

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

Wednesday, July 27, 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, Jeanne Sabin
 Directors Absent: None
 Staff Present: Mark J. Madison, General Manager; Stefani Phillips, Secretary; Bruce Kamilos, Assistant General Manager; Jim Malberg, Finance Manager; Donella Murrillo, Finance Supervisor
 Associate Directors Present: Davies Ononiwu, Lisa Medina, Mike Schmitz
 General Counsel Present: Ann Siprelle, Best Best & Krieger (BB&K)
 Consultants Present: Greg Young, Tully & Young

Public Comment

Ed Owen, Landowner, stated that the District should notify domestic well owners any public meetings and be transparent to developers regarding water supply.

1. Closed Session

- a. Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation – Gov't Code Section 54956.9(d)(2) (1case)
- b. Conference with Legal Counsel – Anticipate Litigation – Initiation of Litigation – Gov't Code Section 54956.9(d)(4) (1 case)

No reportable action was taken.

2. Proclamations and Announcements

- a. Mark Madison, General Manager, presented to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting and complemented Jim Malberg, Finance Manager, and Donella Murrillo, Finance Supervisor and other staff for a job well done.
- b. Recognition of Davies Ononiwu as Associate Board Director for his seven years of service (2009-2016), in light of his resignation.
- c. Stefani Phillips, Board Secretary, stated election information is available on the front page of the Elk Grove Water District website.

3. Consent Calendar

- d. Minutes of Regular Board Meeting – June 22, 2016
- e. FRCD Cash Flow Worksheet – June, 2016
- f. Warrants Paid – June, 2016
- g. Active Accounts – June, 2016
- h. Bond Covenant Status for FY 2015-16 – June, 2016
- i. Revenues and Expenses – Actual vs. Budget FY 2015-16 – June, 2016
- j. Cash Accounts – June, 2016
- k. Consultants Expenses – June, 2016
- l. Major Capital Improvement Projects – Budget vs. Actuals – June, 2016

Mr. Malberg updated item f to clarify the calculations and make it more transparent.

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

4. **Committee Meetings**

No committee meeting held in the month of July.

Elliot Mulberg, Director, called for a Florin Resource Conservation District (FRCD) Conservation Committee meeting to discuss activities the FRCD cannot pursue. He then stated he would like to prioritize activities the FRCD Conservation Committee would like to pursue. The Board agreed to have staff schedule the meeting.

Tom Nelson, Vice-Chairman, stated he would like to have a Planning Committee Meeting regarding the strategic plan update and would like to invite the candidates running for the election to attend that committee meeting. Mr. Madison suggested to bring back the item at the August Board Meeting to discuss whether or not to start the strategic plan update now or after the new Board is seated. The Board was in agreement to bring this item to the Regular Board Meeting in August for discussion.

5. **Florin Resource Conservation District Groundwater Sustainability Agency Filing**

Mr. Madison introduced and provided background on the Florin Resource Conservation District Groundwater Sustainability Agency Filing to the Board. Mr. Madison recommendation is to take no action to file to become a Groundwater Sustainability Agency (GSA).

Bruce Kamilos, Assistant General Manager provided his comments to the Board.

Staff recommended to the Board against filing to become a GSA for the Florin Resource Conservation District (FRCD) service area based on the following reasons:

- The cost of becoming a GSA will be significant. Although SGMA provides for the assessment of taxes to support the functions of GSA's, FRCD would incur initial costs before assessments could be levied. Initial costs would be on the order of \$90,000 (\$50,000 for a protest vote, and \$40,000 for a rate study). It is the FRCD's best interest to share the financial burden and risks with the other fifteen agencies and stakeholder groups that make up the SCGA.
- FRCD would have to sever its ties with the Elk Grove Water District (EGWD) if the FRCD filed to become a GSA. In the same way that FRCD has pointed out that SCWA has a conflict of interest service as SCGA's administrator while being the largest pumper of groundwater in the basin, FRCD would have a conflict of interest as the parent organization of the EGWD, a pumper of groundwater in the basin.
- FRCD prefers to work collaboratively and productively with the other water agencies and stakeholder group. Staff believes that the best decision and solutions will ultimately come from consensus building among the sixteen board members of SCGA. Those representing FRCD at SCGA will continue to press for the changes in SCGA it believes are in the best interests of FRCD's constituents, and the public at large.
- At the SCGA board meeting on July 13, 2016, SCGA approved a motion committing to a timetable to open up discussions to modify the joint powers agreement, including how SCGA should be staffed and administrated. This is an encouraging sign that the SCGA board members are open to making changes to the SCGA governance structure that will best serve the organization as a GSA, and the interests of the public.

Vice-Chairman Nelson provided his comments. He stated he is concerned of funding and charging landowners another fee.

Director Mulberg stated that the District is misguided and stated that the District should think about what is in the best interest of the residences. He sees EGWD as part of the FRCD and doesn't see a conflict.

Chuck Dawson, Chairman, supported staffs and Vice-Chairman Nelson input and does not feel it's in the best interest of the rate payers.

Bob Gray, Director, stated he finds it hard to justify exhausting the FRCD funds when the SCGA has a plan in place.

Vice-Chairman Nelson stated he does not feel it is worth it just for power leverage.

Jeanne Sabin, Director, inquired how long the District has been going to GSA meetings. Mr. Madison responded stating the District has been attending SCGA meetings for many years but has been attending the GSA meetings for 1.5 years.

Director Sabin inquired if all of the changes the District has requested, have any been approved. Vice-Chairman Nelson responded some have.

Director Sabin shared her concerns regarding giving up influence and cannot approve the General Managers recommendation.

Director Mulberg inquired how many people agreed with our position concerning votes. Vice-Chairman Nelson responded stating we haven't received much support from other board members on some of our positions.

Much discussion followed regarding becoming a GSA.

MSC (Mulberg/Gray) to take no action to file to become a groundwater sustainability agency for the Florin Resource Conservation District service area. 4/1: Ayes: Dawson, Gray, Mulberg, Nelson and Noes: Sabin.

6. Florin Resource Conservation District Conservation Activities Report

Mr. Madison presented the Florin Resource Conservation District Conservation Activities Report to the Board. In summary, most of the work for the month, regarding the FRCD, involved the potential formation of a GSA within the FRCD jurisdictional area. Staff also expended efforts to engage in the development of a groundwater bank and to acquire Proposition 1 grant funding for dry wells.

Director Mulberg inquired if groundwater banking will bring money to the FRCD. Mr. Madison responded stating no. Vice-Chairman Nelson responded stating the initial one no, but thereafter is a possibility.

Director Sabin inquired if the FRCD would need to match funds for the grant for groundwater recharge. Mr. Madison responded no and explained that Vice-Chairman Nelson and Associate Board Member Lisa Medina will be volunteering their time.

7. Water Usage Report

Mr. Madison presented the Water Usage Report to the Board. In summary, service area 1 reduced its waters consumption by 24.4% in June in comparison to June 2013 usage. Service area 2 reduced by 25.0% for the same period. The combined reduction for both service areas was 24.6%.

8. Elk Grove Water District Operations Report – June 2016

Mr. Madison presented the Elk Grove Water District Operations Report – June 2016 to the Board.

Comments and inquiries included:

- 341 Door Hangers
- 189 USA Locates
- Customer Complaints
 - 3 Pressure Complaints
 - 1 Water Quality Complaints
- 80 Hydrant Maintenance
- 144 Valve Exercising
- 0 Service line Replacements for the month – Crews working on the Railroad Avenue Corridor Pipeline project
- Monthly Production
 - Well 1D – no production for the month
 - Well 4D – big producer for the month
 - Well 11D – back online now
 - Well 14D – good producer for the month
 - Well 3 – didn't run much, producing milky water
 - Well 8 – good producer for the month
 - Well 9 – good producer for the month
 - Well 13 – offline, working on Arsenic level
- Combined Total Production – usage up from last year
- Total Demand/Production – usage up from last year
- Water samples came back normal
- Preventative Maintenance Program is on track
- 20 outstanding delinquents for the Backflow Prevention Program – kudos to Steve Shaw, Water Treatment Foreman and Aaron Hewitt, Water Treatment Operator III, for their tireless efforts in making the program effective
- 5 Safety Meetings for the month
- 3 Service line leaks for the month
- Pressure maps – Sample Station Area (SSA)1 and SSA2 are running within acceptable ranges

9. Banking and Payment Processing Services

Mr. Malberg presented the Banking and Payment Processing Services to the Board. In summary, staff issued a Request for Proposal (RFP) for banking services and/or payment processing services on May 17, 2016 with proposals due on June 16, 2016. Staff contacted sixteen different service providers and received six proposals. There were two rounds of proposal reviews. The purpose of the first review was to evaluate and score each proposal and verify that the firm understands the project, offers the desired services and has the required experience. The second review incorporated the cost which was also scored; lowest cost being the highest score and then added to arrive at the total score for each firm. After conducting the proposal reviews, Farmers & Merchants (F&M) Bank and Wells Fargo Bank were ranked as the top two and staff conducted interviews with both firms.

Mr. Malberg provided an example to the Board on how customers will benefit from online payments. He stated, currently, when a customer pays online through bill pay the bank mails a check and the District does not receive payment until 7-10 days after the request was submitted. By the District changing banks, this process will now go through Automated Clearing House (ACH), and will be electronically applied to the customer's account.

MSC (Mulberg/Sabin) to authorize the General Manager to execute a Professional Services Agreement with Farmers and Merchants Bank to provide banking and payment processing services for the District 5/0: Ayes: Dawson, Gray, Mulberg, Nelson and Sabin.

10. California Special Districts Association Board of Directors 2016 Election

Ms. Phillips presented the California Special Districts Association Board of Directors 2016 Election to the Board. In summary, the California Special Districts Association (CSDA) distributed ballots for the CSDA Board of Directions 2016 Election. The FRCD Board of Directors are allowed to nominate one of the three candidates for the Sierra Network, Seat B.

Director Mulberg nominated Gil Albiani from Cosumnes Community Services District.

Director Gray supported Director Mulberg's nomination.

Vice-Chairman Nelson also agreed with Director Mulberg's nomination but also nominated Paul Green Jr. from Rio Linda-Elverta Community Water District.

All three Associate Directors agreed with Directors Mulberg's nomination of Gil Albiani.

MSC (Sabin/Mulberg) to nominate Gil Albiani as a representative to the California Special Districts Association Board of Directors for the Sierra Network, Seat B 5/0: Ayes: Dawson, Gray, Mulberg, Nelson and Sabin.

11. Elk Grove Water District Fiscal Year 2015-16 Quarterly Operating Budget Status Report

Mr. Malberg presented the Elk Grove Water District Fiscal Year 2015-16 Quarterly Operating Budget Status Report to the Board. In summary, preliminary numbers show the District at a positive of \$5.8M.

Some highlights include:

- Revenues - 98.70%
- Total Operating Expenses – 89.20%
- Salaries & Benefits – 105.74% a little high based on board action taken in March

12. Elk Grove Water District Fiscal Year 2015-16 Quarterly Capital Reserve Status Report

Mr. Malberg presented the Elk Grove Water District Fiscal Year 2015-16 Quarterly Capital Reserve Status Report to the Board. In summary, through June 30, 2016, the District spent \$1,171,996 on capital projects leaving a remaining total reserve balance at June 30, 2016 of \$10,328,004.

13. General Manager's Report

Mr. Madison presented the General Manager's Report to the Board. He went through the lists of FRCD activities and EGWD activities.

14. Consideration of Board Member Sabin's Request for a Five-Month Leave of Absence

Ann Siprelle, BBK Legal Counsel, presented the Consideration of Board Member Sabin's Request for a Five-Month Leave of Absence to the Board. In summary, Director Sabin will be absent from the FRCD Board of Directors between October 2016 and February 2017. Both state law and the FRCD Board By-laws provide that a vacancy occurs when a board member fails to attend board meetings for three consecutive calendar months, unless excused. Director Sabin wished to retain her position on the Board and is requesting the Board to consider approving an excused leave of absence.

Director Mulberg inquired what would happen at six months if Director Sabin does not return.

Chairman Dawson stated he supports Director Sabin's leave of absence.

Director Gray disagreed with the request for leave of absence.

MSC (Dawson/Nelson) to accept Director Jeanne Sabin's request for approval of a five-month leave of absence from the Florin Resource Conservation District Board of Directors, from October 2016 through February 2017 3/1: Ayes: Dawson, Mulberg, Nelson and Noes: Gray

15. Directors Comments and Information

Chairman Dawson stated he was pleased with the input and how the District handled themselves with the idea of becoming a GSA. He then thanked staff, associates, and all for their efforts, and input.

Mr. Madison thanked Vice-Chairman Nelson for all of his time spent working on the GSA.

Adjourn to Regular Meeting on Wednesday, August 24, 2016 at 6:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary

SP/CR