

# MINUTES OF THE REGULAR MEETING OF THE FRCD BOARD

Wednesday, July 25, 2012

The regular meeting of the Board of Directors of the Florin Resource Conservation District was called to order at 6:30 p.m. by Barrie Lightfoot, Chair, at 8820 Elk Grove Blvd, Elk Grove CA.

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

Directors Present: Barrie Lightfoot, Chuck Dawson, Elliot Mulberg, Tom Nelson, and Tony Perez  
Directors Absent: None  
Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Stefani Phillips, Secretary/Human Resource Specialist; Bruce Kamilos, Associate Civil Engineer; and Donella Ouellette, Finance Supervisor  
Associate Directors Present: Donald Menasco and Davies Ononiwu  
Associate Directors Absent: None  
Consultants Present: Ann Sipelle, General Counsel, and William Robinson, Best, Best, & Krieger, LLP

## Public Comment

Sandra Margullis, member of the public, voiced a concern about the manner in which her tree was cut during a meter installation. Mark Madison, General Manager, reassured Ms. Margullis that the District would meet with her and discuss measures to resolve her concern.

## 1. Proclamations and Announcements

Mr. Madison recognized the following employees for being promoted: Jose Mendoza - Water Distribution Operator I; Michael Montiel – Water Distribution Operator I; and Chris Phillips – Water Distribution Operator II. Mr. Madison made several flattering comments about each of the gentlemen.

## 2. Consent Calendar

- a. Approve minutes of the Regular Board Meeting of June 27, 2012.
- b. FRCD Cash Flow Worksheet – June, 2012
- c. Warrants Paid – June, 2012
- d. Active Accounts – June, 2012
- e. Bond Covenant Requirements for FY 2011-2012
- f. Revenues and Expenses – Actual vs Budget
- g. Cash Accounts
- h. Consultants Expenses

The Board pulled item (a) from the Consent Calendar to discuss.

MSC (Dawson/Mulberg) to approve Consent Calendar items b-h, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

Mr. Madison gave a review of follow up items. He stated that at the last meeting a customer had inquired about whether or not we would bring back a low income program and that the Board had asked staff to look for outside sources of funding to assist programs like the HELP Program. Mr. Madison stated that staff continues to look for funding opportunities and have found a Community Development Block Grant in the amount of \$20,000 to help fund meter installations for low-income families. Mr. Madison stated, that staff was notified by the City of Elk Grove that the District was likely to receive the grant.

Elliot Mulberg, Vice Chairman, stated that he would forward a link to Mr. Madison for a grant through Wells Fargo for low income assistance.

Mr. Madison stated that staff reviewed the numbers related to Active Accounts, item (d) of the Consent Calendar, and that they are accurate. He said that there is a significant time lag between the time the meter has been installed and the point that the information is input into the billing system.

Mr. Madison addressed Director Tom Nelson's request to evaluate, as suggested by Bob Gray, the need for the additional storage tank proposed in the Capital Improvement Program. He stated that Bruce Kamilos, Associate Civil Engineer, has been evaluating the need for the additional storage tank, and to date it appears that it is not needed. Mr. Madison stated he will have a peer review performed to double check the information that Mr. Kamilos has obtained. The peer review will be conducted by an outside engineer by the name of Chad Coleman, who has experience in reservoir design, and will cost approximately \$600.

Mr. Mulberg inquired whether Mr. Kamilos had spoken to the Cosumnes Community Services District about fire suppression. Mr. Kamilos replied that he spoke to the Assistant Chief George Apple, and they discussed the required fire flow rate for Elk Grove. They determined that the Elk Grove Water District service area would require anywhere from 3000-4000 gallons per minute for a duration of three to four hours. The treatment plant was designed around a basis of 3000 gallons per minute for three hours. Mr. Kamilos consulted with AWWA as another source for fire protection and learned that they recommend 3500 gallons per minutes for three hours. He stated that he performed the analysis using 3500 gallons per minute for three hours.

Mr. Madison stated that the Board had asked Ellen Carlson to follow up on AB 2238, which is reflected in the staff report item number seven and will be discussed under that item.

