

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

Wednesday, May 24, 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, Human Resources Administrator; Jim Malberg, Finance Manager; Donella Murillo, Finance Supervisor; Sarah Jones, Program Manager
Associate Directors Present: None
General Counsel Present: Nick Norvell, Meyers Nave
Consultants Present: None

Public Comment

No comments were made.

Sophia Scherman, Director, requested a moment of silence for the Manchester families.

1. Professional Services Agreement for Legal Services

Mark Madison, General Manager, presented the Professional Services Agreement for Legal Services to the Board. In summary, Mr. Madison was directed by the Board to solicit proposals from selected legal firms, which would provide legal services to the Florin Resource Conservation District (FRCD) and the Elk Grove Water District (EGWD). Nine firms were solicited and five firms submitted proposals for this work. The Professional Services Selection Panel (PSSP) reviewed the proposals and interviewed the top two firms.

Mr. Madison commented that Meyers Nave provided the District with two (2) options associated with compensation and reimbursement:

- Option 1 is a flat rate for all attorneys, excluding public finance and complex litigation, of \$265.00 per hour.
- Option 2 provides services at the following hourly rates:

○ General Counsel (Ruthann Ziegler)	\$300.00
○ Assistant General Counsel (Nick Norvell)	\$240.00
○ Paralegals	\$165.00

Mr. Madison recommended the Board go with Option 1.

Director Scherman commented that the first sentence under the Professional Services Agreement (PSA), on page 6, section A, under the Appointment of General Counsel section, is not very clear. It was agreed to add a comma after the word serve and the sentence should read as follows:

Ruthann G. Ziegler is hereby designated and appointed as General Counsel of the District and shall serve, and Meyers Nave be compensated as provided by this Agreement.

MSC (Scherman/Sabin) to approve a motion authorizing the General Manager to execute a Professional Services Agreement (with revisions) between the Florin Resource Conservation District and Meyers Nave, for legal services to be provided to the Florin Resource Conservation District and Elk Grove Water District. 5/0: Ayes: Gray, Medina, Nelson, Sabin and Scherman.

The PSA was signed and executed and Nick Norvell from Meyers Nave took seat at the table as General Counsel.

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

Jim Malberg, Finance Manager, presented the Draft Fiscal Year 2017-18 Elk Grove Water District Operating Budget to the Board.

Mr. Malberg presented the changes made to the draft Operating Budget since the May 3rd meeting:

Salaries & Benefits – Increased \$32,500

- FY 2017-18 COLA is 2.73% (increase of \$6,549 from estimate)
- Internship Program increased \$15,000
- EGWD Health Saving Account (HSA) Contribution increased \$15,000
- Other Post-Employment Benefits (OPEB) payment reduced by \$4,049

Office & Operational – Increased \$14,600

- Purchase Water – increased \$17,764
 - Sacramento County Water Agency (SCWA) estimate increase 3.8%
- Contracted Services increased \$25,000
 - Water Shortage Contingency Plan
- Capitalized Labor Increased \$947
- District Revenues in Excess of Expenditures
 - Decreased \$88,917

Mr. Malberg commented with the changes made to the draft Operating Budget, \$11,000 in the red. With that being said, there are two options:

- Option 1, pull from reserves
- Option 2, have a discussion on what line items in the Operating Budget can be reduced

Bob Gray, Vice-chairperson, commented to take it out of reserves.

A discussion regarding the new rate study occurred. Mr. Madison commented that the use of the reserves monies will be discussed throughout the update of the new rate study.

Tom Nelson, Chairperson suggested to change the amounts of the projects within the Capital Improvement Plan (CIP).

Vice-chairperson Gray commented that the District will need to make a profit (operating revenue in excess of operating expenses) in order to meet the bond debt service covenant of 1.15 coverage (which is equivalent to 15 percent).

Mr. Madison suggested to revisit the Reserve Policy at a later date.

Jeanne Sabin, Director, suggested changing the Reserve Policy operational days from 120 to 180 days for 1-3 years to see how the reserves will respond to this strategy.

A discussion continued regarding options to reduce the reserves.

Mr. Madison stated three (3) options for the Board to consider to reduce the District's reserves:

- Spend it
- Pay down the principal
- Refund the customers

Mr. Malberg commented once the rate study is underway, the model can show options for different scenarios.

Vice-chairperson Gray pointed out some typos on page 5, second paragraph, of the document. Staff will revise the document.

Chairperson Nelson inquired what lead to the amount budgeted for travel for the Board members. Mr. Madison responded stating the amount is higher this upcoming fiscal year due to Chairperson Nelson not attending the spring 2017 ACWA Conference.

Chairperson Nelson recommended to put a placeholder into the Operating Budget for the recommended changes from the IT Study. Mr. Madison suggested to follow through with the study and wait for the results and see if the District needs to amend the budget. It was agreed that the District can budget accordingly at a later date.

Director Sabin inquired what types of interns the District is looking for. Mr. Madison responded saying the District does not know the type of intern they are looking for. Mr. Madison stated that staff needs to have more discussions on this topic. Lisa Medina, Director, commented to agendize this item in the future. Mr. Madison suggested to have this item come back to the Board in July.

Director Scherman inquired if the last bullet point on page 4, regarding Grants or Special Funding is accurate. Mr. Madison responded providing background and stating that the comment in the document is a true statement.

Vice-chairperson Gray inquired what is included in billing services on page 3. Mr. Malberg responded stating it is the non-postage portion of the District cost for billing our customers, which includes all supplies provided by the vendor.

A discussion occurred regarding e-billing and how the service will be launched. Mr. Gray commented on a need for a better host server for the e-billing service.

Mr. Madison discussed the nine (9) top key objectives with the Board.

Mr. Madison responded to Vice-chairperson Gray's request to look into paperless billing and electronic payments (ACH) and suggested to add as an objective under the Finance department on page 44.

Director Scherman complimented on how easy the Operating Budget was to read.

The Board agreed that the third Finance Committee meeting is not needed.

Adjourn to the Regular Board Meeting on June 21, 2017 at 6:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary

SP/CR