

MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, June 26, 2013

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, Tom Nelson, Elliot Mulberg, and Don Menasco
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; Michelle Costa-Norwood, Administrative Assistant II; Travis Small, GIS Technician I; Richard Salas, Water Distribution Foreman; and Jose Carrillo, Water Distribution Foreman
Associate Directors Present: Davies Ononiwu and Mike Schmitz
Consultants Present: Ann Siprelle, General Counsel; Habib Isaac and Mark Risco, Willdan Financial Services

1. Proclamations and Announcements

General Manager Mark Madison presented a certificate of appreciation to Travis Small for his service with the District. Mr. Madison stated that Mr. Small has taken a career opportunity and would be leaving the District. Chairman Barrie Lightfoot thanked Mr. Small and commented that he was a great asset to the District.

Management Analyst Ellen Carlson announced that the CalRecycle's tire grant has been awarded to the City of Elk Grove.

2. Appointment of Associate Directors to the Florin Resource Conservation District Board of Directors

Secretary Stefani Phillips presented the Appointment of Associate Directors to the Florin Resource Conservation District Board of Directors. Ms. Phillips provided a summary of the background and the qualifications for Associate Directors of the FRCD. She stated that Associate Director Davies Ononiwu had provided a letter of interest in continuing as an Associate Director for the FRCD. Ms. Phillips stated that a letter of interest was received by Mike Schmitz and that all qualifications were met.

MSC (Nelson/Mulberg) to Re-Appoint Davies Ononiwu as Associate Director to the Florin Resource Conservation District Board of Directors; and Appoint Michael D. Schmitz as Associate Director to the Florin Resource Conservation District Board of Directors, 4/0: Ayes: Dawson, Mulberg, Nelson and Lightfoot.

Director Don Menasco arrived.

3. Consent Calendar

- a. Minutes of the Regular Board Meeting of May, 2013
- b. FRCD Cash Flow Worksheet – May, 2013
- c. Warrants Paid – May, 2013
- d. Active Accounts – May, 2013
- e. Bond Covenant Status for FY 2012-2013 – May, 2013

- f. Revenues and Expenses – Actual vs Budget FY 2012-2013 – May, 2013
- g. Cash Accounts – May, 2013
- h. Consultants Expenses – May, 2013

MSC (Mulberg/Dawson) to approve the Consent Calendar a - h, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

4. Operations Report – May 2013

General Manager Mark Madison presented the highlights of the Operations Report for May 2013:

- The count of door hangers for shut-offs and turn-on were low
- 78 meters installed
- Well 1D – low production (last on and first off)
- Well 4D – low production (should run more)
- Well 11D – high production and very efficient
- Well 14D – good production (should operate less)
 - run efficient wells more and the inefficient wells less
- Well 3 – efficient (should run more)
- Well 8 – was off line (no production in May)
 - very efficient and should run more
- Well 9 – efficient well
- No supplemental water purchased from the Sacramento County
 - Sacramento County will supply during summer if needed (3600 gallons per minute)
- Combined total production down from last year
 - Decrease may be due to closed intertie
- Well 1D – okay efficiency
- Well 4D – good efficiency
- Well 11D – good efficiency
- Well 14D – low efficiency
- Well 3 – excellent efficiency
- Well 8 – excellent efficiency
- Well 9 – very good efficiency
- Sampling – taken on time (none were missed)
 - 7 additional samples taken to sample due to storm line project
- Regular reports – signed and on time
 - No discharge for the month of May
- Safety Meetings (5)
- 1332 meters installed through May
 - Goal for year was 1500, which will not be met
 - Utility Department was diverted to projects in coordination with City of Elk Grove
- No leaks

Mark Sabin, rate payer, inquired whether or not the water supply in the service area was free. Mr. Madison responded that the water in Service Area 1 is produced by the District and the water in Service Area 2 is purchased by the Sacramento County.

5. **Water Supply Assessment - Silverado Village Project**

General Manager Mark Madison presented the Water Supply Assessment – Silverado Village Project and provided the background.

In summary, the project consists of 660 single family units and up to 125 independent/assisted living/memory care units in three villages. As set forth in Senate Bill 610 (SB 610), the public water system responsible for providing water to the project must prepare a Water Supply Assessment to determine the sufficiency of existing water supplies. The submitted Water Supply Assessment found that there are sufficient water supplies to support the project. SB 610 also requires that the governing body of each public water system approve the Water Supply Assessment at the regular or special meeting.

Director Menasco inquired how this would impact rates. Mr. Madison stated there would be no significant impact.

MSC (Nelson/Dawson) to Adopt Resolution 06.26.13.01 Approving the Water Supply Assessment for the Silverado Village Project Dated April 4, 2013, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

6. **Professional Services Agreement for Hampton Village Water Treatment Plant Refurbishment Project**

Associate Civil Engineer Bruce Kamilos presented the Professional Services Agreement for Hampton Village Water Treatment Plant Refurbishment Project and provided the background.

In summary, the Hampton Village Water Treatment Plant contains valuable infrastructure and equipment that is not being used. District staff's recent assessment of the Hampton Village WTP indicates the plant's infrastructure and equipment can be refurbished. The Elk Grove Water District solicited proposals from five (5) consultant engineering firms to provide engineering and design services for the Hampton Village WTP Refurbishment Project. Two (2) consultant firms, HydroScience Engineers and HDR, proposed on the project. Based on the strength of the proposal, lowest bid and information provided by HydroScience during an interview conducted by District staff, staff recommends selecting HydroScience Engineers to provide consultant engineering and design services for the Hampton Village WTP Refurbishment project.

Director Elliot Mulberg inquired if bids are typically listed in the staff report. Mr. Kamilos stated construction contracts have been listed in the past. Mr. Kamilos stated, in this particular case there were only two, but the point is well taken and it is a good idea to include professional services agreements.

Timothy Hoy, rate payer, inquired if the funding is already available for this project. Mr. Kamilos stated the engineering and design costs would come out of the current fiscal year 2012-2013 budget.

MSC (Dawson/Menasco) to Adopt Resolution 06.26.13.02 Authorizing the General Manager to Execute a Professional Services Agreement in the Amount of \$62,853 with HydroScience Engineers, Inc., 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

7. **Monthly Status Report on FY 2011-12 Audit Findings**

Finance Manager Dennis Coleman presented the Monthly Status Report on FY 2011-12 Audit Findings.

Director Tom Nelson inquired how the months report was different from the month of May. Mr. Coleman responded that it had not changed. Mr. Nelson inquired when the Request for Proposal (RFP) would go out. Mr. Coleman responded next month.

Timothy Hoy, rate payer, inquired if the District was doing fund accounting. Mr. Coleman replied, yes.

8. Florin Resource Conservation District - FY 2013-2014 Budget

General Manager Mark Madison presented the Florin Resource Conservation District – FY 2013-2014 Budget. He stated that Public Relations (Sponsorships) had been reduced to \$2,355 as discussed at the Finance Committee Meeting on June 17, 2013.

Director Tom Nelson commented that Public Relations (Sponsorships) are for conservation activities within the community.

MSC (Nelson/Dawson) to Adopt Resolution No. 06.26.13.03 Approving the Florin Resource Conservation District Fiscal Year 2013-2014 Budget, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

9. Economic Development Corporation - FY 2013-2014 Budget

Finance Manager Dennis Coleman presented the Economic Development Corporation- FY 2013-2014 Budget and provided the background.

In summary, The Florin Resource Conservation District (FRCD) established the Economic Development Corporation (EDC) in 1998 to fund and maintain the Susan B. Gaines building which it purchased in that same year. The EDC has its own operation budget and operates with a fiscal year that runs from July 1 to June 30. Staff has developed the EDC Fiscal Year 2013-214 (FY 13-14) Budget for the Board's consideration. This budget is unbalanced and serious efforts are required in FY 13-14 to address this imbalance.

Associate Director Davies Ononiwu inquired about the need to hold on to the property. Vice- Chairman Chuck Dawson stated we cannot sell the property as it is upside down.

Don Trethaway, rate payer, inquired about the initiation date and length of the lease. Mr. Coleman stated the lease began in 1998 and ends in 2023. Mr. Madison added there are no future investments being made.

Timothy Hoy commented that it would not affect the water rates. Mr. Coleman stated that was correct and added that it is solely supported by the rents of the EDC. A discussion began regarding the relation of the FRCD, ECD, and EGWD. Mr. Coleman stated they have separate budgets and are not financially tied.

MSC (Lightfoot/Dawson) Adopt Resolution No. 06.26.13.04 Approving the Economic Development Corporation Fiscal Year 2013-2014 Budget, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

10. Elk Grove Water District FY 2014-2018 Capital Improvement Program

Associate Civil Engineer Bruce Kamilos presented the Elk Grove Water District FY 2014-2018 Capital Improvement Program and explained revisions.

In summary, the FY 2014-2018 Capital Improvement Program (FY 14-18 CIP) describes capital improvement projects planned by the Elk Grove Water District (District) over the next five fiscal years.

MSC (Mulberg/Dawson) Adopt Resolution 06.26.13.03 Adopting the Elk Grove Water District FY 2014-2018 Capital Improvement Program and Approving an Appropriation of \$3,148,000 of Unrestricted Funds to the FY 2013/14 CIP Reserve Fund, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

11. Public Hearing and Consideration of the 2013 Water Rate Study and New Fee Ordinance

General Manager Mark Madison introduced the Public Hearing and Consideration of the 2013 Water Rate Study and New Fee Ordinance. Mr. Madison thanked the Staff and Willdan Consultants for their work.

Finance Manager Dennis Coleman presented background on the 2013 Water Rate Study. The study recommends five rate increases over the next five years, with the first increase commencing on January 1, 2014. This first increase is intended to yield an increase of total revenue to the Elk Grove Water District of 3% during calendar year 2014. Each year the water rate model will be reviewed for the need of potential rate increases as it pertains to the budget.

The protest procedure and validation process was discussed.

Chairman Barrie Lightfoot opened the Public Hearing.

Public Comments Include:

- Think about how hard increasing the rates is on families, before making a decision.
- The Proposition 218 notice had not been received.
- Would like water rates curtailed

General Manager Mark Madison reported that 26 protests had been received and verified for validity.

Vice-Chairman Chuck Dawson commented that the reality is that we have been dealing with this water rate study for over a year. He stated that he wouldn't vote in favor of it if he didn't agree with the need for it.

Director Tom Nelson shared his appreciation to staff for the Employee Cost Control Program.

Director Elliot Mulberg stated that staff really looked at every way to cut costs. He stated the District will continue to look at ways to assist customers with their water rates.

Director Don Menasco stated that staff and consultants have thoroughly reviewed all areas within the budget to manage costs.

Vice-Chairman Chuck Dawson stated that employee costs have gone down since FY 2008-2009.

Chairman Barrie Lightfoot stated that the entire process has been conducted in a very professional manner.

MSC (Lightfoot/Nelson) Adopt Ordinance 06.26.13.01 of the Board of Directors of the Florin Resource Conservation District Approving the 2013 Water Rate Study Report and Adopting Water Service Rates, Fees, and Charges, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

12. Elk Grove Water District - FY 2013-2014 Operating Budget

General Manager Mark Madison presented the Elk Grove Water District – FY 2013-2014 Operating Budget.

Mr. Madison reported that the education budget in the technical services department was reduced by \$10,000 as discussed at the Finance Committee Meeting held on June 17, 2013.

Finance Manager Dennis Coleman presented a summary overview of the Elk Grove Water District budget.

Bob Gray, rate payer, stated the Board has improved on the budget process and water rate study and he's proud of the progress that has been made.

Director Tom Nelson stated the Board asks a lot of questions and appreciates the other board members for taking the roll of doing their due diligence.

MSC (Mulberg/Dawson) Adopt Resolution No. 06.26.13.06 Approving the Elk Grove Water District Fiscal Year 2013-2014 Operating Budget, 5/0: Ayes: Dawson, Menasco, Mulberg, Nelson and Lightfoot.

13. Legislative Update

Management Analyst Ellen Carlson presented the Legislative Update for June, 2013.

In summary, May 31 was the last day for bills to pass their house of origin. Several bills on this report failed to meet that deadline and will be removed from future reports. AB 145 continues to progress, in spite of opposition from ACWA which has expressed concerns that "moving the entire drinking water program to the State Board would undermine the program's public health focus and force it to compete with other critical priorities before the State Board." Staff is also paying close attention to SB 750, which if passed, may create complications for water agencies.

Ms. Carlson requested the Boards direction on Staff issuing a letter of opposition for AB 145. Director Tom Nelson stated that he was in opposition of AB 145.

Mr. Madison stated that in cases where there is not sufficient time to address the Board on last minute legislative matters, the District could hold a Special Board Meeting.

The Board gave direction to General Manager Mark Madison to prepare correspondence when time is of the essence and provide the Board with details of that communication.

Director Elliot Mulberg would like the legislative update to be limited to number of bill and title for dead bills.

14. Committee Meeting(s) Update

No comments were made.

15. Directors Comments and Information

No comments were made.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary