

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

Tuesday, February 18, 2020

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

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

Directors Present: Tom Nelson, Bob Gray, Lisa Medina, Elliot Mulberg
Directors Absent: Sophia Scherman
Staff Present: Mark Madison, General Manager; Bruce Kamilos, Assistant General Manager; Patrick Lee, Finance Manager/Treasurer; Stefani Phillips, Board Secretary; Donella Murillo, Finance Supervisor; Jeff Ramos, Interim Program Manager; Sean Hinton, Water Distribution Supervisor; Alan Aragon, Water Distribution Supervisor; Travis Franklin, GIS Technician II
Staff Absent: None
Associate Directors Present: Paul Lindsay,
Associate Directors Absent: Shahid Chaudhry
General Counsel Present: Ren Nosky, JRG Attorneys at Law

Public Comment

Members of the public spoke regarding their concerns related to their water bills. The customers asked to have an item placed on the agenda to discuss water service and for the water meter reading schedule to be put up on the website.

1. Proclamations and Announcements

Nothing to report.

2. Consent Calendar

- a. Minutes of Regular Board Meeting of January 21, 2020
- b. Warrants Paid – January, 2020
- c. Board and Employee Expense/Reimbursements – January, 2020
- d. Active Accounts – January, 2020
- e. Bond Covenant Status for FY 2019-20 – January, 2020
- f. Revenues and Expenses – Actual vs Budget FY 2019-20 – January, 2020
- g. Cash Accounts – January, 2020
- h. Consultants Expenses – January, 2020
- i. Major Capital Improvement Projects – January, 2020

MSC (Gray/Medina) to approve Florin Resource Conservation District Consent Calendar items a-i. 4/0: Ayes: Gray, Medina, Mulberg, and Nelson.

3. Committee Meetings

There were no committee meetings held in the month of January.

The Florin Resource Conservation District (FRCD) Board of Directors (Board) pulled this item as a standing report on the agenda. It will not be brought to the Board unless a meeting has occurred between Regular Board meetings.

4. Elk Grove Water District Operations Report – January 2020

General Manager Mark Madison presented an overview of the Elk Grove Water District (EGWD) Operations Report – January 2020. He provided the summary points to the Board.

Associate Director Paul Lindsay asked about the discharge rate in the Compliance Report. Mr. Madison responded, the District has a permitted quantity for discharges that was exceeded a few months ago. He mentioned there was a talk regarding amplifying the permitted quantity and it was concluded it does not make sense to do so.

Mr. Lindsay asked about water levels and if there was concerns of drought due to a rainless February. Mr. Madison mentioned there are seasonal variations in water levels and the levels are stable right now.

5. Equipment Purchase for Replacement of Bore Rig

Financial Manager Patrick Lee presented the item to the Board.

In summary, the replacement of the bore rig was not included in the EGWD Fiscal Year (FY) 2019-20 Capital Improvement Program (CIP), and was scheduled to be included in the FY 2020-21 CIP, however, the bore rig stopped working and is no longer operational. Staff would reallocate \$125,000 that was budgeted in the FY 2019-20 CIP budget for capital improvements to Well 3 Pump Replacement, which will no longer be completed, to capital repair and replacements for the purchase of the bore rig. Per the FRCD Purchase of Goods and Services from Outside Vendors Policy, a competitive bidding process was used to acquire two (2) bids for a bore rig. Although the policy requires three (3) competitive bids, staff was only able to obtain two (2) due to the specialized purchase. The lowest responsive, responsible bidder was Ditch Witch with a bid amount of \$121,218.75.

There was a discussion about the purchase. Director Lisa Medina asked about the life expectancy of a bore rig. Mr. Madison mentioned bore rigs have a life expectancy of about 20 years.

MSC (Mulberg/Medina) to authorize the General Manager to execute a purchase order in the amount of \$121,218.75, including tax and fees, with Ditch Witch to purchase a new replacement bore rig. 4/0: Ayes: Gray, Medina, Mulberg, and Nelson.

6. Professional Services Agreement with Badawi & Associates for Professional Auditing Services.

Mr. Lee presented the item to the Board.

In summary, a Request for Proposals (RFP) for Professional Auditing Services were sent to seven (7) local Certified Public Accountant (CPA) firms, resulting in four (4) total proposals. A Board Working Group (BWG) reviewed the proposals and, after discussion, agreed to recommend to the Board the firm of Badawi & Associates, Certified Public Accountants. The evaluation considered the firm's technical approach, including project understanding, scope of work, overall project team, staff-hour allocation per task and fee schedule. The proposals were also evaluated based on relevant experience, including that of the Audit Manager, key team members including sub-consultants, and experience of the firm. At the January Regular Board Meeting, the Board requested staff to bring back the Professional Services Agreement to the February Regular Board Meeting with the proposal included.

MSC (Mulberg/Medina) to authorize the General Manager to execute a professional services agreement with Badawi & Associates, Certified Public Accountants, in an amount not-to-exceed \$62,065 for Professional Auditing Services for fiscal years ending June 30, 2020 and 2021, with an option to extend the agreement for three (3) additional one (1) year terms through fiscal year ending June 30, 2024 in an amount not to exceed \$157,945.4/0: Ayes: Gray, Medina, Mulberg, and Nelson.

7. Florin Resource Conservation District/Elk Grove Water District 2020-2025 Strategic Plan

Mr. Lee presented the FRCD/EGWD 2020-2025 Strategic Plan to the Board.

In summary, the FRCD/EGWD (District) has developed the 2020-2025 Strategic Plan (Plan) to guide the District's operations over the next five (5) years. The Plan is an important document that expresses the District's core values and sets forth key goals and objectives for the District. In developing the Plan, the District used a collaborative approach that included public workshops and individual interviews of the Board and staff. Staff has presented the Plan to the Board for review and comments and has incorporated all comments and recommendations into the proposed Plan, including the addition of a 7th strategic goal covering good governance, rewording multiple objectives to provide added clarification, and realigning certain objectives and goals that better identify each other.

There was a discussion on the Plan, including the recommendation of a few substantive additions and changes, including: 1) adding a bullet regarding the update of the Asset Management Plan and 2) adding an objective to reassess the feasibility of creating a separate water district to Goal 3. Discussion ensued. Director Medina asked if this objective would come back to hurt the District. General Counsel Ren Nosky stated it would not create any issues. Mr. Lindsay suggested moving the objective to Goal one (1) with the language that the District will review operational procedures and structures for improvements to District operations.

Mr. Madison complimented the staff and Board for their work on the Strategic Plan.

MSC (Medina/Gray) to adopt Resolution No. 02.18.20.01, approving the Florin Resource Conservation District/Elk Grove Water District 2020-2025 Strategic Plan with amendments. 4/0: Ayes: Gray, Medina, Mulberg, and Nelson

8. Water Service Charges and Rate Setting Policy

Mr. Lee presented the Water Service Charges and Rate Setting Policy to the Board.

In summary, as directed by the Board, and in response to the June 28, 2019 Grand Jury Report entitled The Florin Resource Conservation District – A Case of Mistaken Identity?, staff developed a proposed policy to address Recommendation R4, which recommended that the District review its actions during the most recent water rate study and rate increase approval to ensure that future actions follow the protest period mandated under Proposition 218. Staff worked with consulting firm Regional Government Services (RGS) to develop a proposed policy to bring to the Board for adoption. The proposed Policy includes the provisions that the District shall follow the rate setting and costing methodologies imposed by Proposition 218 and that prior to any rate adjustments, the District shall provide notice and conduct a public hearing in accordance with Proposition 218, shall hear all public testimony regarding the proposed assessments, and accept protests until the close of the public hearing.

There was a discussion on how protests are collected, written and verbal, which led to a discussion about the Request to Speak forms.

Additional language referring to a Community Advisory Committee (CAC) will be added to Section 3(b) of the policy.

MSC (Mulberg/Medina) to adopt Resolution No. 02.18.20.02, establishing a Water Service Charges and Rate Setting Policy with amendments. 4/0: Ayes: Gray, Medina, Mulberg, and Nelson

9. Disposal of Surplus District Property Policy

Assistant General Manager Bruce Kamilos presented the Disposal of Surplus District Property Policy to the Board.

In summary, the Disposal of Surplus District Property Policy has been amended to ensure that it complies with current laws. Staff retained RGS to help draft the policy and had it reviewed by Mr. Nosky and a BWG. The amended policy more clearly defines how District property is deemed to be surplus and defines the steps required to properly dispose of the property. It also breaks surplus property into four categories: Real Property, Easements, Vehicles and Large Equipment, and Personal Property.

MSC (Gray/Medina) to adopt Resolution No. 02.18.20.03, amending and replacing the Disposal of Surplus District Property Policy. 4/0: Ayes: Gray, Medina, Mulberg, and Nelson.

10. Status Update on Action Items Following the 2019 Grand Jury Report – The Florin Resource Conservation District – A Case of Mistaken Identity?

Mr. Madison provided an update on the Grand Jury Report action items that have not yet been completed.

In summary, Recommendation R7 – Flowmeter Installation, is complete. Mr. Kamilos mentioned the five (5) iHydrants that are deployed in the District have provided good backup data to the District's Supervisory Control and Data Acquisition (SCADA) system. He stated the flowmeters are not a cost-effective solution, but technology is always advancing for leak detection and there may be a device in the future to incorporate into the District.

Mr. Madison recommended closing the Grand Jury Report status update, to which the Board agreed.

Mr. Lindsay commented how impressed he is with how staff handled the Grand Jury Report and the follow-up, stating staff went above and beyond.

11. Outside Agency Meetings Report

Staff and Board members spoke regarding the meetings they attended since the last Regular Board Meeting.

Mr. Lee stated the Districts need for a funding plan to address unfunded liabilities related to retirement. He believes the District should create an Unfunded Liabilities Policy at a later date.

12. Directors Comments

Nothing to report.

13. Closed Session

Nothing to report.

Adjourn to Regular Board Meeting on March 17, 2020.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary
AK/SP