

MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, January 28, 2015

The regular meeting of the Board of Directors of the Florin Resource Conservation District was called to order at 6:30 p.m. by Chuck Dawson, Chair, at 8820 Elk Grove Blvd, Elk Grove CA.

Call to Order, Roll Call, and Pledge of Allegiance.

Directors Present: Chuck Dawson, Bob Gray, Elliot Mulberg, Tom Nelson, and Jeanne Sabin
Directors Absent: None
Staff Present: Mark J. Madison, General Manager; Jim Malberg, Finance Manager; Stefani Phillips, Secretary; Bruce Kamilos, Associate Civil Engineer; Donella Ouellette, Finance Supervisor; Ellen Carlson, Management Analyst; Cindy Robertson, Administrative Assistant II (Confidential); Jose Carrillo, Water Distribution Foreman; Jose Mendoza, Water Distribution Operator I; Chris Phillips, Water Distributor Operator III; Marcel Wilson, Water Distribution Operator I
Associate Directors Present: Davies Ononiwu and Mike Schmitz
Consultants Present: Ann Siprelle, Best Best & Krieger (BB&K); Michael Stassi, CBRE, Inc.

Public Comment

No comments were made.

1. Proclamations and Announcements

Recognition of Jose Mendoza, Michael Montiel and Chris Phillips for their five years of service.

Recognition of Marcel Wilson for his ten years of service.

2. 2015 Election of Officers – Florin Resource Conservation District

Director Elliot Mulberg proposed a rotational option for the Board members to take turns as Board officers. The Board's consensus was to visit the FRCD By-Laws at next month's Board meeting and have a discussion on the alternative method for the selection of officers.

MSC (Gray/Mulberg) to nominate Chuck Dawson as Chairman 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

MSC (Sabin/Mulberg) to nominate Tom Nelson as Vice-Chairman 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

3. Consent Calendar

- a. Minutes of the Regular Board Meeting of November 19, 2014 and Special Board Meeting Minutes of January 10, 2015.
- b. FRCD Cash Flow Worksheet – November, 2014
- c. FRCD Cash Flow Worksheet – December, 2014
- d. Warrants Paid – November, 2014
- e. Warrants Paid – December, 2014
- f. Active Accounts – November, 2014
- g. Active Accounts – December, 2014
- h. Bond Covenant Status for FY 2014-15 – November, 2014

- i. Bond Covenant Status for FY 2014-15 – December, 2014
- j. Revenues and Expenses – Actual vs Budget FY 2014-15 – November, 2014
- k. Revenues and Expenses – Actual vs Budget FY 2014-15 – December, 2014
- l. Cash Accounts – November, 2014
- m. Cash Accounts – December, 2014
- n. Consultants Expenses – November 2014
- o. Consultants Expenses – December 2014

Director Elliot Mulberg pulled Consent Calendar item (a) for discussion.

MSC (Mulberg/Dawson) to approve Consent Calendar items (b-o) 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

Director Elliot Mulberg requested his name be revised in the minutes.

MSC (Mulberg/Nelson) to approve Consent Calendar item (a) 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

4. Conservation Activities – November and December 2014

Mark J. Madison, General Manager presented the November and December 2014 Conservation Activities report to the Board of Directors. He stated, the Central Valley Rails to Trails Foundation (CVRTF) may be on the verge of disbanding. District staff will update the Board on a monthly basis on this concern. The Central California Traction Corridor (CCTC) is not ready to engage due to the alignment being preserved for high speed rail.

Director Elliot Mulberg stated his appreciation for the conservation activities report. He suggested in the future to change the language from “going out to lunch” to “networking with other directors from the other RCD’s and looking for opportunities serve the broader area.” Mark J. Madison, General Manager agreed to follow this approach going forward.

Director Bob Gray wondered if the Central Valley Rails to Trails Foundation (CVRTF) had looked into the Rail Banking Program. He then proceeded to say that this would give the CVRTF an option to go ahead with the trail now and convert it to high speed rail in the future. Mr. Madison responded that he would look into this with Ellen Carlson, Management Analyst and report back to the Board at next month’s meeting.

5. Operations Report – November and December 2014

Mark J. Madison, General Manager presented the highlights of the Operations Report – December, 2014:

- 1 low pressure complaint in SA2
- 7 Door Hangers
- 3 Hydrant Flushing
 - Sand flushing from Well 8
- Meters Installed
 - Utility – 71 (mostly from Emerald Park complex)
 - Distribution – 10
- Well 4D and 11D
 - Due to safety reasons, three separate AMP readings were not collected
- Well 8 – sanding issue
- Demand is low – SSA 1 and 2 are down 34% in December
- Sacramento Water Authority (SWA) is down 20%

- Static and pumping levels are updated quarterly and new data will be available at next month's meeting
- No waste in discharge for the month
- Maintenance Schedule is regular and on time in accordance with standard operating practice
- Backflow Prevention Program is working – only 21 outstanding delinquents left
 - He complemented Steve Shaw and Aaron Hewitt on a job well done in getting the tracking system in place
- 6 safety meeting during this month
- Meter Retrofit Program – only 2 customers left
 - District is having easement issues
 - Mr. Madison would like to talk to the Board of Directors to set up a celebration lunch for the District staff upon completion of this program
- Bullhead Replacement Program to start within the next couple of weeks
- 3 mainline leaks – resulting from sheer breaks and tree roots
- Service line leaks are due to corroded saddle seeing a pattern in the Camden area
- Pressure remains stable at 55-65 lbs.

6. 2015 Committee Appointments

The Board discussed the various committees. For the Conservation Committee, Director Elliot Mulberg and Director Jeanne Sabin were added and Associate Michael Schmitz was added as an alternate to the Committee. For the Infrastructure Committee, Director Elliot Mulberg removed himself and Director Bob Gray took his place. For the Planning Committee, Director Jeanne Sabin was added and Director Elliot Mulberg was added as an alternate.

The new committees are as shown:

Finance – FRCD/EDC/EGWD:	All Board Members
Conservation Committee – FRCD:	Elliot Mulberg Tom Nelson Jeanne Sabin
Alternate:	Michael Schmitz
Infrastructure Committee – EGWD:	Bob Gray Tom Nelson
Alternate:	Davies Ononiwu
Planning – FRCD/EDC/EGWD:	Chuck Dawson Jeanne Sabin
Alternate:	Elliot Mulberg

The Board eliminated the 2x2x2 Ad-hoc Committee and will use the Conservation Committee to work through any items related to the tri-RCD's (Lower Cosumnes, Sloughouse, and the Florin Resource Conservation District's).

MSC (Gray/Nelson) to appoint Director Elliot Mulberg and Director Jeanne Sabin to be seated to the Conservation Committee, to appoint Director Bob Gray to be seated to the Infrastructure Committee; and to appoint Director Jeanne Sabin to be seated to the Planning Committee and Director Elliot Mulberg as the alternate 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

7. Professional Auditing Services – Ad-hoc Professional Services Selection Committee

Jim Malberg, Finance Manager presented the Professional Auditing Services – Ad-hoc Professional Services Selection Committee to the Board of Directors. In summary, staff issued a Request for Proposals for Professional Auditing Services. The anticipated schedule is to have the Ad-hoc Professional Services Selection Committee review the proposals and if necessary conduct interviews with the top firms.

Director Elliot Mulberg inquired if any of the Board Members had any accounting or auditing experience. The Board responded stating they do not have this experience and they felt the staff would be competent in selecting a firm.

Director Tom Nelson inquired if the Auditing Firm would replace Richardson & Company. Mr. Malberg responded, "Yes it would, but we are expecting a proposal from Richardson & Company with a different team assembled."

Staff will bring this back to the Board with a recommended auditor at the February Regular Board Meeting.

MSC (Mulberg/Nelson) to not appoint an ad-hoc Professional Auditing Services Selection Committee to assist in the solicitation for professional auditing service 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

8. Exclusive Sales Listing Agreement for 2450 Florin Road (Susie Gaines Mitchell Building)

Mark J. Madison, General Manager presented the Exclusive Sales Listing Agreement for 2450 Florin Road (Susie Gaines Mitchell Building) to the Board of Directors. In summary, the Florin Resource Conservation District owns property located at 2450 Florin Road and the property is referred to as the Susie Gaines Mitchell Building (Property). This Property is leased to Sacramento County and the lease revenues are not sufficient to make future debt service payments while funding other costs, such as maintenance and property taxes. District staff, outside counsel, and the trustee of the bondholders are of the opinion that a sale may be the best approach to protect the bondholders and a listing agent is needed to market the Property. Mr. Madison recommends CBRE, Inc. to list for sale the property.

Director Elliot Mulberg inquired how much was owed on the property. Mr. Madison responded \$12M (\$950K in back property taxes).

Director Bob Gray inquired if the building was bought or built. Mr. Madison responded, "The building was purchased through a build to suit process involving a contractor and the county. The lease and construction happened at the same time back in 1998."

Roy Herberger, Elk Grove Citizen, inquired who pays the difference. Mr. Madison responded that if the net proceeds from the sale do not exceed the remaining amount of debt owed, then the bond holders will take the cut.

Director Jeanne Sabin inquired if there has been discussions with Sacramento County on forgiving to property tax and putting the monies toward tenant improvements and maintenance in order to get a better value for the property. Mr. Madison responded stating he previously made contact with the county asking if they would be willing to renegotiate the contract and the County said no. The County stated at that time that they do not have

legal authority to waive or reduce taxes. Mr. Madison is to have more discussions with the County in this regards in the future.

MSC (Mulberg/Sabin) to approve an Exclusive Sales Listing Agreement with CBRE, Inc. to list for sale the Susie Gaines Mitchell building at 2450 Florin Road, Sacramento, California and authorize the General Manager to sign all related agreements and documents 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

9. Professional Services Agreement for Preparation of an Emergency Response Plan

Mark J. Madison, General Manager presented to the Board of Directors the Professional Services Agreement for Preparation of an Emergency Response Plan (ERP). In summary, the Elk Grove Water District (EGWD) last completed an ERP in 2004. This ERP is out of date and no longer useful to the District in the event of an emergency. EGWD staff solicited proposals from twelve consulting firms and received responses from three firms. After EGWD staff reviewed the responses they recommend that AECOM be selected to perform the work. Mr. Madison wanted to make it clear to the Board that this plan does not include IT Security but suggested this be an objective for the next fiscal year.

Director Elliot Mulberg inquired if AECOM was the highest bidder. Mr. Madison responded, "Yes, but not by much. The second highest bidder was only two-hundred dollars lower."

Director Jeanne Sabin inquired if the ERP would include specific responses to retain water quality and water safety? Mr. Madison responded yes.

Associate Director Davies Ononiwu inquired if this ERP will include a Disaster Recovery Plan.

Mr. Mulberg inquired if the Disaster Recovery Plan is included in the ERP. Mr. Madison responded yes.

MSC (Nelson/Mulberg) to approve a motion authorizing the General Manager to execute a Professional Services Agreement with AECOM in the amount of \$74,720 for the preparation of an ERP 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

10. Elk Grove Water District FY 2014-15 Mid-Year Operating Budget Status Report

Jim Malberg presented the Elk Grove Water District FY 2014-15 Mid-Year Operating Budget Status Report to the Board of Directors for information only.

Mr. Mulberg highlighted the following:

- Outside Services is up to 57% above budget due to the time the District had the Interim Finance Manager in place
- The District is watching revenue due to the drought and conservation efforts
- Re-budgeted the rate adjustment of 3% - went into effect January 1, 2015

11. Elk Grove Water District FY 2014-15 Mid-Year Reserve Status Report

Jim Malberg presented the Elk Grove Water District FY 2014-15 Mid-Year Reserve Status Report to the Board of Directors for information only.

Mr. Mulberg highlighted the following:

- Funds that are currently being used is the Capital Improvement Fund and Capital Replacement Fund

- Hampton Project is split between Capital Improvement Fund and Capital Replacement Fund (55/45)

Director Elliot Mulberg inquired if the District had any undesignated reserves. Mr. Malberg responded no and stated that the District designates to Operations, Capital Improvements or Capital Replacements.

Mr. Mulberg inquired how the elections were paid. Mark J. Madison, General Manager responded stating that the Elk Grove Water District (EGWD) paid 90% and the Florin Resource Conservation District (FRCD) paid 10%. Mr. Mulberg then inquired if it came out of reserves. Director Bob Gray responded stating there was a reserve set up for the election and Mr. Madison and Mr. Malberg agreed with Mr. Gray's response.

Director Bob Gray inquired if the destruction of the wells had been completed. Mr. Madison responded yes and confirmed with Bruce Kamilos, Associate Civil Engineer. The work was completed June 30, 2014.

12. Investment Policy Guidelines

Jim Malberg, Finance Manager presented the Investment Policy Guidelines to the Board of Directors. In summary, California government code requires the Board reapprove the investment policy once a year (every 12 months). The policy is titled as a Fiscal Year policy but the district decided to bring it to the attention of the Board in January and plan to revisit/renew the policy in June to get it lined back with the Fiscal Year. There was a change to the policy in Section I, Time Certificates of Deposits, and the change is to limit the maximum amount of investment in non-negotiable, fixed-term Certificates of Deposit to 30% of the total amount of the Districts Investment Portfolio. The policy was amended so that the district code be aligned with the change in the government code section 53601.8.

Director Elliot Mulberg inquired if there were any investments in CD's and did not meet the 30% requirement. Jim Malberg, Finance Manager responded, "We do not at this time."

MSC (Mulberg/Sabin) to adopt Resolution No. 01.28.15.01 of the Board of Directors of the Florin Resource Conservation District adopting Fiscal Year 2014-15 Investment Policy Guidelines of the Florin Resource Conservation District 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

13. Elk Grove Water District 2014 Employee Policy Manual Amendment – Overtime Rate

Stefani Phillips, Human Resource Specialist presented the Elk Grove Water District 2014 Employee Policy Manual Amendment – Overtime Rate to the Board of Directors. In summary, staff realized they were not following the policy of overtime rate as it was written. Overtime rate was being paid according to the time worked in excess of a nine (9) hour workday and over forty (40) hours in a work week regardless if the employee had used accrued time. Key point was the language "time worked" does not include vacation, personal leave, holiday, or holiday leave which is accrued time. Staff reviewed this with the ad-hoc committee and they came back with two recommended proposals:

1. To strike the work holiday from what was considered as time worked and
2. To pay overtime at one and a half (1.5) times the employee regular rate for all time worked on the weekends and on their flex day off

MSC (Gray/Nelson) to adopt Resolution No. 01.28.15.02 of the Board of Directors of the Florin Resource Conservation District amending section 4.3.11 Overtime Rate of the Elk

Grove Water District 2014 Employee Policy Manual 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

14. Legislative Update

Ellen Carlson, Management Analyst presented the Legislative Update to the Board of Directors for information only. In summary, the legislators are back in session. She then stated the most interesting topic is the negotiation over the water bonds and how the money will be allocated. The grant money is to be released in the summer/fall this year. Grant applications to be announce in the next six (6) months.

Ms. Carlson states that the new drought bills are to be released (HR 291 and S 176) and drought discussions are anticipated at the federal level.

It was decided by the Board that the status on the California Legislature will be discussed in detail at next month's Board meeting.

Director Jeanne Sabin inquired if there had been any discussions on which state department would be responsible for allocating grant money on AB 1 (Brown). Mrs. Carlson responded stating DWR, State Water Resources Control Board and another agency.

15. General Manager Performance Evaluation Process

Stefani Phillips, Human Resource Specials presented the General Manager Performance Evaluation Process to the Board of Directors. The Board had discussions on the process of collecting information from the other Board members.

Chairman Chuck Dawson suggested having all Board members send their personal evaluation of the General Manager to himself so he can give them to the General Manager vs. consolidating. Director Elliot Mulberg likes the idea of passing all comments to the General Manager but suggested that the comments be consolidated as all comments maybe varied.

Mark J. Madison, General Manager, suggested to provide a copy of a blank evaluation form, objectives, and achievement to all Board members so they can familiarize themselves with the form.

Director Jeanne Sabin inquired if the evaluation will go on the General Managers permanent record. Mr. Madison responded yes.

Mr. Madison suggested if the Board needed assistance to contact Stefani Phillips, Human Resource Specialist; Cindy Robertson, Administrative Assistant II (Confidential); or Ann Siprelle, General Counsel. The Board liked the idea of having Ann Siprelle consolidating the evaluations. It was decided that the Board give the completed evaluations forms to Ann Siprelle by Wednesday, February 18th so that she can compile responses together for the closed session discussion at the February Regular Board Meeting.

16. Directors Comments and Information

Stefani Phillips, Human Resource Specialist requested the Board to return to her the completed Form 700 by Wednesday, April 1st.

Mark Madison, General Manager, requested the Strategic Plan Meeting be broken up into two (2) session in the evening on a workday. The consensus of the Board was to have the meeting scheduled on a Wednesday and it can start as early as 3:30PM. Mr. Madison said

to schedule the meeting would be scheduled within the next two months. Director Elliot Mulberg inquired if there would be a facilitator for the Strategic Plan Meeting. Mr. Madison responded that he is trying to get Brent Ives, with BHI Consulting, but Mr. Ives is not available prior to February 28th. Mr. Ives stated to Mr. Madison that he would like to have one on one discussions with each Board member.

Director Elliot Mulberg suggested using the application called doodle to see availability of other Board members.

Director Tom Nelson mentioned that he would like to add an agenda item for future discussion. Mr. Nelson would like to look at the credit cards used and see if there are any incentives to save the district money.

Director Bob Gray suggested separating the office and operational expenses on the financial report. Jim Malberg, Finance Manager responded, "That is how it is taken out of the general ledger but we can report it differently in the future."

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary