

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

Wednesday, June 21, 2017

The regular meeting of the Florin Resource Conservation District Board of Directors was called to order at 6:30 p.m. by Tom Nelson, Chairperson, at 9257 Elk Grove Blvd., Elk Grove, CA.

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

Directors Present: Bob Gray, Lisa Medina, Tom Nelson, Sophia Scherman, Jeanne Sabin
 Directors Absent: None
 Staff Present: Mark J. Madison, General Manager; Bruce Kamilos, Assistant General Manager; Stefani Phillips, Board Secretary/Human Resources Administrator; Jim Malberg, Treasurer/Finance Manager; Donella Murillo, Finance Supervisor; Sarah Jones, Program Manager
 Associate Directors Present: Shahid Chaudhry
 Associate Directors Absent: Kenneth Strom
 General Counsel Present: Ruthann Ziegler, Meyers Nave
 Consultants Present: None

Public Comment

None

1. Proclamations and Announcements

None

2. Consent Calendar

- a. Minutes of the Regular Board Meeting of May 17, 2017
- b. Minutes of the Special Meeting of May 24, 2017
- c. FRCD Cash Flow Worksheet – May, 2017
- d. Warrants Paid – May, 2017
- e. Active Accounts – May, 2017
- f. Bond Covenant Status for FY 2016-17 – May, 2017
- g. Revenues and Expenses – Actual vs Budget FY 2016-17 – May, 2017
- h. Cash Accounts – May, 2017
- i. Consultants Expenses – May, 2017
- j. Major Capital Improvement Projects – May, 2017

Chairperson Tom Nelson pulled item d, Warrants Paid – May 2017, from the consent calendar.

MSC (Sabin/Scherman) to approve FRCD Consent Calendar items a – c, e – j. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

A discussion occurred regarding item d.

Chairperson Nelson inquired why the amounts for check numbers 044558-044560 were so high. Jim Malberg, Finance Manager, responded stating that the District was billing the accounts incorrectly, in this case it was for the wrong meter size.

A discussion regarding the methodology of reimbursement of customer payment continued.

Mark Madison, General Manager, responded stating that the statute of limitation is three (3) years and the District goes back four (4) years.

Director Sophia Scherman inquired why the District reimburses back four (4) years. Mr. Madison responded stating that he was not here when the policy went into effect. Chairperson Nelson responded stating that the thought was that it is not the customers fault and in some cases incorrect payment history goes back further than the statute of limitations, so to be more fair, the Board decided to authorize reimbursement back four (4) years.

Vice-Chairperson Bob Gray inquired what the policy is on underpayment and how far back does the District pay. Mr. Madison responded stating he does not think that the policy covers that. A discussion on this matter continued.

Ruthann Ziegler, General Counsel, stated that the District can go back three (3) years.

Director Sophia Scherman commented that she would like to have this matter agendized at a later date.

Mr. Madison and Vice-Chairperson Gray commented that this item could dove-tail into the Water Rate Study.

MSC (Sabin/Medina) to approve FRCD Consent Calendar item d. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

3. Florin Resource Conservation District Associate Director Appointments

Stefani Phillips, Board Secretary, presented the Florin Resource Conservation District Associate Director Appointments to the Board. In summary, the District received two (2) applications with the required applicant documents. Applications and associated documentation were received from Shahid Chaudhry and Kenneth Strom, who both have a background of depth in areas applicable for serving the Florin Resource Conservation District (FRCD) and Elk Grove Water District (EGWD).

Mr. Madison asked Chairperson Nelson to have Mr. Chaudhry tell the Board a little about himself. Mr. Chaudhry explained that he really enjoys participating in open forums with his peers and board meetings because of the learning experiences.

Director Scherman asked Mr. Chaundry what he hopes to bring help the FRCD. Mr. Chaundry responded stating it depends on what the Board wants to get out of me.

Mr. Madison welcomed Mr. Chaundry to the team and commented that he is very excited as to what he can bring to the table.

MSC (Scherman/Medina) to confirm the appointments of Shahid Chaudhry and Kenneth Strom as Associate Directors to the Florin Resource Conservation District Board of Directors. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

4. Committee Meetings

There were no committee meetings held for the month of May.