The Board requested staff to move the Operations Report up on the agenda and staff has done so.

Tony Perez, Director, stated that there was a lengthy discussion regarding the issues associated with the EDC Building and inquired why the minutes did not cover the whole discussion. Mr. Madison stated that staff will review the tape and will supplement the minutes if necessary.

Mr. Perez also inquired about an issue with Chromium related to Well 6 and was looking for an update. Mr. Madison stated that staff will follow up.

MSC (Nelson/Dawson) to approve Consent Calendar items (a), 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

### 3. Operations Report

Mr. Madison provided the Operations Report. He gave the following highlights:

- Well 1D is producing well
- Well 4D is producing well
- Well 14D is not producing efficiently and is lined up for rehabilitation after summer
- Well 3 was offline and has been renovated – it was placed back online last week
- June was a high demand month for water
- District has not had to purchase water from Sacramento County
- Staff took an extra sample for monitoring backwash tank discharge
- Exercised 127 valves in June
- There is 817 valves left to be exercised
- Goal is to exercise 90 valves a month
- Meters Retrofit Program – total meters installed for FY 2011-2012 was 1881
- District installed 1648
- Contracted services by Flowline installed 233
- IT report was provided on Disaster Recovery
  - Measures to secure the District computer systems

Davies Ononiwu stated he would like to meet with Thomas Dainet, IT to review the Disaster Recovery Plan. Mr. Madison replied that a meeting could be arranged.

The Board requested the following changes in the Operations Report:

- For the combined total production - separate bar chart from pie chart
- Add a map of well sites
- Identify which neighborhoods the wells are located
- Add a GIS map of fire hydrants

#### **4. Elk Grove Water District 2012 Employee Manual**

This item was pulled from the agenda.

#### **5. ACWA/JPIA Board of Directors**

Stefani Phillips, Secretary, presented the ACWA/JPIA Board of Directors item. She stated that Article 7 of the JPIA's Agreement states that the Authority (ACWA/JPIA) shall be governed by the Board of Directors, which is comprised by a director selected by one member of each governing Board of Directors. Also, each member is to select at least one alternate, who shall be an officer, member of the governing Board, or employee of the member. The ACWA/JPIA meetings are held twice a year at the spring and fall conference.

MSC (Mulberg/Dawson) to nominate Director Tom Nelson as primary and Director Tony Perez as an alternate officer from the Florin Resource Conservation District/Elk Grove Water District to be appointed to the governing Board of the ACWA/JPIA, 5/0; Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

#### **6. Water Rate Study Update**

Dennis Coleman, Finance Manager, presented the Water Rate Study Update to the Board of Directors.

He stated that Willdan Financial Services is conducting a Water Rate Study for the next five fiscal years.

The rate study incorporates three main elements:

1. Revenue requirements analysis
2. Study of the rate structure and its impact to the revenue requirements
3. AB 1600 Nexus Study for establishing the new connection fees

Mr. Coleman stated currently, the consultants from Willdan are working on the second phase of the rate study reviewing the current rate structure.

Phase Two will address the following items:

- Cost of service
- Equity across customer classes
- Encouraging water conservation
- Compliance with Proposition 218
- Review the base charges versus consumption charges and tiers

Mr. Coleman stated the District will hold six public meetings, three with the Board, and three with the Community Advisory Committee.

Mr. Mulberg stated that he would like the Community Advisory Committee to give input on their desire for small incremental rate increases or one large increase.

Mr. Coleman stated the District will also hold a Finance Committee Meeting to discuss rate design. He stated staff would like to discuss possible debt restructuring.

Chuck Dawson, Director, requested that the consultants from Willdan to consider that the District is not in Southern California and would like to see options in the study pertaining to Northern California as it relates to conservation.

Tom Nelson, Director, commented on Carmichael Water District, who previously had their rates predicated on consumption for conservation measures and now they have to raise rates because their revenues are not sufficient. He stated that he does not want that to happen to the District.

A brief discussion occurred regarding new connection fees, which will be covered through the AB 1600 Nexus Study.

Mr. Perez requested a copy of the AB 1600. Mr. Madison replied that he could email him.

There are four members of the community and the two Associate Board Members who sit on the Community Advisory Committee. The committee will meet on Tuesday, August 7, 2012, at 1:30 PM at 9257 Elk Grove Blvd. The meeting is open to the public.

## 7. Legislative Update

Ann Siprelle, General Counsel, briefed the Board of Directors on AB 2238 – Public water systems: drinking water. She stated that the bill would require the Department of Public Health to consider any studies performed by LAFCO in the last five years, for any recommendations regarding funding. The measure is applicable to public water districts for specified projects that will enable suppliers to meet safe drinking water standards.

Mr. Madison reported to the Board of Directors that AB 1422 – The Safe, Clean and Reliable Drinking Water Supply Act of 2012, otherwise known as the California Water Bond was tabled and will not go on the ballot in November 2012. The measure was postponed to 2014.

Mr. Madison reported to the Board of Directors regarding the Bay Delta Conservation Plan.

Mr. Madison stated that the Director of Economic Forecasting - University of Pacific, Jeffrey Michaels conducted an economic analysis of the monetary aspects of the conveyance facility (peripheral canal), which concluded that the delta tunnel would provide only a dollar invested for every two dollars and fifty cents in project cost. From an economic standpoint the delta tunnel is upside down from an economic perspective.

California Governor Edmund G. Brown Jr., Secretary of the Interior Ken Salazar, and National Oceanic and Atmospheric Administration (NOAA) Assistant Administrator for Fisheries Eric Schwaab made an announcement today in strong support of the Bay Delta Conservation Plan. The key component of the plan is the conveyance facility (peripheral canal). Mr. Madison stated one of the comments made today was that California's water system is unsustainable from an environmental and economic perspective. The Bay Delta Conservation Plan is a key part of a comprehensive solution to achieve the dual goals of a reliable water supply for California. Governor Brown stated "this proposal balances the concerns of those who live and work in the Delta, those who rely on it for water and those who appreciate its beauty, fish, waterfowl and wildlife."

Mr. Madison shared from the announcement made today that "the elements of a preferred proposal include the construction of water intake facilities with a total capacity of 9,000 cubic feet per second --

down from an earlier proposal of 15,000 cfs – operations of which would be phased in over several years and a conveyance designed to use gravity flow to maximize energy efficiency and to minimize environmental impact.” He stated that the announcement read “State and U.S. governments will make sure implementation of BDCP will not result in adverse effects on the water rights of those in the watershed of the Delta, nor will it impose any obligations on water users upstream of the Delta to supplement flows in and through the Delta.” Mr. Madison stated this is a key concern of the Regional Water Authority. He stated their specific concern is that implementation of the BDCP will not develop into adverse effects on the water rights of those in the watershed of the Delta against normal imposing obligations of water users upstream.

Mr. Madison stated that today’s announcement pushes the advancement toward a peripheral canal.

A question and answer period followed.

#### **8. Committee Meeting(s) Update**

There were no committee meetings to report.

#### **9. Directors Comments and Information**

Mr. Mulberg requested that staff bring back a proposal for distributing unrestricted reserve funds based on the reserve policy that was adopted in the month of June.

A discussion was held by the Board regarding individual Board members requesting future agenda items.

Ms. Siprelle stated that according to the Brown Act, it takes the majority of the Board to add an item to the agenda.

The full Board supported bringing the requested item to the upcoming Finance Committee Meeting.

Tony Perez, Director, requested that a copy of an article in the Sacramento Bee – Valley Groundwater Threatened if Farm use Continues at Current Levels,” be given to each Board member. The Board requested to have a guest speaker come to an upcoming Regular Board meeting to discuss the Sacramento/San Joaquin Aquifers.

#### **10. Closed Session**

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

(Subdivision (a) of Section 54956.9)

Name of case: J.B. Jones v. FRCD, EGWS, et al, Sacramento Superior Court Case No. 34- 2009-00046310

No reportable action was taken.

Respectfully submitted,

*Stefani Phillips*

Stefani Phillips, Secretary