on the resources that the CARCD provides. The CARCD's purpose is to increase the effectiveness and sustainability of natural resource management in California.

Ms. Buhr stated that the CARCD could help the FRCD in the following ways:

- Provide trainings (through the DOC)
- Provide resources (know-how, templates, etc)
- Provide mentors in other RCDs
- Help with multi-RCD collaboration
- Use of CARCD Watershed Coordinator Amanda Platt through December 31, 2012

#### 4. Operations Report – July 2012

Mr. Madison addressed a question raised by the Board at the July Board meeting regarding Chromium VI. The question was, what are the Chromium VI levels at wells 3, 8, and 12, and is the District wasting monies by doing work at these wells if the maximum contaminant levels change in the future? Mr. Madison replied no, the District is not wasting money by servicing well sites 3, 8, and 12. Mr. Madison stated that the maximum contaminant level for total Chromium is 50 parts per billion in the State of California and there is no maximum contaminant level for Chromium VI at this time. The District wells are testing at 0.02-4.5 parts per billion for Chromium VI.

Mr. Madison presented the Operations Report highlights for July 2012:

- Added the location of the well sites per the Boards request
- Well 14D – low capacity - taken off line and will be rehabilitated within 2 months
- Well 11D – low capacity
- Well 8 – high capacity
- Sampling – dissolved extra samples
- Exercised 262 valves – approximately 600 left to exercise
- Regular exercising valve routine will be 83 per month once all are located and exercised for the first time
- Water leaks – 2 service leaks and no main leaks
- Meter retrofits – 137 installed in the month of July
- IT Report – Fiber optic line installed at the MOC and now Administration has direct dial to the MOC

An error was noticed on the monthly production rate for well 4D. Mr. Madison stated that staff will make the correction.

#### 5. Revised Elk Grove Water District Reserve Policy and Capital Investment Policy

Finance Manager Dennis Coleman presented the revised Elk Grove Water District Reserve Policy and Capital Investment Policy. The purpose of the revision is to implement a new reserve fund policy incorporating the funding for capital investments.

Staff is proposing the following structure for a revised reserve policy:

1. Operating Reserves
2. Capital Improvement Program (CIP) Reserves
  - a. Meter Retrofit Program
  - b. Supply/Distribution Improvements
  - c. Treatment Plant Improvements
  - d. Building Site Improvements
3. Capital Replacement Program (CRP) Reserves
  - a. Supply/Distribution Improvements
  - b. Treatment Plant Improvements

- c. Building Site Improvements
- 4. Elections and Special Studies
- 5. Future Years Capital Replacement Reserve Fund
- 6. Future Years Capital Improvement Reserve Fund

The financial targets for each fund are proposed as follows:

1. Operating Reserves – 120 days of the Annual Operations and Maintenance Budget
2. Capital Improvement Program Reserves – Annual CIP Budget
3. Capital Replacement Program Reserves– Annual CRP Budget
4. Elections and Special Studies - \$120,000 in Fiscal Year 2012-2013, and \$70,000 annually thereafter.
5. Future Years Capital Improvement Reserve Fund – 75% of the balance of the Unrestricted Reserve Funds not allocated to the Operating Reserve Fund, Capital Improvement Reserve Fund, Capital Replacement Reserve Fund and the Elections and Special Studies Reserve Fund upon the conclusion of the annual audit.
6. Future Years Capital Replacement Reserve Fund – 25% of the balance of the Unrestricted Reserve Funds not allocated to the Operating Reserve Fund, Capital Improvement Reserve Fund, Capital Replacement Reserve Fund and the Elections and Special Studies Reserve Fund upon the conclusion of the annual audit.

Director Tom Nelson inquired about amortization and depreciation as it relates to the Future Years Capital Improvement Reserve Fund and the Capital Replacement Program Reserves. Mr. Coleman replied there is two. Mr. Nelson inquired how the monies that are set aside yearly for amortization and depreciation different than the reserve funds? Mr. Coleman replied the budget figures for amortization and depreciation are on paper as an expense deducted from the operating revenue, but the actual flow of cash is different. He stated, since we do not actually pay for depreciation with a check, the amount that represents depreciation flows to the cash reserves.

MSC (Mulberg/Dawson) to approve Resolution 08.22.12.01 adopting a revised Elk Grove Water District Reserve and Capital Investment Policy, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

## 6. Elk Grove Water District 2012 Employee Policy Manual

Ms. Carlson presented the Elk Grove Water District 2012 Employee Policy Manual.

Significant changes include the elimination of the probationary period and the addition of progressive discipline.

A discussion was held on progressive discipline.

The Board gave their appreciation to Directors Dawson and Nelson, staff, and Rick Robinson from Best, Best, and Krieger, LLP, for all their efforts in the production of the Elk Grove Water District 2012 Employee Policy Manual.

MSC (Mulberg/Dawson) to adopt Resolution 08.22.12.02 of the Board of Directors of the Florin Resource Conservation District adopting the August 22, 2012 edition of the Employee Policy Manual and approving the amendments and additions therein, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

## 7. Conflict of Interest Code

Board Secretary Stefani Phillips presented the Conflict of Interest Code to the Board of Directors. The Conflict of Interest Code is required to be reviewed biennially. The amendments made to the Conflict of Interest Code include the GIS Technician I position, revisions to the existing positions, and revisions to the language for clarification of requirements as provided by the FPPC.

MSC (Nelson/Perez) to adopt Resolution 08.22.12.03 of the Board of Directors of the Florin Resource Conservation District amending the Conflict of Interest Code pursuant to the Political Reform Act of 1974, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

## 8. Amendment to Contract for Supplemental Meter Retrofit

Associate Civil Engineer Bruce Kamilos presented the amendment to contract for supplemental meter retrofit to the Board of Directors. The contract would amend a contract with Flowline Contractors, Inc. in the amount of \$100,000 to install more water meters. The execution of the contract amendment is contingent upon receiving final confirmation that the Regional Water Authority has secured a \$100,000 grant for this purpose.

MSC (Dawson/Perez) to approve a motion authorizing the General Manager to amend the existing construction contract with Flowline Contractors, Inc. in the amount of \$100,000 for the installation of additional water meters, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

## 9. Legislative Update

Ms. Carlson presented the Legislative Update to the Board of Directors.

Ms. Carlson stated that there has been quite a bit of activity associated with the following measures:

- AB 232 – 3<sup>rd</sup> reading
- AB 467 – 3<sup>rd</sup> reading
- AB1145 – passed appropriations
- AB1830 – passed appropriations
- AB 2529 – passed appropriations
- SB 200 – passed appropriations
- SB 962 – in suspense file
- SB 984 – passed appropriations
- SB 1002 – passed appropriations
- SB 1387 – 3<sup>rd</sup> reading
- AB 1669 – dead
- SB 1831 – dead
- SB 2056 – dead
- SB 2063 – dead
- SB 2398 – dead
- SB 250 – dead

Mr. Madison stated that the District has been asked by Association of California Water Agencies to write a letter in opposition to AB 685. “AB 685 would declare it is the policy of the state that every human has the right to clean, affordable, and accessible water adequate for human consumption, cooking and sanitary purposes and that state agencies shall consider this policy when revising, adopting, or establishing policies, regulations and grant criteria” (ACWA, 2012).

The Board gave staff direction in a 4/1 vote to send a letter as requested in opposition to AB 685.

## 10. Committee Meeting(s) Update

Vice Chairman Elliot Mulberg complimented Finance Manager Dennis Coleman on the presentation he gave at the Finance Committee Meeting on August 13, 2012. He stated there was a slide that showed a comparison of rates between the District and other local water districts and requested that we identify the different elements of a customer’s rate, such as the debt service, etc. that would cause the Districts rates to be higher than neighboring districts.

## 11. Directors Comments and Information

Director Chuck Dawson complimented to staff and stated that this Board packet was the best one that he has ever received.

The Board asked staff to investigate conservation programs under the CARCD and to look into opportunities for a free grant writer.

**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*

Stefani Phillips, Secretary