5. Florin Resource Conservation District Conservation Activities Report

Sarah Jones, Program Manager, presented the Florin Resource Conservation District Conservation Activities Report to the Board. In summary, Chairperson Nelson, Director Jeanne Sabin and Ms. Jones attended the Student and Landowner Education and Watershed Stewardship (SLEWS) Program Academy May 22 through May 24, 2017, and learn skills to implement a successful SLEWS program. The FRCD is now an official SLEWS Program Affiliate.

Ms. Jones stated that the District developed the following program:

1. Bringing on high school students and going to agriculture land and performing restoration work
 - a. The restoration work will consist of two (2) rounds of projects and approximately eight (8) field days
 - b. Series of workshops with the Elk Grove Community Gardens

Ms. Jones stated that the funding we received for the program does not cover food and the District is looking for sponsors who would need to cover morning and afternoon snacks and lunches for approximately 30 students for eight (8) field days.

6. Water Usage and Conservation Report

Ms. Jones presented the Water Usage and Conservation Report to the Board. In summary, service area 1 water consumption reduced 20.29 % in May in comparison to May 2013 usage. Service area 2 reduced by 44.38% compared to May 2013. The combined reduction for both service areas is 28.39% for May 2017.

Ms. Jones stated that the Regional Water Authority (RWA) has been actively working to shape legislation related to long-term water efficiency and drought preparation.

7. Elk Grove Water District Operations Report – May 2017

Mr. Madison presented the Elk Grove Water District Operations Report – May 2017 to the Board.

Summary Points:

- Door tags and shutoffs remained at the normal level for the month of May.
- The District has continued to do a lot of hydrant maintenance and valve exercising.
- The District had three (3) pressure complaints and all are unconfirmed for the month of May.
- The District had four (4) water quality complaints. These complaints were not confirmed or deemed to be valid.
- Well 1D is down – the pump for the well is being rebuilt and the well needs rehab.
- Wells 4D, 11D and 3 were the main sources of supply for Service Area 1. Well 9 was also operated a fair amount as well.
- Well 13 is ready to go online, but there is a SCADA communication problem that needs to be fixed.
- Total production for Service Area 1 doubled from April and is way up compared to May of last year.
- Total customer usage for EGWD (SA1 and SA2) still remained down compared to May of 2013 at about 28.4%.
- There are no new static and pumping water level data. The data shown are the 2nd quarter measurements.

- There have been no problems with water quality or regulatory compliance.
- All preventative maintenance activities have been performed in compliance with the District's Standard Operating Procedures. Ran a semi-load test on the RRWTP generator.
- The District's domestic service backflow prevention program is working well and there are only 12 delinquent customers at the end of May. Only 4 of those remain as of today.
- The District had 5 formal safety meetings and it has been 489 days since a reportable injury.
- There were no service lines replaced during the month of May. In the month of May, the Utility crew worked on the Fiber Optic Line Project.
- There was 1 main line leak and 4 service line leaks.
- Pressures in both Service Areas 1 and 2 dropped a little but not noticeably. This is probably due to the increased demand. The County has dropped the Service Area 2 pressure and they tend to do this every summer to conserve water. These changes have not resulted in any pressure complaints.

A discussion occurred regarding how the District handles water complaints related to water softeners. Mr. Madison stated that the District is looking into getting educated on how water softeners affect water quality and will be providing training for the water operators.

Mr. Chaudhry suggested to publicize information about water softeners in a bill insert or the Water Drop, to educate the customers.

Director Scherman applauded Ms. Jones, Program Manager, for working to improve the Safety Program.

8. Florin Resource Conservation District Fiscal Year 2017-18 Budget

Jim Malberg, Finance Manager/Treasurer, presented the Florin Resource Conservation District Fiscal Year 2017-18 Budget. In summary, the proposed revenues for the FY 2017-18 budget are projected to be \$46,234, which includes grant revenues of \$46,209. The total expenditures for the FY 2017-18 budget are \$60,383. The total fund balance for the FRCD is expected to decrease from \$47,339 to \$33,190.

MSC (Sabin/Medina) to adopt Resolution No. 06.21.17.01 approving the Florin Resource Conservation District Fiscal Year 2017-18 Budget. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

9. Elk Grove Water District Fiscal Year 2018-22 Capital Improvement Program

Bruce Kamilos, Assistant General Manager, presented the Elk Grove Water District Fiscal Year 2018-22 Capital Improvement Program (CIP). In summary, District staff presented the FY 2018-22 CIP to the Infrastructure Committee on April 18, 2017. Comments and recommendations from that meeting have been incorporated into the final version of the FY 2018-22 CIP.

Mr. Madison complimented Mr. Kamilos on his continued efforts with the CIP.

Ms. Scherman stated a concern she has for the old town business community regarding the Elk Grove Blvd. Water Main Project that is scheduled for 2019. She inquired if that project could wait that long. She stated since most of the businesses are owned by absentee owners, she had a concern that there may be leaks that go unreported. Mr. Kamilos stated that the

meter readers are able to detect whether there may be leaks based on the meter reading and by visually identifying potential leaks to see if water is radiating to ground.

MSC (Scherman/Medina) to adopt Resolution No. 06.21.17.02 approving the Elk Grove Water District Fiscal Year 2018-22 Capital Improvement Program and approving an appropriation of \$1,506,000 from designated reserve funds to the Fiscal Year 2017-18 Capital Improvement Program budget. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

10. Elk Grove Water District Fiscal Year 2017-18 Operating Budget

Mr. Malberg presented the Elk Grove Water District Fiscal Year 2017-18 Operating Budget. In summary, the proposed revenues for the FY 2017-18 budget are projected to be approximately \$14.294 million and the total expenditures are projected to be approximately \$14.298 million, which includes deposits into the Repair and Replacement and Long-Term Capital Improvement Reserves of approximately \$1.70 million. The projected expenditures in excess of revenues are approximately \$3,955 which will be contributed from reserve funds. The budget includes a revenue adjustment of 3% starting in January 2018.

MSC (Sabin/Scherman) to adopt Resolution No. 06.21.17.03 approving the Elk Grove Water District Fiscal Year 2017-18 Operating Budget. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

11. Investment Policy Guidelines Fiscal Year 2017-18

Mr. Malberg presented the Investment Policy Guidelines Fiscal Year 2017-18. As a formality, the Investment Policy Guidelines must be adopted on an annual basis. No changes were made to the policy for FY 2017-18.

Mr. Madison complimented Mr. Malberg for managing the Districts investments in such a way that significantly increased interest earnings without increasing risk.

MSC (Sabin/Scherman) to adopt Resolution No. 06.21.17.04 approving the Fiscal Year 2017-18 Investment Policy Guidelines of the Florin Resource Conservation District. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

12. Meeting Room and Information Technology Building Project – Rejection of Bids

Mr. Kamilos presented the Meeting Room and Information Technology Building Project – Rejection of Bids. In summary, The Meeting Room and Information Technology Building (Meeting & I.T. Building) project proposes to construct a 1,550 square-foot building that would include a large meeting and training room for operations staff, two (2) office spaces for operations supervisors, and a facility to centralize the District's information technology equipment and operations. The project was publicly noticed on May 10, 2017 in compliance with District Policy No. 8, District Bidding Policy and Procedure for Public Works Construction Contracts. Only one (1) bid was received and opened on June 1, 2017. The bid was received from Bobo Construction in the amount of \$764,420. The planned budget for this project, in the proposed FY 2018-22 Capital Improvement Budget Project is \$300,000. Mr. Kamilos stated that he would like to rebid this project in the Fall.

Director Lisa Medina inquired if the planned budget for the project was set as a minimum of \$300,000. Mr. Kamilos replied that based on the development climate right now, \$300,000 may be a little low. He stated that the District will need to reevaluate before we go out to bid again.

Director Jeanne Sabin inquired if staff will be alright with pushing the project out further. Mr. Kamilos responded stating that he would like to see the project get started sooner rather than later. The Utility Department is currently in temporary housing and it is not the best of situations. Ms. Sabin inquired if we could bring them a larger temporary structure. The Board concurred. A discussion regarding a larger temporary structure continued. Mr. Madison stated staff would look into it.

MSC (Medina/Scherman) to approve a motion rejecting all bids for the Meeting and Information Technology Building project and directing staff to rebid the project. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

13. Association of California Water Agencies Region 4 Board Nominations for the 2018-2019 Term

Ms. Phillips presented the Association of California Water Agencies Region 4 Board Nominations for the 2018-2019 Term.

The Board held a brief discussion and no action was taken.

14. Legislative Update

Ms. Jones presented the Legislative Update. In summary, the Association of California Water Agency (ACWA) Board of Directors adopted a strong policy statement urging the State Water Resources Control Board (SWRCB) to set aside its problematic “unimpaired flow” approach to setting new water quality objectives in the Bay-Delta watershed. ACWA believes the state’s policy on flows should embrace a collaborative, comprehensive approach that protects and promotes both water supply reliability and ecosystem health. To demonstrate the broadest support possible for ACWA’s policy statement on Bay-Delta Flow Requirements, ACWA is requesting our members to adopt a resolution or letter of support. In addition, per the request of the Board to receive updates regarding AB 166, (household filtration systems: rebate program), the bill requires the SWRCD Board to conduct a feasibility and financial stability study regarding a rebate program that would provide a household that is served by a water system that does not meet primary drinking water standards with a rebate for the purchase of a household water filtration system.

MSC (Medina/Gray) to approve the submittal letter of support for the Association of California Water Agency Policy Statement in regards to the 2016 Bay-Delta Plan and Bay-Delta Flow Requirements. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

15. Directors Comments and Information

Director Scherman reported on the LAFCO meeting she attended. She asked Ms. Jones if she could check into SB 448 and AB 464 to see if they apply to the District. Mr. Madison commented that he will have Ms. Jones report at the next board meeting if it the bills are related to the District and will have her email Ms. Scherman.

Director Scherman also mentioned that there is an upcoming commission selection for LAFCO Seat 7. She stated that Gaye Jones, Sacramento Metropolitan Fire District, seat will be up for election. Mr. Madison stated he would be happy to attend the next LAFCO meeting with Ms. Scherman.

Vice-Chairperson Bob Gray suggested that the District expedite installing the gate at the Railroad Treatment Facility for emergency access based on recent events. Mr. Madison briefly shared that at the Elk Grove Brew Fest, District staff were prohibited at one point

from accessing the Railroad Treatment Facility. Mr. Madison stated that Ruthann Zeigler, Meyers Nave, is currently working with John Hobbs, the Attorney for the City of Elk Grove to develop a license for egress, which will provide authorization of 24/7, and 365 day access. Mr. Madison stated that he would discuss with Mr. Kamilos advancing the gate installation.

Chairperson Tom Nelson commented on the I.T. Report, stating that it will come back classified. He stated that the information contained in the report is confidential due to potential vulnerabilities contained in the computer systems. Mr. Madison added that it is formally a vulnerability assessment and therefore exempt from the Freedom of Information Act. Chairperson Nelson stated that he would like to have a closed session agendized for July to discuss what was contained in the report.

Chairperson Nelson announced to the Board that Jim Malberg, Finance Manager, has resigned with the District to take a position with the City of Capitola. Mr. Malberg was recognized for his efforts with the bond refinancing, maintaining the reserve accounts, and dramatically furthering the investment portfolio of the District. Mr. Madison complimented Mr. Malberg stating "Jim is the most ethically ethical person he has worked with." Mr. Madison stated that Mr. Malberg has kept the District stable and that he has confidence in him. He thanked Mr. Malberg for his service with the District. Mr. Malberg stated that he enjoyed his time working at the District and that he would miss everyone.

Mr. Madison commented that during the interim, the District has obtained two different individuals who will work together to complete the duties of the Finance Manager. Additionally, the search for a Finance Manager is being handled by CPS HR Consulting.

Adjourn to regular meeting on July 19, 2017 at 6:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary

SP/CR