

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

Wednesday, October 28, 2015

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, 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; Jose Carrillo, Water Distribution Foreman; Richard Salas, Water Distribution Foreman
Associate Directors Present: Lisa Medina, Davies Ononiwu, Mike Schmitz
General Counsel Present: Ann Siprelle, Best Best & Krieger (BB&K)
Consultants Present: Peter Kampa, General Manager with Kampa Community Solutions, LLC

Public Comment

Mark Graham presented a four minute video regarding Geoengineering to the Florin Resource Conservation District Board of Directors (Board). Mr. Graham believes it is the cause of the drought.

1. Proclamations and Announcements

Recognition of Richard Salas for ten years of service.

Chuck Dawson, Chairman, commended Mr. Salas for his years of service and professionalism with the District.

Mark Madison, General Manager, notified the Board that progress has been made on the sale of the Susie Gaines Mitchell Building.

Mr. Madison's comments on the sale of the Susie Gaines Mitchell Building included:

- The District posted a Material Events Notice on the Electronic Municipal Market Access (EMMA) website
- Highlights from posting included:
 - The District's marketing campaign and competitive bidding process for the sale of the Real Property was reasonable, appropriate, and consistent with the District's obligations under the bond documents
 - The District's sale of the Real Property for \$9,900,000 is commercially reasonable, appropriate and consistent with the District's obligations under the bond documents
 - The District's payment of net sales proceeds to the Trustee, and the Trustee's payment of the net sale proceeds to the 2003 Bondholders pursuant to Article XV of the Indenture will satisfy all the of District's and the Trustee's obligations to each other and to the Bondholders under the bond documents
- The District anticipates closing on the sales transaction on November 3, 2015

2. Consent Calendar

a. Regular Board Meeting Minutes – September 30, 2015

- b. FRCD Cash Flow Worksheet – September, 2015
- c. Warrants Paid – September, 2015
- d. Active Accounts – September, 2015
- e. Bond Covenant Status for FY 2015-16 – September, 2015
- f. Revenues and Expenses – Actual vs Budget FY 2015-16 – September, 2015
- g. Cash Accounts – September, 2015
- h. Consultants Expenses – September, 2015

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

3. Committee Meetings

No committee meetings were held between the months of September and October 2015.

4. Florin Resource Conservation District Conservation Activities – October 2015

Mark Madison, General Manager, presented the Florin Resource Conservation District Conservation Activities October 2015 to the Board. Mr. Madison stated that he continues to work with Kampa Consulting to complete a needs assessment for the FRCD and he informed the Board that there was two Stakeholder meetings held at the District's Administrative office on October 27, 2015.

Peter Kampa, General Manager with Kampa Community Solutions, LLC, spoke to the Board about the needs assessment and where it is headed.

Tom Nelson, Vice-Chairman, suggested having a board member present at the public workshops that are being held November 17-19, 2015.

Elliot Mulberg, Director, inquired if the District is advertising the public workshops on the District's website. Mr. Kampa responded stating that a link has been created (<http://www.frcdstudy.com/>) and will be linked to the District's website when it is live.

Mr. Mulberg, suggested adding Gil Albiani to the Needs Assessment Stakeholder's List.

5. Sustainable Groundwater Management Act Quarterly Update

Mark Madison, General Manager, presented the Sustainable Groundwater Management Act Quarterly Update to the Board. In summary, Governor Brown signed into law the Sustainable Groundwater Management Act (SGMA). With the passage of SGMA, groundwater use is now a regulated water resource for the first time in California history. To achieve statewide management of groundwater basins, SGMA required local authorities to form Groundwater Sustainability Agencies (GSAs) for all medium and high priority groundwater sub-basins by June 30, 2017, followed by Groundwater Sustainability Plans (GSPs) by January 31, 2022. The Florin Resource Conservation District/Elk Grove Water District (FRCD/EGWD) is actively involved in this process through its participation in the Sacramento Central Groundwater Authority (SCGA).

Elliot Mulberg, Director, inquired what the downside would be for Omochumne-Harnell Water District (OHWD) to have their own plan. Mr. Madison responded that having different plans within a single basin could be problematic.

Jeanne Sabin, Director, inquired if the requested changes do not take affect is there an alternative option. Mr. Madison responded stating that no changes need to occur to the current Joint Powers Agreement (JPA) to launch the new GSA, but before the GSA goes into effect the District believes the JPA should be modified or rewritten.

Mr. Mulberg inquired if SCGA is not able to get the task done itself who would take over. Mr. Madison responded stating that, to the best of our knowledge, the County would take over and then it would go to the State.

Bob Gray, Director, inquired what the deadline is for the Sustainability Plan. Mr. Madison responded June 2022 and stated the District is required to develop a plan that achieves sustainability of the District's basin within a 20 year period reaching out to 2042.

6. Elk Grove Water District Conservation Activities – October 2015

Mark Madison, General Manager, presented the Elk Grove Water District Conservation Activities – October 2015 to the Board. In summary, service area 1 reduced its water consumption by 29.41% and service area 2 reduced by 33.48 % for the month of September. The cumulative reduction for September is 30.99% and the cumulative for year to date is 37.42%. Mr. Madison then provided the Board clarification that January 2013 is the time period at which the current figures are being compared to.

7. Elk Grove Water District Operations Report – September 2015

Mark J. Madison, General Manager, presented the highlights of the Operations Report – September, 2015 to the Board.

Comments and inquiries included:

- 477 Door Hangers – same as previous month
- 47 Shut Offs – down from the previous month
- 168 USA Locates – due to paving work that are taking place within the City of Elk Grove
- 2 Pressure Complaints
 - 1 High Pressure Complaint
 - 1 Low Pressure Complaint – staff installed a pressure logger for a week and didn't identify any problem
- 2 Water Quality Complaints
 - 1 complaint was brown water
 - 1 complaint was milky water which the District believes is caused by Well 3 – milky water is water with air in it. Staff will work on what is causing Well 3 to produce the milky water
- Preventative Maintenance
 - 60 Hydrant Maintenance
 - 104 Valve Exercising
- Utility Work Orders
 - 2 Service Line Replacements – most of the work that was completed for the month was the water main project on Colton Avenue/Orton Street
- Monthly Production
 - Well 1D – only ran 1.9 hours
 - Well 4D – one of the main producer
 - Well 11D – dropped a little, this Well needs rehabilitation so the District is not running it as much
 - Well 14D - this Well needs rehabilitation so the District is not running it as much
 - Well 3 – ran a lot during the month of September and runs well with Hampton is terms of efficiency
 - Well 8 – needs rehabilitation because it produces a lot of sand
 - Well 9 – continues to be steady
 - Well 13 – running great and the quality of water is good
- Combined Total Production – down from last year and also 2013

- Total Demand/Production – service area 1 consumes a greater percentage of total consumption during the cooler months than service area 2
- Static and Pumping levels – 4th quarter numbers are in and static levels are higher than they were in 2013
- No water waste discharge for the month of September
- 15 outstanding delinquents for the Backflow Prevention Program
- 9 Leaks
 - 7 Service Line leaks – most of the leaks occurred in the Hampton area on cooper service lines due to the soil being hot and corrosive and possibly because the pressure is higher now since Well 13 (Hampton Well) is back online
 - 2 Main Line leaks – shear breaks of asbestos cement pipe
- No change to report on the pressure maps – essentially the same as the previous month

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

Jim Malberg, Finance Manager, presented the Elk Grove Water District Fiscal Year 2015-16 Quarterly Operating Budget Status Report to the Board. Mr. Malberg stated that the District is where it thought it would be this time of the year.

Comments and inquiries included:

- 26.88% in Revenues – a little concerning and we are watching closely
- 26.89% in Salaries & Benefits – this is a little high due to three pay periods for the month of September
- 25.27 % in Office & Operational – significantly lower than last year
- 24.97% in Purchased Water – this percentage helps offsets the revenues because with the District not selling as much water the District is not needing to purchase as much water as it did in the past
- 20.99% in Outside Services – down 31% from last year
- 16.05% in Equipment Rent, Taxes, Utilities - this percentage helps offset the revenues because with the District's producing less water and therefore using less electricity

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

Jim Malberg, Finance Manager, presented the Elk Grove Water District Fiscal Year 2015-16 Quarterly Capital Reserve Status Report to the Board. In summary, the total amount available for reserves at July 1, 2015 was \$11,500,000. Based on Board policy adopted circa August 22, 2012, the reserves are allocated first to the Operating Reserve (120 days of expenses), then to the Fiscal Year 2015-16 capital budget, followed by elections/special studies, with the balance allocated to future capital improvements and capital replacements in the ratio of 75:25, respectively. During the first quarter of FY 2015-16, the District utilized \$194,376 for capital projects leaving a remaining total reserve balance at September 30, 2015 of \$11,305,624.

Lisa Medina, Associate Director, inquired if the Elections and Special Studies included the Needs Assessment. Mr. Malberg responded stating that the Needs Assessment was budgeted on the FRCD Budget.

10. Legislative Update

Mark Madison, General Manager, presented the Legislative Update to the Board. In summary, the State's legislators are on recess until January 4, 2016. Governor Brown signed 15 of the bills tracked in this report and vetoed one. Notable, Mr. Madison informed the Board on SB 555, which requires each urban water supplier to submit water loss audits by 1/1/2017 according to rules to be established by DWR by 10/1/2016. DWR will be required to publish the reports on their website and provide technical assistance to water loss detection programs. Staff will be following this closely.

Elliot Mulberg, Director, requested to see at the next Board meeting a summary of bills that were signed into law with a very brief description, the bills that were vetoed by governor, and the two year bills.

11. Director Comments

No comments were made.

12. Closed Session

a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Gov. Code Sec. 54956.9(d)(1)

Florin Resource Conservation District v. Bank of New York Mellon Trust Company, Sacramento County Superior Court Case No. 34-2015-00179868-CU-MC-GDS

b. CONFERENCE WITH LABOR NEGOTIATORS (Gov't. Code Section 54957.6)

Agency designated representatives: Mark J. Madison, General Manager

Unrepresented employees: All

No reportable action taken.

Adjourn to Regular Meeting on Wednesday, December 16, 2015 at 6:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary

SP/CR