

MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, December 11, 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, and Elliot Mulberg
Directors Absent: Don Menasco
Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Stefani Phillips, Secretary/Human Resource Specialist; Bruce Kamilos, Associate Civil Engineer; Donella Ouellette, Finance Supervisor; Ellen Carlson, Management Analyst; Doina Brownell, Engineering Technician I; Jose Carrillo, Water Distribution Foreman; and Steve Shaw, Water Treatment Foreman.
Associate Directors Present: Mike Schmitz and Davies Ononiwu
Consultants Present: Ann Siprelle, General Counsel, and Brian Nash, Richardson and Company

Public Comment

No comments made.

1. Proclamations and Announcements

Government Finance Officers Association Certificate of Achievement (GFOA)
General Manager Mark Madison complimented Finance Manager Dennis Coleman and Finance Supervisor Donella Ouellette for the work that went into the GFOA. Mr. Madison stated that the District has achieved the award four years in a row.

The Board responded with a good job to staff!

Finance Manager Dennis Coleman thanked Brian Nash, Richardson and Company, for his assistance in the GFOA application process.

2. Consent Calendar

- a. Minutes of the Regular Board Meeting of October 23, 2013 and Special Board Meeting on November 6, 2013, November 19, 2013, and November 26, 2013.
- b. FRCD Cash Flow Worksheet – October, 2013
- c. Warrants Paid – October, 2013
- d. Active Accounts – October, 2013
- e. Bond Covenant Status for FY 2013-2014 – October, 2013
- f. Revenues and Expenses – Actual vs Budget FY 2013-2014 – October, 2013
- g. Cash Accounts – October, 2013
- h. Consultants Expenses – October, 2013
- i. Conservation Activities – October, 2013

MSC (Mulberg/Dawson) to approve the Consent Calendar a-i, 4/0: Ayes: Dawson, Mulberg, Nelson and Lightfoot.

3. Operations Report – October 2013

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

- Focus on hydrant maintenance/flushing
 - Hydrant replacements – 50+
 - Kudos to Distribution Foreman Jose Carrillo
- Meters - 117
 - Remaining – 1 (tree in the way)
- School Street Well 1D – didn't run much (low producer)
- Well 4D – ran a fair amount (good producer)
- Well 11D - (1st in line up)
- Well 14D – ran a fair amount (good producer)
 - This well dropped down in line up
- Well 3 and 8 very efficient well (moderate producer)
- Well 9 very stable (good producer)
- No purchased water from Sacramento County
- Combined production – down from last year
 - Saving water from intertie closure
- Well 4D, 11D, 3, and 8 - water table has come up
 - Possibly due to the Vineyard Plant because Sacramento County Water Agency is pumping less groundwater
- Modify Wells 3 and 8
 - Pumping sand – monitoring the pumps
- All samples taken
 - Extra bacteriological tests taken due to the warf replacements
- Regulatory reports - done
- No water discharged
- Calibration for flow meter completed once a year that measures the sewer discharge from the backwash facility at the treatment plant.
 - Sent to CDPH
- Backflow Information – still in progress
- Safety Meetings - 5
- Service leaks – 3 (corroded saddles)
 - The map indicates a congregation of leaks in the Hampton Area that could be due to hot soils.
- No mainline leaks
- Water pressures are good
- Sacramento County water pressures are good
- IT –
 - A lot of spam
 - Backflow migration
 - Meter Route optimization

4. Fiscal Year 2012-13 Comprehensive Annual Financial Report

Finance Manager Dennis Coleman presented the Fiscal Year 2012-13 Comprehensive Annual Financial Report (CAFR).

Brian Nash, Richardson and Company presented the significant account policies and new accounting standards implemented.

Director Tom Nelson inquired if the Management's Discussion and Analysis could list the three entities separately. Mr. Nash stated that in next year's CAFR that the Management's Discussion and Analysis will include reviews at the Government Wide level with separate analysis for each of the funds (FRCD, EDC, EGWD).

Director Elliot Mulberg inquired if the District is doing better this year. Mr. Nash replied that there has been improvement from 2012.

Mr. Nash reported that the building on 2450 Florin Rd. is four years delinquent on property taxes and when it reaches five years delinquent, they will force the sale of the property.

Mr. Nash discussed the need to allocate funds for FRCD/EGWD, for payroll of staff time and contracted services.

The Board discussed the topic of fund allocation for staff and contracted services time spent on FRCD activities and business.

General Manager Mark Madison asked the Board for direction on how to proceed.

The Board's consensus was for staff to research which costs should be allocated to the FRCD or EGWD.

Mr. Nash covered the items under the Management Letter. He suggested that the audit process begin sooner in the year.

Mr. Nash stated that there were less items needing correction for FY 2012-13.

Mr. Coleman stated that he will be keeping on top of the reconciliations on a quarterly basis, working on investigating time sheet recommendations, and correcting the stale dated checks outstanding.

Director Elliot Mulberg commended Finance Manager Dennis Coleman, Finance Supervisor Donella Ouellette, and Brian Nash, Richardson and Company for their work with the Fiscal Year 2012-13 Comprehensive Annual Financial Report.

MSC (Dawson/Mulberg) to accept the FY 2012-13 Comprehensive Annual Financial Report (CAFR), 4/0: Ayes: Dawson, Mulberg, Nelson and Lightfoot.

5. Elk Grove Water District Fiscal Year 2013-14 Capital Reserve Status Report

Finance Manager Dennis Coleman presented the Elk Grove Water District Fiscal Year 2013-14 Capital Reserve Status Report.

Mr. Coleman reviewed the balances and allocations for the capital reserve funds with the Board of Directors: Operating Revenues, Capital Improvements, Capital Replacements, Elections/Special Studies, Future Capital Improvements, and Future Capital Replacements. Mr. Coleman explained that the Unrestricted Reserves detailed in the CAFR include reserves that are either paper assets or assets for a specific purpose such as the Other Post Employment Benefit trust fund. He stated that the unrestricted reserves were adjusted in the CAFR to reflect the cash funds that are truly available for projects to be funded from reserves.

The Board of Directors requested staff to provide an update of the status of the capital reserves on a quarterly basis.

Mr. Coleman reviewed the FY 2013-14 EGWD Capital Improvement Program appropriations for the reserve funds relevant to the contract with Roadrunner Drilling and Pump Company that was brought to the Board of Directors in October for action. The contract was for a Well Destructions Project in the amount of \$291,800. Mr. Coleman identified in the reserve funds how the appropriations were made.

General Manager Mark Madison asked the Board of Directors to review Exhibit B to see how the appropriations were made in the Capital Replacements Reserve Fund.

Director Elliot Mulberg thanked Mr. Madison for pointing it out and thanked Mr. Coleman for clarifying the appropriations in the reserve funds.

6. Public Hearing and Consideration of Proposed Changes to the Elk Grove Water District Backflow/Cross-Connection Control Program

General Manager Mark Madison presented the background on the Backflow/Cross-Connection Control Program. He stated that staff has been working to improve the Districts Backflow and Cross-Connection Program. Mr. Madison stated that one significant activity is the replacement of Article 8, in the EGWD's existing ordinance, prescribing the major elements the program in compliance with the California Code of Regulations, Title 17, Sections 7583-7605. Mr. Madison stated that the changes in Article 8 may affect numerous customers, notably non-residential customers who are not presently metered. He stated that changes contained in Article 8 are new fees and charges to recover costs incurred by the District which are not presently recovered through the Districts rate and fee schedules.

Mr. Madison covered the changes incorporated from the last Special Meeting held on November 26, 2013. He noted one additional change proposed to the second sentence of Section 8.14 Appeal - As part of the appeal process, "the customer may request a site inspection, or" the General Manager may direct staff to conduct a site inspection.

Mr. Madison stated the Board must hold a public hearing to receive comments because new fees are being proposed.

The Public Hearing was called to order.

Bob Gray, rate payer, stated that he approved of the additional change for site inspections. He stated that he did not agree with using a pre-selected list for businesses that will need devices. He stated that he had a problem with the Districts criteria for the pre-selected list of businesses.

Ron Krieg, rate payer, stated that arbitrary to those who need a device, he is in favor of the backflow/cross-connection program and thanked the District for their work.

The Public Hearing was closed.

General Manager Mark Madison presented the Backflow and Cross-Connection Program

MSC (Nelson/Lightfoot) to adopt Ordinance No. 12.11.13.01 to replace Article 8 of Ordinance 06.22.11.01, approving a new Backflow/Cross-Connection Control Program and adopting Cross-Connection Control Fees for the Elk Grove Water District with amendments as proposed to section 8.14 Appeal, 4/1: Ayes: 4/0: Ayes: Dawson, Mulberg, Nelson and Lightfoot.

7. Legislative Update – October 2013

Management Analyst Ellen Carlson presented the Legislative Update for October 2013. Ms. Carlson stated that the Legislature had been on recess and there was no activity. She stated that the Legislature is due to return on January 6, 2014.

Ms. Carlson stated that SB 4 that was signed into law in September was the first fracking legislation in California. She stated that the regulations are being developed and must be completed by January 1, 2015.

Ms. Carlson reviewed SB 407 (Property transfers: plumbing fixtures replacement), HR 3080 and S 601, which are both titled (The Water Resources Development Act of 2013). She stated that staff will follow these bills closely for possible grant opportunities.

General Manager Mark Madison reported to the Board of Directors on AB 145 (State Water Resources Control Board: drinking water), which was discussed at the ACWA Fall Conference. This bill would transfer the State Water Resources Control Board the various duties and responsibilities imposed on the department by the state act. Although the bill did not pass, they are still intending on moving forward. Mr. Madison stated that staff will be monitoring this closely.

8. Committee Meeting(s) Update

There were no committee meetings in the month of October.

9. Directors Comments and Information

Director Tom Nelson reported on the ACWA Fall Conference. He stated that it was a good conference. Mr. Nelson stated that he learned of some new benefits for staff that need to be researched. He also may be a possibility to get some money for groundwater storage.

10. Closed Session

a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Section 54956.8:

Property: 8999 Elk Grove-Florin Rd. Elk Grove, CA 95624

Agency Negotiator: Mark J. Madison, General Manager and Dennis Coleman, Finance Manager

Negotiating parties: Florin Resource Conservation District, Sloughhouse Conservation District, Lower Cosumnes Conservation District, and Sonu and Harpreet Singh

Under negotiations: Price and Terms of payment

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

No reportable action taken.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary