

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

Wednesday, April 17, 2019

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, Tom Nelson, Lisa Medina, Sophia Scherman, Elliot Mulberg
Directors Absent: None
Staff Present: Mark Madison, General Manager; Bruce Kamilos, Assistant General Manager; Patrick Lee, Treasurer; Stefani Phillips, Board Secretary
Staff Absent: Sarah Jones, Program Manager; Donella Murillo, Finance Supervisor
Associate Directors Present: Shahid Chaudhry
Associate Directors Absent: None
General Counsel Present: Ren Nosky, Nosky Legal Group

Public Comment

1. Proclamations and Announcements

General Manager Mark Madison announced the receipt of an award from Government Finance Officers Association (GFOA) to Florin Resource Conservation District (FRCD)/Elk Grove Water District (EGWD). FRCD/EGWD received their 10th consecutive annual certificate of achievement for excellence in financial reporting for the 2018 comprehensive annual financial report. Mr. Madison read the press release to the FRCD Board of Directors (Board).

2. Consent Calendar

- a. Regular Board Meeting Minutes of March 20, 2019
- b. Minutes of Special Board Meeting of March 27, 2019
- c. Warrants Paid – March, 2019
- d. Active Accounts – March, 2019
- e. Bond Covenant Status for FY 2018- 19 – March, 2019
- f. Revenues and Expenses – Actual vs Budget FY 2018- 19 – March, 2019
- g. Cash Accounts – March, 2019
- h. Consultants Expenses – March, 2019
- i. Major Capital Improvement Projects – March, 2019

MSC (Mulberg/Medina) to approve FRCD Consent Calendar items a-i. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

3. Committee Meetings

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

4. Elk Grove Water District Operations Report – March 2019

Mr. Madison presented the EGWD Operations Report – March 2019 to the Board.

Mr. Madison highlighted that two (2) new graphs have been added to the Operations Report. The first graph illustrates door hangers and shut off tags, which indicates a consistency of trends year to year. The second graph illustrates combined Residential Gallons per Capita per Day (R-GPCD).

5. Elk Grove Water District Fiscal Year 2018-19 Quarterly Operating Budget Status Report

Financial Manager Patrick Lee presented the Fiscal Year (FY) 2018-19 Quarterly Operating Budget Status Report to the Board.

In summary, the revenues collected through the third quarter of the FY total \$11,057,756 which is 74.61% of the \$14,821,253 annual budget. The revenues are \$21,402 or 0.19% above the same quarter of the prior FY. Although there was a 3.0% revenue adjustment that went into effect on January 1, 2018, resulting in slightly higher revenues for the first 2 quarters of the FY 2018-19, that increase was offset by the decrease in revenues during the winter months due to the rainy weather as consumption decreased.

Director Elliot Mulberg questioned if EGWD is planning on spending more in capital expenses in the next three (3) months. Mr. Madison requested to hold off on the question until next agenda item.

6. Elk Grove Water District Fiscal Year 2018-19 Quarterly Capital Reserve Status Report

Mr. Lee presented the FY 2018-19 Quarterly Capital Reserve Status Report to the Board.

In summary, through the third quarter of FY 2018-19, EGWD expended \$299,937 for capital projects and \$2,008 for elections, leaving a remaining total reserve balance at March 31, 2019 of \$13,837,387. Total amount expended of \$299,937 for capital projects includes \$208,343 of expenditures related to projects carrying over from the prior year but not budgeted for in the FY 2018-19 Capital Improvement Program (CIP).

Mr. Lee responded to Mr. Mulberg's previous question stating that EGWD expects to see capital expenditures increase this month. EGWD will be paying invoices for the Backyard Water Mains Replacement Project – Elk Way, Railroad Treatment Plant Parking Lot Paving Project, and the truck purchase for replacement of truck #407.

Associate Director Shahid Chaudhry inquired about the truck purchase. Mr. Madison responded that the truck is on order and the bed is currently being fabricated.

7. Amendment to Professional Services Agreement for Information Technology Services

Mr. Madison presented the Amendment to Professional Services Agreement (PSA) for Information Technology (IT) Services to the Board.

EGWD has received IT services from Solutions by BG, Inc. (Consultant) since 2005. The Consultant continues to provide vital IT services to EGWD through an outdated agreement. To properly continue the services provided by the Consultant, it was necessary to update the PSA between EGWD and the Consultant to reflect new service terms and conditions to cover technological advances and threats. The updated PSA between EGWD and the Consultant includes a provision for the Consultant to add an IT Technician (IT Tech) position to the PSA, in addition to the Principal Consultant position, dependent on the service needs of EGWD. It has been determined by EGWD that the addition of the IT Tech position by the Consultant is necessary to provide the level of service required to maintain IT functions.

If approved by the Board, EGWD would execute a change order to the PSA with the Consultant to provide IT services, in an amount not to exceed (NTE) \$247,725 over a 3-year term.

Mr. Mulberg suggested a caveat be added that when the contract is due to end, staff makes a strong effort to go out to bid for these services and not sole source it.

MSC (Mulberg/Medina) to authorize the General Manager to execute a change order to the professional services agreement with Solutions by BG, Inc. to provide IT services, in an amount not-to-exceed \$247,725 over a 3-year term. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

8. Proposed Ordinances For Review: Prohibition Of Water Theft And Tampering With District Facilities, Provisions For Claims And Lawsuits, And Provisions Of Water Service

Mr. Madison presented the agenda item to the Board and provided background stating that during the March 20th 2019 Board meeting, it was determined the Board would review the three (3) proposed ordinances and staff would bring the ordinances back to the April Board meeting to discuss questions and comments.

Discussion occurred regarding Prohibition of Water Theft and Tampering with District Facilities Ordinance. It states that the decision by the District General Manager or, if appealed, the Board of Directors, shall be final. Vice-Chairperson Bob Gray informed staff that the decision by the District General Manager (GM) is not final.

Ren Nosky, Nosky Legal Group proposed that the Board does not have to designate the GM or any specific individual and suggested that the Ordinance should read, "the hearing officer as designated by the GM". Mr. Madison stated that the language will be revised in the final document provided at the next regular board meeting in May.

Discussion occurred regarding the Provisions of Water Service Ordinance. The ordinance states that water purchased from the District shall not, without specific authorization, be resold or re-metered for purposes of sale or proration. Mr. Gray noticed that a grocery store had an ice machine that dispensed filtered water to their customers and questioned if that would be considered a violation. Mr. Madison replied staff will look into this matter and report back to the Board at the regular Board meeting in May.

There was discussion regarding billing of separate meters. Mr. Gray suggested having three (3) billings per month instead of customers receiving all bills at the beginning of the month. Mr. Madison proposed that staff will reevaluate this matter in another year.

The Board complimented staff on their work.

Mr. Madison announced that a final set of Ordinances will be provided for the Board's consideration at the May 15, 2019 regular Board meeting.

Lynn Wheat inquired whether the District had the water capacity to handle properties outside of the District boundaries, in the event the District completed an annexation of property.

Mr. Mulberg replied that during the Local Agency Formation Commission (LAFCo) process of an annexation, LAFCo pulls information, such as water capacity, from the Municipal Service Review (MSR). He further commented that if the MSR indicated there was not enough water capacity to support the annexation, then it would be highly unlikely the Commission would approve the annexation.

Lynn Wheat commented again stating that she is concerned that the rate payers, including herself, will be impacted.

9. Outside Agency Meetings Report

Assistant General Manager Bruce Kamilos and Mr. Madison spoke in regard to various outside agency meetings they attended.

Mr. Kamilos reported on the Sacramento Central Groundwater Authority (SCGA) Budget Subcommittee Meeting he attended on March 29, 2019. In summary, they are going to be submitting a budget to the sixteen (16) Board members that are going to hold the same cost as last year. Mr. Kamilos would expect that this Board would receive a bill in the same amount approximately as last year.

Mr. Madison spoke regarding the Association of California Water Agencies (ACWA) State Legislative Committee Meeting that was held on April 5, 2019. He mentioned that Program Manager Sarah Jones attended the meeting and testified in support of ACWA's proposal to perform a safe drinking water trust. Mr. Madison will be discussing more on this matter in the legislative report.

Mr. Madison and Mr. Kamilos attended the SCGA Regular Board Meeting that was held on April 10, 2019. In summary, there were two (2) principal items that were discussed in the meeting. The first item discussed included the report from Johnathan Goetz of GIE Consultants on the annual report submitted in April. This report indicates the overall groundwater conditions throughout the basin. In general, the health of the water basin is good. The second item discussed was about the proposed budget for next year.

10. Legislative Report

Ms. Madison presented the Legislative report to the Board. He presented a summary of bills that directly impact the District.

Assembly Bill (AB) 217 (Garcia) was discussed. ACWA and Regional Water Authority (RWA) are strongly opposed to this bill because it includes a water tax. If it was to go into effect it would be able to accumulate about \$140 million dollars for safe drinking water purposes. EGWD does not agree with AB 217.

Senate Bill (SB) 414 (Caballero) was mentioned and RWA is in support of SB 414 if amended. They are trying to stream line and reduce the level of authority that is granted to the State Water Resource Control Board (SWRCB). This is a bill that would virtually consolidate failing water systems.

AB 1204 (Rubio) was addressed and RWA supports AB 1204 because it gives agencies more time to comply with new maximum contaminate limits. This is strongly supported by ACWA as well.

AB 756 (Garcia) would require public water systems (PWS) to monitor perfluoroalkyl (PFOS) and polyfluoroalkyl (PFOA) substances and require several changes to how information on contaminants is communicated to customers.

AB 1381 (Salas) generally supported by RWA and essentially would command the state board to conduct a needs assessment of how to deal with safe drinking water in California.

Other bills of interest that are not listed include the Safe Drinking Water Trust that ACWA has been promoting which is SB 669. This bill is moving through the process and there was a recent settlement called the Wayfair settlement where online products are now going to be charged sales tax. The senate is looking to try and grab \$100 million out of this Wayfair

settlement to use for safe drinking water purposes. This would avoid a water tax that EGWD would have to collect from customers. Mr. Madison will be hearing more about this item during the upcoming ACWA conference.

Mr. Mulberg requested a list of who is supporting and opposing the bills mentioned. The Board supported this request and will make it happen.

11. Directors Comments

Director Sophia Scherman mentioned that she will not be attending the May Board Meeting.

Director Lisa Medina thanked staff and Board for putting in a lot of time for the work that they do.

Lynn Wheat commented that the properties listed under Closed Session are located in Old Town Elk Grove and she hoped that the Districts plans align with the City of Elk Grove's plans.

12. Closed Session

No reportable action was taken.

Adjourn to Regular Board Meeting on May 15, 2019 at 6:30 p.m.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary
AC/SP