

MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, February 26, 2014

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, Don Menasco and Elliot Mulberg
Directors Absent: Tom Nelson
Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Bruce Kamilos, Associate Civil Engineer; Donella Ouellette, Finance Supervisor; Ellen Carlson, Management Analyst; Water Distribution Foreman Jose Carrillo; Water Treatment Foreman Steve Shaw; and Water Treatment Operator III Aaron Hewitt.
Associate Directors Present: Davies Ononiwu and Mike Schmitz
Consultants Present: Ann Siprelle, General Counsel and John R. Rottschaefter, Best Best & Krieger, LLP; and Ken Dieker, Del Rio Advisors.

The FRCD Board unanimously voted to move agenda item #7, Petition to the Sacramento Local Area Formation Commission to Initiate Proceedings to amend the Florin Resource Conservation District Sphere of Influence and Annex a Noncontiguous Parcel (APN 047-13-005), to follow Closed Session.

Public Comment

Bob Gray, member of the public, thanked the Board for putting the board packet on the website for the public's view.

Director Chuck Dawson thanked Secretary Stefani Phillips for adding the board packet to the website.

1. Proclamations and Announcements

- a. Recognition of Ellen Carlson for 10 years of service.
- b. Recognition of Aaron Hewitt for receiving the State of California Water Treatment Operators certificate T4.
- c. Presentation of Plaque for Certificate of Achievement for Excellence in Financial Reporting received from Government Finance Officers Association (GFOA)

General Manager Mark Madison presented the recognition to Management Analyst Ellen Carlson for 10 years of service with the District. Mr. Madison also recognized Aaron Hewitt for receiving the State of California Water Treatment Operations certificate T4, which is a high achievement in the industry. Mr. Madison presented the plaque for Certificate of Achievement for Excellence in Financial Reporting received from Government Finance Officers Association (GFOA). He thanked Finance Manager Dennis Coleman and Donella Ouellette and other staff members that participated in the efforts for the achievement. The Board acknowledged and thanked the individuals for their accomplishments.

2. Consent Calendar

- a. Minutes of the Regular Board Meeting of January 22, 2014 and Special Board Meeting of February 12, 2014
- b. FRCD Cash Flow Worksheet – January, 2014
- c. Warrants Paid – January, 2014

- d. Active Accounts – January, 2014
- e. Bond Covenant Status for FY 2013-2014 – January, 2014
- f. Revenues and Expenses – Actual vs Budget FY 2013-2014 – January, 2014
- g. Cash Accounts – January, 2014
- h. Consultants Expenses – January, 2014
- i. Conservation Activities – January, 2014

Director Elliot Mulberg pulled Consent Calendar items a and h for discussion.

MSC (Mulberg/Dawson) to approve Consent Calendar items b, c, d, e, f, g, and i, 4/0: Ayes: Dawson, Menasco, Mulberg, and Lightfoot.

Director Elliot Mulberg requested to amend the minutes to include that he recommended that a public comment period be standard for Special Meetings as well as Regular Meetings.

Director Elliot Mulberg inquired why the Consultants Expenses indicated that MC Engineering, Inc. is above the approved contract price of \$14,862. General Manager Mark Madison responded that a change order came in and he made an administrative adjustment to increase it to \$15,619.

MSC (Mulberg/Dawson) to approve Consent Calendar items a and h, 4/0: Ayes: Dawson, Menasco, Mulberg, and Lightfoot.

3. Operations Report – January 2014

General Manager Mark Madison highlighted the following activities:

- 656 Door Hangers hung for non-payment, which is a high number and most likely caused by not hanging tags in November and December
- 19 meters installed
 - 17 commercial
 - 2 residential
- Valve exercising – 613 as of the end of January, 2014
- Flushing has been halted due to drought
- 41 meters installed backyard installations
- Well 1D School Street – did not run much
- Well 4D Webb Street – ran the most
- Well 11D Dino – second in line
- Well 14D Railroad – ran a fair amount in January
- Well 3 Marvell – off line for maintenance
- Well 8 Williamson – off line for maintenance for piping modifications (building a shed for noise control)
- Well 9 Polhemus – hardly running, not needed due to lack of demand
- No additional water purchased from Sacramento County
- Combined total production down from last year (demand was the same as last year and the closure of intertie)
- Static levels for almost all wells have come up and this may be as a result of the Vineyard Plant
- All samples taken on time and extra samples were taken due to the work at Hampton Village Treatment Plant.
- Preventative maintenance was done on time and met regulatory requirements
- Additional samples were taken for backwash tank and warf hydrants

- Backflow Prevention Program 2013 – we have started this year with new data
- Meter Retrofit Program Map – complete installations by the end of the fiscal year
- EGWD leaks – 4 service line leaks (saddles)
- IT Report – ArcGIS/Cityworks upgrades are instrumental to the Asset Management Program

4. Elk Grove Water District FY 2013-14 Capital Improvement Program Mid-Year Status Report

Associate Civil Engineer Bruce Kamilos presented the Board of Directors a mid-year status report of the FY 2013-14 Capital Improvement Program.

Mr. Kamilos reported on the following Capital Improvement Projects:

Water Meter Retrofit Program

- Remainder of meter retrofit program: backyard services converted and non-residential meters. 23 converted in December, 41 converted in January, 45 (to date) converted in February. Approx. 65 non-residential meters to be installed.
- To date this year, 699 meters installed and 218 meters remaining
- Approximately 35% of budgeted funds have been expended in FY 2013-14

Wharf Hydrant Replacements

- Project replaces wharf hydrants with standard fire hydrants
- Wharf hydrants served by 4" diameter pipe, consists of 4" diameter standpipe with one 2-1/2" diameter outlet for fire hose connection
- Standard fire hydrant served by 6" diameter pipe, consists of one 4-1/2" outlet for connection to fire truck pump and two 2-1/2" diameter outlets for fire hose connections
- FY goal 50 hydrants, however, because project to date has expended only 2/3 of budgeted amount, staff is moving ahead to convert as many hydrants as possible with the budgeted funds
- To date 64 hydrants converted

Pumped-to-Waste Infrastructure – Deep Wells

- Project modifies well discharge. Piping and storm drain piping to allow deep wells to be temporarily pumped into storm drain
- Bolsters compliance with Title 22
- Provides permanent "pumped-to-waste" infrastructure for periodic flushing of wells
- Planned engineering design this FY and Construction next FY
- Engineering not started yet and may carry over

Automatic Meter Reader Feasibility Study

- Feasibility to study to determine benefits of AMR or AMI
- AMR – Automatic Meter Reading (a.k.a. drive-by reading system) radio communication between vehicle and meter transmitter
- AMI – Advanced Metering Infrastructure (a.k.a. fixed network system) radio communication between meter and District Office
- Significant capital cost in particular to with AMI

Well Destructions

- Project destroys wells per Calif. Waterworks Standards
- Construction underway and most surface facilities removed
- Project approx. 25% complete

Well 13 Rehabilitation

- Rehab necessary before moving ahead with Hampton WTP Refurbishing project
- Well rehab successfully completed
- Refer to Exhibit A notes

- Discuss what water quality results mean when I get to Hampton Road WTP Refurbishment project

Well 1D Pump Replacement

- Converts lubrication system of pump from oil-lubed to water lubed which is an industry standard
- Oil lubrication in domestic water pumps can cause bacteriological contamination of drinking water, particularly after pump has been idle for extended period of time
- Construction spec 50% completed
- May carry over project to next FY

Railroad Corridor Water Line

- Project completes an 18" diameter Transmission main from Railroad Water Treatment Plant to point-of-connection at most southeastern side of District's water distribution system
- Engineering and permitting planned for this FY, however, permitting through UPRR will be a slow process and will carry over into next year

Hydropneumatic Tanks Refurbishment

- Scope has broadened
- Inspecting the tank's welds for structural integrity and shell thickness of tank
- Construction underway at Well 9

Hampton Road WTP Refurbishment

- Project refurbishes Hampton to bring WTP back on line
- Engineering 75% completed
- District provided HydroScience with WQ and performance testing results to complete design
- EGWD did authorize HSE to proceed with additional work (\$9000, 60 hrs) to include in design a 1500-gpm pump

SCADA Improvements

- Project connects District's 3 shallow wells to our SCADA system
- Kickoff meeting 1/29/14 with engineering consultant
- Basis of Design Report BODR from consultant due soon, will include radio transmission study

RRWTF Site Improvements

- Placed a seal coat over RRWTF asphalt concrete blacktop
- Restriped the paint striping's on the blacktop
- Remaining funds for bulk materials loading station

Truck Replacements

- F250 to replace Truck #203
- Acquire small dump truck

Administration Building Improvements

- Project added HVAC unit to District Office
- Went from 2 to 3 units
- Original system undersized to handle heat load
- Conference room now has dedicated HVAC unit not shared with offices
- Project complete

Frontage Road & Parking Lot Improvements

- Project improves the District Office's frontage along Elk Grove Blvd.
- Improves District's parking lot
- Coordinating work on District's side of property line with City's frontage improvement project
- City procured Community Development Block Grant money for project
- City involved environmental process required of City as condition of the grant
- City expects environmental clearance end of March

- Then, City can complete ROW rights and finalize design

Railroad Street WTF Parking Lot Improvements

- Project purchases property across the road from Railroad Water Treatment Plant where employees have parked their personnel vehicles
- Closing documents have been signed by all parties except for one of the four Whiting's
- Anticipated that signature will be acquired tomorrow and purchase deal will be done
- Will proceed with design to pave and fence an employee parking lot with site lighting, and provide for materials bulk loading station and storage area

Roof Replacements – District Buildings

- Roof on Administration Bldg. Façade needs replacement
- Meeting with an architect on Monday to explore exterior redesign options

Unforeseen Capital Projects

- None

Questions and answers include:

Director Elliot Mulberg inquired if the CIP update was through February 2014. Mr. Kamilos responded that the update was through February 26, 2014.

Director Elliot Mulberg inquired if the expense estimate for the total expenditures for FY 2013-14 was reasonable. Mr. Kamilos replied that it was his best estimate.

Director Elliot Mulberg inquired if it would be necessary to transfer from one account to another to complete the projects. Mr. Kamilos responded, no.

5. Elk Grove Water District FY 2013-14 Operating Budget Mid-Year Status Report

Finance Manager Dennis Coleman presented the Elk Grove District FY 2013-14 Operating Budget Mid-Year Status Report to the Board of Directors. Mr. Coleman provided background on the adopted FY 2013-14 EGWD Operating Budget, stating that there was \$14.0 million in revenues and approximately \$14.266 million in expenditures, including depreciation and amortization of approximately \$1.9 million. He stated that the budget projects expenditures to use \$257,915 of the reserves.

Mr. Coleman walked the Board through the financial mid-year financial status as of December 31, 2013.

Mr. Coleman explained that staff retained Habib Isaac who is now with Raftelis Financial Consultants, Inc. to update the water rate study model with the current rates that were adopted in June, 2013 and to input current consumption data and the current meter and flat rate accounts as of December 31, 2013.

Mr. Coleman stated that the District will need to look at the rate study again in May, 2014 to determine if a rate increase will be necessary and to provide figures for the FY 2014-15 Operational Budget.

Question and answers include:

Director Elliot Mulberg inquired if the figures in the report were through December 31, 2013. Mr. Coleman responded yes, that is correct.

Director Elliot Mulberg stated that it appears that the District is ahead in revenues. Mr. Coleman responded that is correct.

Director Elliot Mulberg inquired would the District still need to pull from the reserves. Mr. Coleman responded, that if the District maintains the same pace, then the answer is no.

Director Elliot Mulberg inquired if staff anticipates having to transfer from one line item to another within the budget. Mr. Coleman replied that staff should be able to transfer within the same category of the budget, but not transfer outside of it.

Director Elliot Mulberg inquired if staff was able to use the water rate model without the need for consultants. Mr. Coleman replied no, but maybe with training. Mr. Madison commented that it's important to have the accuracy from the consultants who have the expertise.

