

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

Wednesday, July 29, 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 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; Donella Murrillo, Finance Supervisor; Stefani Phillips, Secretary; Bruce Kamilos, Associate Civil Engineer; Ellen Carlson, Management
Associate Directors Present: Mike Schmitz and Davies Ononiwu
Consultants Present: Ann Siprelle, Best Best & Krieger (BB&K)

Public Comment

No comments were made.

1. Proclamations and Announcements

Recognition for the 5th consecutive year for the Government Finance Officer Association Certificate of Achievement for Excellence in Financial Reporting.

Mark J. Madison, General Manager, complimented Jim Malberg, Finance Manager; Donella Murillo, Finance Supervisor, Hossein Golstan, Consultant; Robert Merritt, Consultant; and staff for their efforts.

Tom Nelson, Vice-Chairman, commented, "It speaks well of the Finance Department."

Chuck Dawson, Chairman, commended the Finance Department and staff for their team effort.

2. Consent Calendar

- a. Minutes of the Regular Board Meeting of June 24, 2015
- b. FRCD Cash Flow Worksheet – June, 2015
- c. Warrants Paid – June, 2015
- d. Active Accounts – June, 2015
- e. Bond Covenant Status for FY 2014-15 – June, 2015
- f. Revenues and Expenses – Actual vs Budget FY 2014-15 – June, 2015
- g. Cash Accounts – June, 2015
- h. Consultants Expenses – June, 2015

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

3. Committee Meetings

- a. Finance Committee Meeting – June 12, 2015
- b. Infrastructure Committee Meeting – July 15, 2015

MSC (Nelson/Dawson) to accept Committee Meetings items a-b 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

4. Florin Resource Conservation District Conservation Activities – July 2015

Ellen Carlson, Management Analyst, presented the Florin Resource Conservation District Conservation Activities to the Board of Directors. Ms. Carlson received a thank you note from the two students the FRCD sponsored to go to Range Camp and passed the note to the FRCD Board of Directors. Ms. Carlson then spoke on the Brunch with Bird event that is scheduled for November 14, 2015, and stated the attendance to the event is by invitation only.

5. Elk Grove Water District Conservation Activities

Ellen Carlson, Management Analyst, presented the Elk Grove Water District Conservation Activities to the Board of Directors. In summary, Elk Grove Water District (EGWD) achieved a water savings of 40.4% in the month of June in comparison to June 2013. Ms. Carlson stated there were 675 water waste citations issued for the month of June for excessive runoff or for watering on the wrong day. She stated there are some customers that have reached their third violation and EGWD will be hosting a Be Water Smart School on August 12, 2015 from 6:00 to 7:00PM in the EGWD conference room for those customers.

Mark J. Madison, General Manager, informed the FRCD Board of Directors that EGWD will be increasing their enforcement by hiring an outside firm to help with patrols.

Mr. Madison complimented the CSD on their water savings.

Jeanne Sabin, Director suggested on sending a letter thanking the CSD for their water savings. Mr. Madison will draft the letter and will have Chairman Chuck Dawson sign the letter.

Chuck Dawson, Chairman, complimented the community on their water conservation.

Mr. Madison stated attachment #1 to the EGWD Conservation Activities will change slightly in the month of August by only showing the cumulative reduction percentage starting in June (January through May will be removed).

6. Elk Grove Water District Operations Report – June 2015

Mark J. Madison, General Manager, presented the highlights of the Operations Report – June, 2015:

- Door Hangers and Shut Offs - same as the month of May
- Water Quality – nothing substantive
- Distribution Work Orders
 - 37 Hydrant Maintenance
- Utility Work Orders
 - 0 Service Line Replacements – Utility crew was working on the Railroad Corridor Pipeline project
 - Corrective Maintenance – 825.5 hours due to the Utility crew working on the Railroad Corridor Pipeline project
- Well Production
 - Well 1D – no relative change from the past month
 - Well 4D – way down from the previous month
 - Well 11D – up from the last month
 - Well 14D – up from the last month
 - Well 3 – no relative change from the past month, motor temperature is running hot and will be overhauled
 - Well 8 – the district is not running right now as it has sand problems

- Well 9 – ran 24/7 for the month
- Well 13 – it's running
- Combined Total Production - production is down from 2013
- Total Demand/Production – numbers are down from 2013
- Static and Pumping levels – there is no new data for the month
- Sampling
 - Samples were normal for the month of June
 - There was a sampling problem for the month of May. There was a total of 5 hits of Coliform detected and all resamples came back negative. Notices to customers will be distributed in the customers August billing.
 - There was much discussion on having the notice written in Spanish for the EGWD customers
- All preventative maintenance activities were performed on time and per the standard operating procedure (SOP)
- Backflow Prevention Program
 - 11 outstanding delinquent notices
- 5 Safety Meeting for the month
- 0 Service Line Replacements
- Leaks
 - 5 Service Line leaks due to pinholes
 - 1 Main Line leak due to shear break
- Pressure – same as the previous month

7. Automatic Meter Reading/Advanced Meter Infrastructure Feasibility Study

Bruce Kamilos, Associate Civil Engineer, presented the Automatic Meter Reading/Advanced Meter Infrastructure Feasibility Study to the Board of Directors. In summary, EGWD hired MC Engineering to conduct an Automatic Meter Reading/Advanced Meter Infrastructure (AMR/AMI) feasibility study to determine if EGWD should move forward with an AMR or AMI system and it was agreed by the Infrastructure Committee that EGWD should not proceed with the AMR or AMI system.

The Infrastructure Committee recommended that EGWD revisit AMI in two years. Mr. Kamilos stated maybe the State will mandate an AMI system within the two years.

Elliot Mulberg, Director, inquired what is the cost to the District to do AMR or AMI. Bob Gray, Director, responded \$3,150,000.00.

Mr. Mulberg inquired if there were any federal or state level legislation providing grant funding. Mr. Kamilos responded stating he did not know of any legislation at the moment, but Golden Hills CSD Water District was able to obtain a \$250,000 grant to pay for their AMI system.

Mark J. Madison, General Manager, commented that he has been in contact with Regional Water Authority (RWA) requesting them to notify him of any future AMI grant opportunities.

MSC (Mulberg/Nelson) to accept and file the Automatic Meter Reading/Advanced Meter Infrastructure Feasibility Study Report 5/0: Ayes: Dawson, Gray, Mulberg, Nelson, and Sabin.

8. Elk Grove Water District Fiscal Year 2014-15 Quarterly Operating Budget Status Report

Jim Malberg, Finance Manager, presented the Elk Grove Water District Fiscal Year 2014-15 Quarterly Operating Budget Status Report to the Board of Directors. In summary, the report is to keep the Board and the public informed on the financial status of the Elk Grove Water District. The information presented is unaudited for the fourth quarter and will be brought back to the FRCD Board of Directors once they are finalized.

Elliot Mulberg, Director, inquired if it would save time to not report on a quarterly basis since this is reported monthly. Mr. Malberg responded stating it is a Best Business Practice to present the Quarterly Operating Budget on a quarterly basis.

9. Elk Grove Water District Fiscal Year 2014-15 Quarterly Reserve Status Report

Jim Malberg, Finance Manager, presented the Elk Grove Water District FY 2014-15 Quarterly Reserve Status Report for the fourth quarter to the Board of Directors. In summary, this report is to keep the Board and the public informed on the status of the Elk Grove Water District Reserve Funds utilized, notably for the FY 2014-15 Capital Improvement Program (CIP). Mr. Malberg explained that he doesn't expect the numbers to change other than capitalizing labor costs.

10. Legal Opinion – Florin Resource Conservation District Administrative Fee

Mark Madison, General Manager, gave background on the Legal Opinion Florin Resource Conservation District (FRCD) Administrative Fee and then turned it over to Ann Siprelle, General Counsel. In summary, the FRCD Board of Directors requested a legal opinion on whether the FRCD may charge an administrative fee to the Elk Grove Water District.

Ms. Siprelle provided to FRCD Board of Directors with three recent cases with Water Districts charging Administrative Fees.

Elliot Mulberg, Director, inquired if the FRCD can charge for indirect costs (i.e. depreciation, infrastructure, and etc.). Bob Gray, Director, responded stating that the costs are being paid for by the water rates.

Mr. Mulberg inquired how the FRCD accounts for depreciation. Jim Malberg, Finance Manager responded stating that depreciation is allocated for the EGWD budget. He stated funds are put into the reserves for capital and put back in repair and replacement of infrastructure or for new capital projects. Mr. Malberg stated that ultimately it is coming from water rate revenue.

Mr. Mulberg inquired how the water districts has no legal standing but the FRCD does. He then inquired who owns water district facilities, well sites, vehicles and etc. Ms. Siprelle responded stating FRCD owns all of it, but it was paid for using the water rates. She then stated that water rate revenues may not cover anything but water services.

Mr. Mulberg stated that there seems to be an accounting issue. Ms. Siprelle commented that you cannot use the money for something other than water service or it would be subject to challenge.

Jeanne Sabin, Director, questioned indirect costs and a discussion amongst the board members, EGWD Staff and general counsel occurred.

Mr. Mulberg inquired what the definition of legal standing was and then he proceeded to ask what the FRCD can do that the EGWD can't do. Ms. Siprelle responded the EGWD is not a separate entity and does not have its own independent powers. She stated FRCD holds the power over the EGWD.

Ms. Sabin inquired what the insurance coverage was for the FRCD boundaries. Mr. Madison responded stating the liability insurance covers all of the FRCD boundaries.

Bob Gray, Director, inquired if there is currently a need for the FRCD. Tom Nelson, Vice-Chairman, responded, yes. Mr. Mulberg commented that the Conservation Committee is trying to get a needs assessment done to determine what the needs are in the FRCD.

There was a discussion on what legal standing EGWD has and Mr. Madison stated that the FRCD is protected against any liability.

11. Potential Restriction of the Florin Resource Conservation District Activities

Mark J. Madison, General Manager, introduced the Potential Restriction of the Florin Resource Conservation District Activities to the Board of Directors and then turned it over to Vice-Chairman, Tom Nelson.

Mr. Nelson talked about an idea to restrict all activities of the FRCD to water related efforts only.

Elliot Mulberg, Director, commented if the District does a water project in Laguna, which is not east of Highway 99, then based on what Ms. Siprelle said EGWD funding would not be appropriate.

Chuck Dawson, Chairman, commended Mr. Nelson for his idea and for getting the FRCD to not be divisive.

Mr. Mulberg commented that he felt the needs assessment should be done first and to hang on to this idea.

Jeanne Sabin, Director, inquired if a legal evaluation could be done on water conservation related items that could be expensed the EGWD.

Mr. Madison recommended getting the needs assessment done first and then revisit the idea to restrict all activities of the FRCD and complete the EGWD formation study.

12. Election of Directors to the Special District Risk Management Authority Board of Directors

Stefani Phillips, Board Secretary, presented the Election of Directors to the Special District Risk Management Authority Board of Directors to the Board of Directors. In summary, the Special District Risk Management Authority (SDRMA) Election Committee is seeking ballots for three (3) seats on the SDRMA Board of Directors. These seats will serve a four-year term, which will begin January 1, 2016 and terminate on December 31, 2019.

Elliot Mulberg, Director, made a motion to pass on the opportunity to vote for the directors.

MSC (Sabin/Dawson) to nominate Robert Swan, Ed Gray, and Sandy Seifert-Raffelson for the Special District Management Authority Board of Directors, and adopt Resolution 07.29.15.01 of the governing board of the Florin Resource Conservation District for the election of Directors to the Special District Risk Management Authority Board of Directors 4/1: Ayes: Dawson, Gray, Nelson, and Sabin.

13. Legislative Update

Ellen Carlson, Management Analyst, presented the Legislative Update to the Board of Directors. In summary, California Legislators passed a \$115.4 billion budget on June 19, 2015. The California State Legislature adjourned for its summer recess on Friday, June

17, 2015. The Assembly will resume work at noon on August 17, 2015 and the Senate at 2:00PM the same day. Two bills, AB 1 and AB 149 have already been chaptered.

Comments and inquires include:

- SB 555 – Requires each urban water supplier to submit water loss audits by January 1, 2017 according to rules to be established by DWR by October 1, 2016. DWR will be required to publish the reports on their web site and provide technical assistance to water loss detection programs. It is now in appropriations.

Elliot Mulberg, inquired why ACWA opposes SB 555. Mark J. Madison, General Manager, responded he did not know and will find out for the Board Members and send the answer via email.

Mr. Madison discussed about the Delta Tunnels and an effort called, The Bay Delta Conservation Plan (BDCP). He then stated the BDCP has been bifurcated into two parts, (1) California Water Fix, which deals with tunnels and (2) California Eco Restore, which deals with conservation related activities primarily in the Delta. Mr. Madison inquired if the FRCD Board of Directors would like to pursue this. Mr. Madison stated he will come back to the Board of Directors at the August Board Meeting with more information on the BDCP effort.

Mr. Madison suggested having Don Notoli or a representative to present talking points on the BDCP efforts at the August or September FRCD Board Meeting.

Mr. Mulberg suggested reducing Ms. Carlson's efforts on bills that have become stagnant.

14. Director Comments

Elliot Mulberg, Director, suggested having the Associate Board Member Policy brought back to the August Board Meeting. Chuck Dawson, Chairman, likes the idea of entertaining applicants all year.

Mr. Dawson suggested creating an Ad-hoc Committee as a sub-set of the Finance Committee to review, guide, and provide staff with input on how EGWD conducts the business administrative functions. Mr. Dawson appointed himself and Director Bob Gray to become members of this Ad-hoc committee. There was a board consensus to move forward with this committee.

15. Closed Session

- CONFERENCE WITH LABOR NEGOTIATOR (Gov't. Code Section 54957.6)
Agency designed representative: Mark J. Madison
Unrepresented Employee: Water Distributor Operator in Training
- CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION (Gov't. Code Section 54956.9(d)(1))
United States, et al. ex rel John Hendrix v. J-M Manufacturing Company Inc. dba JM Eagle, et al. Docket No: ED CV06-00055-GW
Court: United States District Court for the Central District of California

Adjourn to Regular Meeting on Wednesday, August 26, 2015 at 6:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary
SP/CR