



District Attendees

Michael McRae	Board President
Dave Underwood	Board Vice President
Randy Marx	Board Member
Misha Sarkovich	Board Member
Tom Tafoya	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Finance Manager

Other Attendees

Absent

AGENDA ITEMS

I. Call to Order

President McRae called the meeting to order at 6:32 p.m.

II. Public Comment

None.

III. Consent Calendar

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

1. Approval of minutes
 - a. Regular Board Meeting of April 13, 2015
2. Accept and file Treasurer's Report for the month of April, 2015
3. Accept and file Investment Report for the month of March, 2015
4. Accept and file Financial Expense Report for the month of April, 2015
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of April, 2015
7. Approval of Monthly Board Expense Report for the month of April, 2015

Director Marx moved to approve the consent calendar.

Director Underwood seconded the motion.

Motion carried with the following votes: Marx – aye, McRae – aye, Sarkovich – aye, Tafoya – aye, and Underwood – aye.

IV. Presentation & Correspondence

1. Correspondence dated April 22, 2015 from Winston Churchill Middle School

- Director Sarkovich stated FOWD did not support fund requests in the past that did not benefit District's rate payers; therefore, he also declined to support this request. He emphasized that Winston Churchill Middle School is not within the FOWD's boundary.

2. Correspondence dated May 4, 2015 from FOWD to State Water Resources Control Board (SWRCB)

- General Manager Gray reported that he took the same letter sent previously to SWRCB and attached to the current letter to have it for the record.

3. Correspondence dated April 27, 2015 – Public Records Request related to the District owned "Gastman" property

- General Manager Gray stated staff hand delivered the information the Board approved at last Board meeting to the property owners. He stated the District received another request for all information related to the ownership of the Gastman property. He stated staff is working on it and will provide the information as requested.

V. Discussion and Action Items: Old Business

1. Update and discussion on FOWD Water Supply for the month of April, 2015

- General Manager Gray reported that the District had a 28% water consumption reduction from 2013 for the month of April. He indicated water reduction YTD is 17%.
- President McRae inquired on the status of the Tour of the District's facilities.
- General Manager Gray stated that it can be scheduled on a Saturday and he will have an itinerary for the Tour.

2. Update and discussion on FOWD website content

- General Manager Gray provided an overview of the website. He stated staff had updated FOWD's website to include the drought information; that FOWD is currently in Stage 4 – Water Crisis. He stated staff has yet to include the merger information.

- Director Tafoya stated that the website does not identify whether it is long-term or short-term for the Stage 4 on its website. He suggested the District should clarify that.
 - General Manager Gray stated that the District provided a quick summary of the Stage 4 - Water Crisis requirements at the top.
- 3. Discussion and possible action on the “Phase 2A Study” document dated March 26, 2015 – related to the proposed merger of SJWD and SSWD**
- General Manager Gray stated that the request for an extension for public comment on the “Phase 2A Study” of June 5 was approved.
 - General Manager Gray stated he will be working with Vice President Underwood and President McRae to submit the comments. He stated all the Directors can provide their comments to Director Underwood.
 - The Board asked that General Manager Gray provide them with FOWD’s existing comments related to the SJWD/SSWD merger.
- 4. Update and discussion on Governor Brown’s Executive Order B-29-15 & Mandatory Water Conservation; Stage Four – Water Crisis Customer Outreach Planning**
- General Manager Gray stated the District will order 100,000 envelopes with a pre-printed conservation message at the same price and store the previously ordered envelopes.
- 5. FOWD rates discussion – drought rate & wholesale rate increase**
- General Manager Gray stated FOWD should consider adopting the drought rate. He stated it is the best way to have the customers use less water. He stated other water agencies have already adopted a drought rate. He asked the Board to consider the prop 218 requirements. He noted that the fine is \$10,000 a day for not meeting the 36% water reduction goal.
 - General Manager Gray stated currently the District is doing community outreach and will see how the customers respond. Staff will bring a recommended drought surcharge depending on the status of the savings target.
 - The Board is considering waiting for a couple of months prior to looking at a drought rate.
 - President McRae stated that July and August is when people use a lot of water. He stated if the District waits until later to adopt the drought rate, the District may not be able to meet the 36% water reduction target.
 - Director Sarkovich is opposed to having a drought rate at this time. He does not believe that the District’s revenues are greatly impacted by this drought. He stated historically, there was public outcry at the rate increase and he does not want to go through a rate increase just to satisfy meeting the 36% reduction goal.
 - General Manager Gray suggested the District adopt a drought rate and have it ready for implementation when needed. He stated that Board members and

management have a responsibility to ensure that the reduction is met. FOWD needs to show that it is doing all it can to meet the 36% goal.

- Finance Manager Ha-Ly stated and Operations Manager Nisenboym agreed that the Board should plan ahead and consider adopting the rate in case the District does not meet the goal and that the rate would be available for implementation. She stated that it would be prudent to be in compliance with the mandatory water use reduction and that FOWD will probably not have the same public opposition as the last rate hearing.
- Vice President Underwood is concerned about the financial impact caused by the drought. He would like staff to look at the revenues and reserves to ensure that the District is financially sound.
- The Board asked that staff provide consumption data, which shows how close FOWD is to the 36% target, to the Board as soon as the information is available.
- Vice President Underwood proposed that staff place a discussion and possible implementation for the drought rate on the agenda every month going forward until the drought is over; this will enable the District to analyze and take action as needed.
- General Manager Gray suggested passing a resolution in which all SJWD rates shall be passed on to the customers.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on 2009 – 2014 financial settlement agreement for groundwater pumping

- General Manager Gray recommended that the Board approve the draft groundwater settlement agreement. He stated that the District will receive payments for the 2009-2014 groundwater pumping over a period of five years.

Director Underwood moved to approve the draft 2009-2014 financial settlement agreement for groundwater pumping.

Director Sarkovich seconded the motion.

Motion carried with the following votes: Marx – aye, McRae – aye, Sarkovich – aye, Tafoya – aye, and Underwood – aye.

VII. Upcoming Events

1. Fair Oaks Chamber of Commerce Business Luncheon / May 21, 2015 / Fair Oaks Community Club House

- Information only.

2. Supervisor Susan Peters Community Meeting / May 20, 2015 / FOWD Board Room

- Information only.

VIII. Representative Reports

1. **Sacramento Groundwater Authority (SGA)**
 - No report.
2. **Regional Water Authority (RWA)**
 - No report.
3. **San Juan Family of Agencies Executive Committee**
 - No report.
4. **Other**
 - None.

IX. Directors' Reports & Comments

1. **Budget Committee – (*Sarkovich, Underwood*)**
 - Director Sarkovich reported that the Budget Committee met and went over the Madison proposals. He stated that he and Dave are satisfied with the process. He stated the Budget Committee also discussed the SSWD/SJWD merger and the financial impact.
 - General Manager Gray stated he already notified the affected people on the Madison Well proposals.
2. **Technical Advisory Committee – (*Marx, McRae*)**
 - President McRae stated the Technical Advisory Committee discussed the makeup of the new SJWD Board; FOWD would like to see a separate Board for SJWD-Wholesale and SJWD-Retail.
 - Director Marx stated General Manager Gray also provided updates on the capital projects at the meeting.
3. **Capital Improvement Committee – (*McRae, Sarkovich*)**
 - No report.
4. **Personnel Committee – (*Tafoya, McRae*)**
 - No report.
5. **Public Relations Committee – (*Underwood, Tafoya*)**
 - No report.
6. **Wholesale Water Communications Committee**
 - Director Marx reported that the Wholesale Water Communications Committee has been meeting and he believes it has been very productive. He stated the two

top priorities were the Groundwater Invoice and the Fair Oaks 40. The Groundwater Invoice is making quite a bit of progress. He noted that they are currently discussing on the future allocation of costs between capital projects including: (1) Defining the percentage of benefits to be allocated to affected agencies; (2) The need for an agreed upon standard and process before design and construction.

- General Manager Gray emphasized that the SJWD Board needs to direct SJWD staff to have an agreement for the Fair Oaks 40. He stated SJWD staff told him that they would not develop a FO-40 agreement.

7. Other

- None

X. General Manager's Report

1. Monthly Maintenance Work Report

- General Manager Gray stated that there is a new format for the water consumption data comparing 2013 to 2015 with the % of savings.

2. Capital Projects Status Report

- General Manager Gray stated that the District will need to include in the capital project budget between 2016-2017 \$3,000,000 (construction) and \$250,000 (admin. and processing fees) for the Hazel Avenue pipeline project. He indicated that the County originally charged \$450,000 for admin. and processing fees and he negotiated the fees down to \$250,000. He stated staff will bring the agreement to the Board in June.

3. Safety Issues Update

- No report.

4. Financial Issues Update

- No report.

5. Employee Update

- General Manager Gray informed the Board that an operator resigned due to moving out of state. He stated this employee is a good employee and works well with District's staff.

6. Delta Issues – Update on Regional Involvement

- General Manager Gray provided a brief overview of the Delta Issues.

7. Other

- None.

XI. Public Comment

- None.

President McRae closed the open session meeting at 9:38 p.m.

President McRae called the closed session meeting to order at 9:38 p.m.

XII. Closed session pursuant to government code section 54956

1. Conference with Legal Counsel on Anticipated Litigation (Subdivision (d) of Section 54956.9) – one case

President McRae reopened the meeting to the public at 9:58 p.m.

XIII. Report from closed session

- No report.

XIV. Public Comment

- None.

XV. Adjournment

With no further business to come before the Board, President McRae adjourned the meeting at 9:58 p.m.

The Board approved the preceding minutes on June 8, 2015

Tom R. Gray
General Manager/Board Secretary

Date