Director Elliot Mulberg inquired how much was their latest contract. Mr. Madison replied that the District prepared a purchase order in the amount of \$11,000.

Bob Gray commented that it would be nice if the model reflected the amount of revenue that comes in to the District. Mr. Madison replied that staff will look into that. The Board responded stating that if there is a benefit to the District, we will add the data; otherwise, we will leave it as is.

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

Finance Manager Dennis Coleman presented the Elk Grove Water District Fiscal Year 2013-14 Mid-Year Status Report. He stated that the report was reflecting capital expenditures and budget appropriations through December 31, 2013.

With the appropriation of \$241,800 for the well destruction project approved on October 23, 2013 EGWD has appropriated Reserve Funds for FY 2013-14 as follows:

• Operations Reserves (120 days)	\$4,756,295
• FY 2013/14 Capital Improvement Fund	\$2,645,000
• FY 2013/14 Capital Replacement Fund	\$ 708,000
• Elections and Special Studies	\$ 120,000
• Future Capital Improvements	\$3,829,679
• Future Capital Replacements	\$1,276,559

EGWD has expended \$486,507 for capital expenditures through December 31, 2013 as follows:

• Capital Improvement Fund	
○ Hampton WTP Refurbishment	\$ 10,169
○ Admin Building Improvements	\$ 39,962
○ RRWTF Parking Lot	\$ 56
○ Meters	\$174,320
○ Hydrants	\$162,828
TOTAL	\$387,334
• Capital Replacement Fund	
○ Hampton WTP Refurbishment	\$10,169

○ Well Destructions	\$11,815
○ Well Rehabilitations	\$76,456
○ RRWTF Site Improvements	\$ 733
TOTAL	\$ 99,173

The EGWD remaining reserve fund balances as of December 31, 2013 are as follows:

● Operations Reserves (120 days)	\$4,756,295
● FY 2013/14 Capital Improvement Fund	\$2,257,666
● FY 2013/14 Capital Replacement Fund	\$ 609,627
● Elections and Special Studies	\$ 120,000
● Future Capital Improvements	\$3,829,679
● Future Capital Replacements	\$1,276,559

Director Elliot Mulberg inquired if staff anticipated the need to transfer funds. Mr. Coleman replied that he would be capitalizing labor costs by approximately \$538,000, which will reduce personnel costs by approximately \$371,000 and reduce material costs by \$167,255. Mr. Coleman stated that this would capture the costs in the Meter Retrofit Program. Mr. Coleman stated that the portions will be transferred at the end of the year when they are capitalized.

7. Petition to the Sacramento Local Area Formation Commission to Initiate Proceedings to amend the Florin Resource Conservation District Sphere of Influence and Annex a Noncontiguous Parcel (APN 047-13-005)

The FRCD Board unanimously voted to move the item to follow Closed Session.

8. Legislative Update

Management Analyst Ellen Carlson presented the Legislative Update to the Board of Directors.

She highlighted the following developments:

- HR 1837 – is being brought back
- HR 3964 and S 2016 – both address the drought (one is supported by the Republican party and the other by the Democratic party)
- AB 1331, AB 1445, AB 1674, SB 848, and SB 927 are all water bond bills
- AB 2686, AB 2043, SB 1080, and SB 1250 are also water bond bills and are not yet assigned to committee, these will be brought back to the March meeting with more information.
- SB 848 – passed Senate Committee
- Drought aid package (\$687 million) has been moved into committee
- AB 79 and AB 80 were revised to the drought package

9. Committee Meeting(s) Update

None

10. Directors Comments and Information

General Manager Mark Madison, on behalf of Director Tom Nelson, informed the Board about a meeting he and Director Tom Nelson attended with the Ag-land Stewardship Meeting on February 11, 2014, which was hosted by the Department of Water Resources. Mr. Madison stated that there were four resource conservation district representatives along with members of Department of Water Resources in attendance at the meeting. The meeting was held to present resources for RCD's to enhance habitat and conservation measures in the Delta. Mr. Madison stated that the Bay Delta Conservation Plan has 25 strategies written in the plan and DWR is trying to partner with these agencies to interface with the farmers to advance some of the measures.

Mr. Madison stated that the next meeting will be held on March 13, 2014 and will follow up with more information at the March Board meeting.

The Board of Directors unanimously voted to move the Closed Session item 11 (d) regarding the Public Employee Performance Evaluation of the General Manager to open session.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Section 54957)

Title: General Manager

Chairman Barrie Lightfoot explained the performance evaluation process, with background on previous years. He stated that the Board would be receiving the performance evaluation forms for General Manager Mark Madison. Mr. Lightfoot stated that he wants input from each Board member, including Director Tom Nelson who was absent.

A brief discussion followed.

The Boards consensus was to turn in all evaluations to Chairman Barrie Lightfoot by March 15, 2014 to be compiled and presented in Closed Session at the March Board Meeting.

11. Closed Session

a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

(Paragraph (1) of subdivision (d) 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.

b. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Section 54956.8)

Property: 2450 Florin Rd., Sacramento, CA

Agency Negotiators: Mark J. Madison and Dennis Coleman

Negotiating parties: Florin Resource Conservation District and County of Sacramento

Under negotiation: Price and terms of payment

No reportable action was taken.

c. CONFERENCE WITH REAL PROPERTY NEGOTIATOR(Section 54956.8)

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

Agency Negotiators: Mark J. Madison and Dennis Coleman

Negotiating parties: Florin Resource Conservation District, Sloughouse Resource

Conservation District, Lower Cosumnes Resource Conservation District, and Sonu and Harpreet Singh

Under negotiation: Price and terms of payment

The property was sold today to the Bud Applegate 401K Plan for a sum of \$250,000, which will be divided three ways between the Florin Resource Conservation District, Sloughhouse Resource Conservation District, and Lower Cosumnes Resource Conservation District.

7. Petition to the Sacramento Local Area Formation Commission to Initiate Proceedings to amend the Florin Resource Conservation District Sphere of Influence and Annex a Noncontiguous Parcel (APN 047-13-005) to follow Closed Session

General Manager Mark Madison discussed the Petition to the Sacramento Local Area Formation Commission to Initiate Proceedings to amend the Florin Resource Conservation District Sphere of Influence and Annex a Noncontiguous Parcel (APN 047-13-005) with the Board of Directors. Mr. Madison stated that the Susie Gaines-Mitchell Building is owned by the FRCD, but is located outside of the FRCD boundaries and as a result, the property is subject to property tax by the Sacramento County. He stated that if the FRCD was to annex to include noncontiguous territory within its boundaries, then the annexation would exempt the property from futures property taxes, as long as the FRCD owns it.

Mr. Madison said that after meeting with LAFCO, they stated for an annexation to be considered, staff would have to prepare a Municipal Service Report for the Florin Resource Conservation District and the Elk Grove Water District. He stated it would be one document containing both entities. Mr. Madison stated that the staff's time would need to be reimbursed for the work spent on each entity.

A brief discussion was held regarding the legal description of the property of the Susie Gaines-Mitchell Building, which is an attachment to Resolution No. 02.26.14.01 Sacramento Local Area Formation Commission to initiate proceedings to amend the Florin Resource Conservation District sphere of influence and annex a noncontiguous parcel (APN 047-13-005). Ms. Siprelle commented that the description that is currently attached to the resolution was prepared by Scott Myers, H₂O Group and Associate Civil Engineer Bruce Kamilos had indicated it might not be accurate. Ms. Siprelle stated she will confirm the legal description of the property.

The Board directed General Manager Mark Madison to schedule a meeting to discuss the annexation and ask for support from the Sacramento County. The Board requested that Mr. Madison make contact with Sacramento County through their chain of command to schedule the meeting.

MSC (Nelson/Dawson) to adopt Resolution No. 02.26.14.01 petitioning the Sacramento Local Area Formation Commission to initiate proceedings to amend the Florin Resource Conservation District sphere of influence and annex a noncontiguous parcel (APN 047-13-005), 4/0: Ayes: Dawson, Menasco, Mulberg, and Lightfoot

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary