



District Attendees

Michael McRae	Board President
Gary Page	Board Vice President
Randy Marx	Board Member
Misha Sarkovich	Board Member
Mike Carey	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Finance Manager
Shawn Huckaby	Customer Service Manager
Ben Voight	Operations Superintendent
John Gospodnetich	Water Supply Operator

Other Attendees

Paul Helliker	San Juan Water District, General Manager
Ingrid Shepline, CPA	Richardson & Company, LLP
Tim Menezes	Visitor
George Babcock	Visitor
Paul Petrovich	Visitor

Absent

AGENDA ITEMS

I. CALL TO ORDER

- Board President McRae called the meeting to order at 6:30 p.m.

II. PUBLIC COMMENT

- San Juan Water District General Manager Paul Helliker stated that San Juan Water District will be participating in the Groundwater Banking Program. SJWD is in deliberation regarding the Voluntary Water Quality Control Plan and the increase water flow through the American River Basin of 40,000 acre-ft.
- President McRae inquired as to the relation of the water bank and the voluntary agreement.
- San Juan Water District General Manager Paul Helliker replied that the voluntary agreement would have little impact on the operations of the water agencies. The

groundwater bank will be useful for drought supply and a place to store groundwater for transfer purposes.

President McRae moved item V.2 and IV.1 before the consent calendar.

III. CONSENT CALENDAR

The following consent calendar items were considered and acted upon as follows:

1. Approval of Minutes
 - a. Regular Board Meeting of March 11, 2019
2. Accept and File Treasurer's Report for the month of March 2019
3. Accept and File Investment Report for the month of February 2019
4. Accept and File Financial Expense Report for December 2018
5. Approval of Warrants
6. Approval of Cal Card Statements for the month of March 2019
7. Approval of Board Expense Report for the month of March 2019

Director Marx moved to approve the consent calendar as presented.

Director Page seconded the motion.

Motion carried with the following votes: McRae – aye, Page – aye, Carey – aye, Marx – aye and Sarkovich – aye

IV. PRESENTATION & CORRESPONDENCE

1. Presentation by Richardson & Company, LLP on Fair Oaks Water District's Draft Comprehensive Annual Financial Audit for the year ended December 31, 2018.

- General Manager Gray introduced Ingrid Shepline from Richardson & Company LLP.
- Mrs. Shepline presented the Fair Oaks Water District's Draft Comprehensive Annual Financial Audit for the year ended December 31, 2018. The reports included an opinion on the financial statements prepared by the District, an opinion on internal controls and a letter of compliance required to be sent to the Board. An unmodified (clean) opinion was given for the financial statements. She stated that the District has good internal controls. Water sales increased by \$816,000 primarily from the 10% rate increase and increased water demand. The District received revenue from water transfers of \$397,000. Operating expenses increased around \$200,000 mostly from the increased cost of surface water purchased from San Juan Wholesale. The District expensed \$1.4 million for work done on the Fair Oaks 40-inch transmission pipeline. The District has zero debt and ended 2018 (net of

pension liability) with \$6.7 million in unrestricted reserves and \$1.6 million in restricted connection fee reserves.

2. Correspondence dated February 7, 2019 from ACWA JPIA regarding the “RPA Stabilization Fund Report”

- General Manager Gray informed the Board that FOWD received a refund from the RPA stabilization fund of \$18,764, which was not included in the budget.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. Discussion and possible action on the Regional Water Authority Project Agreement for the “Sacramento Regional Water Bank, Phase 1”

- General Manager Gray recommended that the Board authorize the General Manager to sign the Regional Water Authority Project Agreement for the Sacramento Regional Water Bank not to exceed \$25,000.
- Director Page inquired if this work has any relationship to the other consulting work in progress.
- General Manager Gray replied that it does. The modeling will allow for the recognition of water rights. The region will be viewed as one water supply and transfers will have reduced restriction.

Director Marx moved to authorize the General Manager to sign the Regional Water Authority Project Agreement for the Sacramento Regional Water Bank not to exceed \$25,000.

Director Page seconded the motion.

Motion carried with the following votes: McRae – aye, Page – aye, Carey – aye, Marx – aye and Sarkovich – aye

2. Update and discussion on providing water service from the FOWD to 5442 Hazel Avenue – Fair Oaks Promenade Shopping Center Parcel No. 19

- General Manager Gray provided an update on the water services to 5442 Hazel Avenue. He presented two possible solutions. He stated the first option is to merge parcel 19 with 22 and use the existing service for domestic water supply. The first option deviates from FOWD standards which require a separate irrigation and domestic water supply for each parcel. The second option is to tap into the main, requiring it to be replaced per the original conditions placed on the contractor. FOWD offered a cost sharing of 50% if the second option is pursued.
- Mr. Petrovich stated that he met with the FOWD Board and has come to an agreement to merge parcel 19 with 22 and use the existing service located on the North side of parcel 22.

- Director Sarkovich recommended the parcels be merged and the main not be touched. He stated that Mr. Petrovich should not be held accountable for any delays caused by the County during the merging process.
- General Manager Gray inquired on the risk of the merger not being approved by the County.
- Director Sarkovich replied that Mr. Petrovich is not accountable if the merger is denied.
- General Manager Gray suggested the Board approve a time frame for completion of the merger.
- General Manager Gray suggested the Board approve they are allowing the developer to deviate from FOWD standards by not separating irrigation and domestic water supply lines on the merged property.
- Director Sarkovich inquired if the current connection is large enough to service the increased capacity.
- Director Page stated that there should be enough capacity to allow an exception to the separate supply line standards.
- General Manager Gray stated that under the Board's direction he will complete a memorandum of understanding with Mr. Petrovich to exempt the separate landscape supply line and to a parcel merger time line with a force majeure clause.
- The Board directed General Manager Gray to complete the MOU by Friday April 12, 2019.

3. Update and discussion on the 2019 New Groundwater Wells Project

- General Manager Gray presented an update on the new groundwater wells project. Staff has been responding to clarification questions. Responses are due back April 18, 2019.
- President McRae inquired to the interest of firms bidding the two groundwater well projects.
- General Manager Gray replied the RFP was sent to 11 firms and several requested clarifications from FOWD.

4. Update and discussion on the 2019 Corporation Yard Project

- General Manager Gray presented an update on the Corporation Yard Project. FOWD has entered into a contract with Gutierrez and Associates. FOWD staff met with the architect team on April 4, 2019 to discuss the following: refine FOWD goals and objectives for the project, create the preliminary programmatic requirements for the building and site, begin to determine an architectural program, discuss workspace requirements and common areas, discuss the budget and schedule a site visit.

- President McRae stated that he would like to have dates included in Corporate Yard Project summary.

5. Update and discussion on FOWD Water Supply for the month of March 2019

- Operations Manager Nisenboym presented an update on FOWD Water Supply for the month of March 2019. Total system demand was 340.23 AC-FT. Wholesale connection providing 340.23 AC-FT. FOWD did not pump any groundwater.
- General Manager Gray stated that the intention was to have the wells back on by the end of March. The reason for the lack of pumping groundwater was due to SCADA issues.
- Director Marx inquired about maintaining operation while the pumps are idle and concern about the overall readiness of the equipment when it is eventually turned on.
- General Manager Gray replied that the District has the ability to manually turn on the pumps and if it is required to maintain the equipment, then staff will do so.

6. Update and discussion on the relocation of water meter for the proposed Fair Oaks Founders Monument

- General Manager Gray presented an update on the relocation of water meter for the proposed Fair Oaks Founders Monument.

7. Update and discussion on Board Committee meeting between FOWD and CWD

- General Manager Gray presented an update on the Board Committee meeting between FOWD and CWD. CWD has provided some dates for the 2 x 2 meeting.
- Director Marx proposed the following dates for the 2 x 2 meeting with CWD: May 15, May 22 and May 29, 2019 at 5 PM.
- Director Sarkovich stated that the Board wants to know if CWD has surface water to sell and what is the next step.
- President McRae would like the 2x2 Committee meeting with CWD to define all opportunities and to ask the following questions:
 1. Is surface water available?
 2. Under what circumstances is the surface water available?
 3. What time of the year is surface water available?
- Director Sarkovich inquired about why the pilot water transfer project south of the American River did not materialize.
- General Manager Gray replied that the transfer south of the American River was deferred in lieu of the regional transfer that took place last year.

- 8. Update and discussion on RWA and ACWA lobbying and legislative activities**
 - General Manager Gray presented an update on RWA and ACWA lobbying and legislative activities. The biggest concern is the proposed water tax.
- 9. Update and discussion on the FO-40 Pipeline Phase II Project**
 - General Manager Gray presented an update on the FO-40 Pipeline Phase II Project.

VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS

- 1. Discussion and possible action on participation in the SSWD / SJWD led project to study combining services provided by regional water agencies**
 - General Manager Gray stated that staff has no recommendation and is seeking direction from the Board.
 - Director Page stated that he does not want FOWD to get involved.
 - President McRae stated that FOWD will watch this development closely.
- 2. Discussion on FOWD participation in the award of a CSDA scholarship to the FORPD Recreation Superintendent**
 - General Manager Gray stated that he nominated Katy Coss with the FORPD for a scholarship and she will get training through the CSDA General Manager Conference in Long Beach.

VII. UPCOMING EVENTS

- 1. Water Forum Successor Effort Meeting / April 11, 2019 / Sacramento**
 - Director Page requested to attend the Water Forum Meeting.
- 2. Fair Oaks Chamber of Commerce Business Luncheon / April 18, 2019 / Fair Oaks Clubhouse**
 - Information Only.
- 3. San Juan Water District Regular Board Meeting /April 24, 2019 / SJWD Administration Building**
 - Information Only.
- 4. 2019 ACWA Spring Conference / May 7-10, 2019 / Monterey, CA**
 - Information Only.

VIII. REPRESENTATIVE REPORTS

- 1. Sacramento Groundwater Authority (SGA)**
 - None.

2. Regional Water Authority (RWA)

- Director Marx stated that RWA's Executive Director retired and they are looking for a person fill the vacant position.

3. Sacramento Water Forum

- None.

4. Other

- None.

IX. DIRECTORS' REPORTS & COMMENTS

1. Budget Committee – (Sarkovich, Carey)

- None.

2. Technical Advisory Committee – (Marx, McRae)

- None.

3. Capital Improvement Committee – (Sarkovich, Carey)

- None.

4. Personnel Committee – (McRae, Page)

- None.

5. Public Relations Committee – (Page, Carey)

- None.

6. Wholesale Water Agreement Ad-Hoc Committee – (McRae, Page)

- None.

7. Carmichael Water District Ad-Hoc Committee – (Marx, McRae)

- None.

8. Other

- None.

X. GENERAL MANAGER'S REPORT

1. Monthly Maintenance Work Report

- Report provided; no discussion.

2. Capital Projects Status Reports

- Report provided; no discussion

3. Authorizations of Additional Funding

- Report provided; no discussion.

4. Water Transfer Status Report

- None.

5. Claims Against District

- Report provided; no discussion.

6. Employee Update

- None.

7. Water Issues – Update on Regional Involvement

- None.

8. Other

- None.

XI. PUBLIC COMMENT

- None.

President McRae closed the open session meeting at 8:42 p.m.

President McRae called the closed session meeting to order at 8:54 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956

1. Conference on Anticipated Litigation (Subdivision (d) of Section 54956.9) – Two cases

President McRae closed the closed session meeting at 10:10 p.m.

President McRae reopened the meeting to the public at 10:15 p.m.

XIII. REPORT FROM CLOSED SESSION

- None.

XIV. PUBLIC COMMENT

- None.

XV. ADJOURNMENT

With no further business to come before the Board, President McRae adjourned the meeting at 10:20 p.m.

The Board approved the preceding minutes on May 13, 2019

Tom R. Gray
General Manager/Board Secretary

Date