

MINUTES OF THE REGULAR MEETING OF THE FLORIN RESOURCE CONSERVATION DISTRICT BOARD OF DIRECTORS

Wednesday, February 24, 2016

The regular meeting of the Florin Resource Conservation District Board of Directors was called to order at 6:30 p.m. by Chuck Dawson, Chair, at 9257 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; Ellen Carlson, Management Analyst
Associate Directors Present: Lisa Medina, Mike Schmitz
General Counsel Present: Ann Siprelle, Best Best & Krieger (BB&K)
Consultants Present: Dwane Coffey, Natural Resource Conservation Service (NRCS) Conservationist; John Rottschaefter, Best Best & Krieger (BB&K); Jonathan Ash, Citigroup Global Markets; Jeff Herron, AECOM; Habib Isaac, Raftelis

Public Comment

No comments were made.

1. Proclamations and Announcements

Chuck Dawson, Chairman, stated a couple of board members requested to discuss item 2j further during closed session and to move the item to be acted after closed session.

The Board agreed to move item 2j after closed session.

2. Consent Calendar

- a. Regular Meeting Minutes – January, 2016
- b. FRCD Cash Flow Worksheet – January, 2016
- c. Warrants Paid – January, 2016
- d. Active Accounts – January, 2016
- e. Bond Covenant Status for FY 2015-16 – January, 2016
- f. Revenues and Expenses – Actual vs. Budget FY 2015-16 – January, 2016
- g. Cash Accounts – January, 2016
- h. Consultants Expenses – January, 2016
- i. Major Capital Improvement Projects – Budget vs. Actuals – January, 2016

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

3. Natural Resources Conservation Service Report

Dwane Coffey, District Conservationist with Natural Resources Conservation Service (NRCS), presented the Natural Resources Conservation Service Report to the Board. In summary, NRCS continues to provide technical assistance to farm and ranch landowners on erosion and sedimentation projects, nutrient management issues, water use efficiency improvements, soils information, wetland determinations and outreach to non-traditional customers to improve access to USDA services. So far this winter, 6 EQIP applications worth \$385,107.00 were selected and obligated into financial contracts on 318 acres. NRCS has another 51 applications worth \$1.5 million awaiting funding

selection. NRCS staff members are doing site visits and developing project plans with landowners on a first come first serve basis, and have about a 2-3 month backlog.

This past fall, NRCS awarded a \$25K cooperative agreement to Sloughhouse RCD who had applied to advance a small farms best management practice initiative in partnership with UC Cooperative Extension and the National Center for Appropriate Technology (NCAT) in Davis. NRCS has partnered with Elk Grove Grange, Sacramento County Farm Bureau, Citrus Heights Veterans Center, and others to provide outreach to veterans interested in getting into farming or already in farming to increase access to agricultural programs and services that they may need.

Elliot Mulberg, Director, inquired what would it take for the FRCD to get involved in as a cooperative partnership with the NRCS. Mr. Coffey responded stating a 1-2 page proposal submitted to the NRCS outlining the nature of the project that the FRCD would like to get involved in. Mr. Coffey explained that if the NRCS accepts the proposal, then he would work with FRCD to flush it out.

4. Private Fire Service Fees

Jim Malberg, Finance Manager, presented the Private Fire Service Fees to the Board. Mr. Malberg provided background on the Private Fire Service Fees and then turned it over to Habib Isaac from Raffetis.

Mr. Isaac addressed the private fire service fees.

Bob Gray, Director commented that he would like to differentiate sprinklers and hydrants because it would be hard to justify a monthly fee/rate for those services if they are not bifurcated.

Chuck Dawson, Chairman, suggested that this topic be addressed during the new rate model.

Mr. Gray stated he is not suggesting to drop the fee, but to have a discussion, so the whole Board understands what is involved.

Mr. Isaac stated fire protection charges was discussed during the last rate structure.

Elliot Mulberg, Director, made a comment stating there is a benefit to the insurance cost in having fire protection, because it permits home owners insurance to go down.

Mark Madison, General Manager, commented that the District will look more closely at this during the next rate study.

Lisa Medina, Associate Director, inquired who would pay for the consumption fee of a private hydrant in the event of a fire. Mr. Madison responded stating he would not want to charge for consumption due to a fire.

Mr. Gray commented that the amount of water used during a fire has nothing to do with how many hydrants there are or where they are placed. Mr. Dawson believes having adequate hydrants is important especially, since it protects the community.

5. Emergency Response Plan

Ellen Carlson, Management Analyst, presented the Emergency Response Plan to the Board. In summary, the Elk Grove Water District completed an Emergency Response Plan

(ERP) back in 2004 and since then the ERP became out of date and is no longer useful to the District in the event of an emergency. The current ERP is a living document and can be modified as changes occur within the District.

Ms. Carlson commented, "It was a gift to have worked with Jack Moyer from AECOM." Mark Madison, General Manager, concurred with Ms. Carlson's statement.

Mr. Madison thanked Jeff Herron and the AECOM team for their hard work.

Lisa Medina, Associate Director, commented that she was impressed with the document and suggested that staff should have SIMS training and have "to go bags" ready. Ms. Medina then offered the resources she had.

MSC (Nelson/Sabin) to accept and file the 2016 Emergency Response Plan 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

6. Committee Meetings

Stefani Phillips, Board Secretary, presented the Infrastructure Committee Meeting that was held on February 9, 2016 to the Board.

Tom Nelson, Vice-Chairman, informed the Board that the Infrastructure Committee recommended \$1.5 million to pay down and shorten the bond debt.

Mark Madison, General Manager, thanked Jim Malberg, Finance Manager and Bruce Kamilos, Associate Civil Engineer for executing a logical strategy that evaluated the capital assets the District should maintain by breaking it out by two periods of time.

Chuck Dawson, Chairman, thanked the Infrastructure Committee for their involvement on refinancing the bonds. Mr. Dawson also thanked staff for their efforts and for the outline of information that was given to the Board. He also thanked staff for all their efforts for the entire CIP.

Mr. Madison, thanked Lisa Medina for her involvement at the Infrastructure Committee Meeting.

7. Refunding of Outstanding Water Revenue Certificates of Participation

Jim Malberg, Finance Manager, presented the Refunding of Outstanding Water Revenue Certificates of Participation to the Board.

Mr. Malberg introduced John Rottschaefter with Best Best & Krieger (BB&K) and Jonathan Ash with Citigroup Global Markets to the Board.

Mr. Malberg commented by locking in the rate of 3.6% with Capital One, the District will save \$257,000 per year.

Mark Madison, General Manager, inquired if the District is still locked and secure with Capital One. Mr. Malberg responded, yes.

Mr. Madison suggested Mr. Malberg to inform the Board on the timing of the events that will occur from now to the time this will close of the refinancing. Mr. Malberg responded that the District can only call Bonds on March 1st or September 1st of any given year with a minimum of a 30-day notice. September 1st is the first day the District is eligible to call the Bonds and

the District can only call the Bonds within 90-days. June 1st is the target date. Placement happens in early May and Capital One's rate runs out on June 8th.

Mr. Madison stated, "There is no down side here and this is an opportunity we should not miss."

Bob Gray, Director, inquired where the cost of transaction is being paid from. Mr. Malberg responded that the cost is being paid from the proceeds and there is no out of pocket expense for the District.

Chuck Dawson, Chairman, commented that this shows the commitment the District has of a solid business practice.

MSC (Sabin/Gray) to adopt Resolution No. 02.24.16.01 of the Board of Directors of the Florin Resource Conservation District Authorizing the Issuance and Sale of Water Revenue Refunding Bonds to Refinance Certain of its Outstanding Certificates of Participation, Authorizing Execution of a Supplemental Indenture of Trust, and Approval and Execution of Related Agreements and Official Actions 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

8. Elk Grove Water District Conservation Activities – January 2016

Ellen Carlson, Management Analyst, presented the Elk Grove Water District Conservation Activities – January 2016 to the Board. In summary, Service Area 1 reduced its water consumption by 20.04% in January in comparison to January 2013 usage. Service Area 2 reduced by 18.52% for the same period. The combined reduction for both service areas was 19.53%. The cumulative reduction since June 2015, now totals 35.24% which is significantly above the District's target of 28%.

Ms. Carlson commented that the State Water Resources Control Board has extended the emergency water conservation through October 2016 and effective immediately the Elk Grove Water District water conservation target has dropped from 28% to 25%.

Elliot Mulberg, Director, inquired if the District needs to change their restrictions considering the water conservation target has dropped 3%. Mr. Madison responded stating he is not recommending any changes to Stage 2 Plus and then stated it would be wise for the District to stay the course that it is on.

Chuck Dawson, Chairman, suggested that the District eliminate using Airborne Security since there was a 3% drop on the water conservation target. Ms. Carlson responded stating currently, we are only using staff and since the end of January, the contract between the District and Airborne Security has been exhausted.

Ms. Carlson explained to the Board the term drought exhaustion/fatigue.

9. Florin Resource Conservation District Conservation Activities – February 2016

There were no conservation meetings held for the month of February 2016.

Elliot Mulberg, Director, asked Ellen Carlson, Management Analyst, if she would look into the grant program PG&E offers for habitat conservation. He then asked if there are any projects the District can entertain and participate in. Mr. Madison responded, staff will look into this.

10. Elk Grove Water District Operations Report – January 2016

Mark Madison, General Manager, presented the Elk Grove Water District Operations Report – January 2016 to the Board.

Comments and inquiries included:

- 700 Door Hangers
- 75 Shut Offs
- 92 USA Locates
- 3 Pressure Complaints
- 1 Water Quality Complaint
- Distribution Crew
 - 1 Meter Installed at the Elk Grove Water District Administration Office
- 54 Hydrant Maintenance
- 131 Valve Exercising
- No Utility work orders due to the work that is being performed on the water main project on Colton Avenue/Orton Street – project is estimated to be completed within 1-2 weeks
- Monthly Production
 - Well 1D – ran a little
 - Well 4D – offline due to the motor being burnt up
 - Well 11D – ran a lot and carried the load for the month
 - Well 14D – ran a little
 - Well 3 – didn't run much only for sounding purposes
 - Well 8 – didn't run much only for sounding purposes
 - Well 9 – didn't run much only for sounding purposes
 - Well 13 – offline, working on Arsenic level
- Combined Total Production – down from last year and also 2013
- Total Demand/Production – down from last year and also 2013
- Static and Pumping levels – static water levels are up and the water tables are higher
- Water samples came back normal
- Preventative Maintenance Program is on track
- 15 outstanding delinquents for the Backflow Prevention Program
- 5 Safety Meetings for the month
- 0 Leaks for the month
- Pressure maps – smooth and constant pressure throughout the District due to Variable Frequency Drive (VFD)

Lisa Medina, Associate Director, inquired what the arsenic level is on Well 13. Mr. Madison responded stating when Well 13 was rehabilitated, the arsenic level was at a 2.5 and now staff has noticed from trend, that the more the District runs Well 13 the arsenic level goes up. He then stated the arsenic level reached up to a 5 or 6 and that's when the District decided to take Well 13 offline and to pull in consultants to figure out what is causing this issue.

A lengthy discussion occurred regarding Well 13.

11. Legislative Update

Ellen Carlson, Management Analyst, presented the Legislation Update to the Board. In summary, President Obama requested full funding of the Land and Water Conservation Fund (LWCF) as part of the 2017 budget proposal. Also significant is his proposal to make LWCF funding mandatory and permanently authorized.

Comments and inquiries include:

- S 2533 – brand new bill
- AB 938 – two year bill that is undergoing rehabilitation for author. This bill has been revised to say non-substantive. Staff will be following this bill
- AB 1463 – title has changed from, “Onsite recycled water” to “Onsite treated water”
- AB 1713 – met and talked about this bill on February 18th and has been referred to Water Parks and Wildlife
- AB 1738 – has been read and has been referred to Environmental Safety and Toxic Materials
- SB 814 – nothing to report but staff is watching carefully

12. Directors Comment

13. Closed Session

- a. CONFERENCE WITH LABOR NEGOTIATORS (Gov't. Code Section 54957.6)
Agency designated representatives: Mark J. Madison, General Manager
Unrepresented employees: All
- b. CONFERENCE WITH LABOR NEGOTIATORS (Gov't. Code Section 54957.6)
Agency designated representatives: Chuck Dawson
Unrepresented employees: General Manager

Nothing to report out of closed session.

2. Consent Calendar

- j. General Manager Bonus

MSC (Mulberg/Nelson) to approve a performance bonus for the General Manager in the amount of \$10,000 for the period of March 1, 2015 through February 29, 2016 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

Adjourn to a Regular Meeting on Wednesday, March 2, 2016 at 4:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary

SP/CR