

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

Tuesday, May 20, 2025

The regular meeting of the Florin Resource Conservation District Board of Directors was called to order at 6:30 p.m. by Chair Tom Nelson at 9829 Waterman Road, Elk Grove, CA.

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

Directors Present:	Joshua Green, Paul Lindsay, Lisa Medina, Elliot Mulberg, Tom Nelson
Directors Absent:	None
Staff Present:	Bruce Kamilos, General Manager; Patrick Lee, Finance Manager/ Treasurer; Stefani Phillips, Human Resources Administrator/Board Secretary; Donella Murillo, Finance Supervisor; Travis Franklin, Program Manager; Ben Voelz, Associate Engineer; Aurelia Camilo, Administrative Assistant II
Staff Absent:	Amber Kavert, Human Resources Technician
Associate Directors Present:	Kim Martin
Associate Directors Absent:	Robert Stresak
General Counsel Present:	Josh Horowitz, BKS Law
Public Present:	Lynn Wheat

Public Comment

Lynn Wheat commended the Citizen Water Academy for delivering a well-prepared presentation and shared that she has recommended it to others, encouraging their participation.

1. Closed Session

Nothing to report.

2. Proclamations and Announcements

Nothing to report.

3. Consent Calendar

- a. Minutes of Special Board Meeting of April 28, 2025
- b. Accounts Payable Check History – April 2025
- c. Board and Employee Expense/Reimbursements – April 2025
- d. Active Accounts – April 2025
- e. Bond Covenant Status for FY 2024-25 – April 2025
- f. CASH - Detail Schedule of Investments– April 2025
- g. Consultants Expenses – April 2025
- h. Major Capital Improvement Projects – April 2025

MSC (Mulberg/Lindsay) to approve Florin Resource Conservation District Consent Calendar items a-h. 5/0: Ayes: Nelson, Green, Lindsay, Medina, and Mulberg.

4. Year to Date Revenues and Expenses Compared to Budget – April 2025

Finance Manager Patrick Lee presented the item to the Florin Resource Conservation District (FRCD) Board of Directors (Board).

5. General Manager Compensation and Other Proposed Changes to the General Manager Employment Agreement

Board Secretary Stefani Phillips presented the item to the Board.

In summary, the employment agreement between the District and the General Manager (GM) authorizes the Board to award a merit increase following an annual performance evaluation. During the closed session, the Board discussed a merit increase for the GM. As a result of that discussion, Vice-Chair Lindsay proposed a 2.5% merit increase retroactive to May 1, 2025, and a 1.9% cost-of-living adjustment (COLA) effective July 1, 2025.

MSC (Lindsey/Medina) to approve a 2.5% merit increase retroactive to May 1, 2025, and a cost of living increase of 1.9% effective July 1, 2025/0: Ayes: Nelson, Lindsay, Green, Medina and Mulberg.

6. Florin Resource Conservation District/Elk Grove Water District Draft Fiscal Year 2025-26 Proposed Operating Budget

Mr. Lee presented the item to the Board.

In summary, on April 28, 2025, staff presented the District's Fiscal Year (FY) 2025-26 operating budget worksheet along with departmental goals and objectives. Based on feedback received, staff prepared the Draft FY 2025-26 Proposed Operating Budget, which reflects the following key changes:

1. A decrease in salaries and benefits of \$46,019 (0.81%) due to the April 2025 CPI-U coming in at 1.90%, instead of the initially estimated 3.0%
2. Salaries and benefits costs are not yet finalized and remain contingent on the Board's performance evaluation of the GM. Final figures will be included in the proposed budget for adoption in June 2025.
3. An increase in Seminars, Conventions, and Travel of \$2,401 (5.99%) to account for anticipated travel to the 2026 Association of California Water Agencies (ACWA) Spring Conference in San Francisco, CA.
4. A decrease in Outside Services of \$79,500 (-6.48%) due to a \$20,000 reduction in Risk and Resilience Assessment Plan costs and a \$59,500 reduction in IT consulting costs related to the ERP system implementation.
5. An increase in Equipment, Rent, Taxes and Utilities of \$324 (0.06%) due to updated electricity cost estimates for water pumping.

The Draft FY 2025-26 Operating Budget reflects projected revenues of approximately \$18.48 million and total expenses of approximately \$20.82 million, including \$4.38 million in contributions to the Capital Improvement and Capital Repair & Replacement Reserve funds. The projected deficit of \$2.34 million is expected to be covered by reserves carried over from prior years.

The Board discussed the budget allocation for the ACWA Spring Conference. It was originally anticipated that the conference would be held in San Francisco, so additional funds were included in the budget. Staff confirmed that the conference will take place in Sacramento. Vice-Chair Lindsay noted that his past experience attending the Sacramento conference was educational and encouraged Board members to attend. As a result, the Board agreed to keep the additional funds in the budget.

7. Elk Grove Water District Fiscal Year 2026-30 Capital Improvement Program

Associate Engineer Ben Voelz presented the item to the Board.

In summary, the FY 2026-30 Capital Improvement Program (CIP) outlines the capital improvement projects planned by the Elk Grove Water District (EGWD) over the next five (5) fiscal years. Mr. Voelz reviewed the CIP, highlighting the budget allocations for the various planned projects. He also provided an overview of the carry-over CIP projects from FY 2024-25 to FY 2025-26 and explained how those projects will be incorporated into the upcoming fiscal year's program.

MSC (Green/Lindsay) to adopt Resolution No. 05.20.25.01, approving the Elk Grove Water District Fiscal Year 2026-30 Capital Improvement Program and the appropriation of \$4,375,000 from designated reserve funds to the Fiscal Year 2025-26 Capital Improvement Program budget. 5/0: Ayes: Nelson, Lindsay, Green, Medina, and Mulberg.

8. Board Policies

Ms. Phillips presented the item to the Board.

In summary, this discussion followed up on feedback from the April 28, 2025, Special Board Meeting, where Associate Board Member Kim Martin raised concerns about the protection of customer and employee information when consultants or external parties access District systems. In response, staff presented revisions to the Artificial Intelligence Policy (AI Policy) to address these concerns and ensure alignment with applicable laws and best practices.

Mrs. Martin inquired about how the updated AI Policy would be implemented for existing contractors and consultants, specifically asking how the District plans to handle those already under contract prior to the policy's adoption.

Mr. Kamilos stated we will proceed with the policy as currently written. The policy will be distributed to contractors who may be affected. Moving forward, any new contracts will include this policy as part of the contract negotiation and documentation.

Mr. Horowitz stated that BKS Law Firm does not currently use AI tools and have no plans to expand AI use in the foreseeable future. He cited concerns regarding the relatively poor performance of AI tools and the requirement that all AI-generated materials be reviewed and revised by a trained human attorney. He emphasized that AI is not yet efficient or reliable enough to justify increased client costs. Should this assessment change, BKS will notify the District and revisit the policy to ensure compliance.

Director Elliot Mulberg recommended that the GM review existing contracts to determine if any conflicts exist with the updated AI policy.

Mr. Kamilos stated he would report back to the Board after presenting the AI Policy to all the consultants under contract.

MSC (Lindsay/Medina) to adopt Resolution No. 05.20.25.02, amending and replacing Resolution No. 09.17.24.01, the Artificial Intelligence Policy. 4/1: Ayes: Nelson, Green, Medina and Mulberg; Noes: Lindsay.

9. Nomination of Florin Resource Conservation District/Elk Grove Water District Representative to the Board of Directors of the Sacramento Central Groundwater Authority

Ms. Phillips presented the item to the Board.

Staff recommend that the Board nominate Program Manager Travis Franklin to serve as the second alternate representative to the Sacramento Central Groundwater Authority (SCGA). The Board unanimously agreed with the recommendation.

MSC (Lindsay/Medina) to nominate Travis Franklin as an alternate representative for Sacramento Central Groundwater Authority. 5/0: Ayes: Nelson, Lindsay, Green, Medina and Mulberg

10. Legislative Standing Committee

Program Manager Travis Franklin presented the item to the Board.

There was discussion on whether to establish a Legislative Standing Committee. Staff stated that they do not see a need to form such a committee at this time, explaining that the District follows its Legislative and Regulatory Advocacy Policy and receives expert legislative support through its

membership in the Regional Water Authority (RWA), California Special Districts Association (CSDA), and ACWA. Staff recommended continuing to rely on these established advocacy organizations to guide the District's legislative positions. The Board agreed with the staff recommendation to use the advocacy organizations guide the District's legislative positions.

Director Green also suggested that in the future, the Board might consider providing staff with more authority to determine which legislation position would be most beneficial for the District.

11. Legislative Matters and Potential Direction to Staff

Mr. Franklin presented the legislative matters that have the potential to impact the District.

Mr. Franklin discussed the implications of Assembly Bill 810 (AB 810) as they relate to cybersecurity and associated cost concerns for EGWD. It was noted that AB 810 includes provisions that could impose unlimited cybersecurity obligations on the District and result in additional expenses related to a mandated branding change.

The Board was informed that IT Specialist Thomas Dianat was requested to prepare a detailed letter outlining the potential cybersecurity risks and financial burden associated with the bill's requirements. With the Board's approval, the letter will be submitted to the California Special Districts Association (CSDA) for inclusion in their formal opposition to AB 810. The Board directed staff to proceed with submitting a letter of opposition to AB 810 on behalf of the District.

12. Groundwater Sustainability Projects Update

General Manager Bruce Kamilos presented the item to the Board.

Mr. Kamilos reported that EGWD is actively involved in three (3) key ventures aimed at improving groundwater sustainability in the Sacramento region and EGWD service areas. These ventures include: 1. Sacramento Central Groundwater Authority Groundwater Sustainability Plan (GSP) 2. Involvement in the Sacramento Regional Water Bank 3. A project to convert mined aggregate pit(s) located next to the Folsom South Canal to a dual-purpose basin for storm water detention and groundwater recharge.

13. General Manager's Report

Mr. Kamilos presented the General Manager's Report to the Board before turning it over to staff to provide information on the items discussed in the report.

Mr. Kamilos reported that the FRCD received a Notice of Settlement regarding a lawsuit against J-M Manufacturing for allegedly selling defective PVC pipes. The settlement does not include monetary compensation, and all agencies involved have agreed. As a party in the case, FRCD has the option to object to object and pursue its own claim by filing an objection by May 29, 2025, and attending a hearing on June 5, 2025. If no action is taken, the court will assume the District accepts the settlement.

Mr. Kamilos reported that an application package was submitted to the Sacramento Local Agency Formation Commission (LAFCo) for the detachment of FRCD territory lying outside the Elk Grove Water District service boundaries. LAFCo has since informed staff that a new Municipal Services Review (MSR) is required. Staff will provide an update as more information becomes available.

Mr. Lee reported that the District has successfully gone live with the Springbrook finance module. The next phase of the implementation will be the Payroll module, which has a planned go-live date of August 25, 2025. Staff will continue to provide updates as the implementation progresses.

Mr. Franklin reported that, per legislation enacted in 2018, urban water suppliers are required to increase drought resilience and improve communication on water shortage response actions. Each year, suppliers must prepare an Annual Water Supply and Demand Assessment and submit an Annual Water Shortage Assessment Report to the California Department of Water Resources by July 1, 2025.

Mr. Kamilos reported that on May 6, 2025, he gave a presentation to the Senior Center of Elk Grove covering topics such as the operations of the Florin Resource Conservation District/Elk Grove Water District, conjunctive use, the Sacramento Regional Water Bank, and conservation regulations.

14. Elk Grove Water District Operations Report – April 2025

Mr. Kamilos went over the EGWD Operations Report for April 2025.

Mr. Kamilos stated that the City of Elk Grove recently hosted a luncheon with the EGWD Operations staff and their own Operations team. The event was recognized as a valuable opportunity for collaboration. He also provided an update on infrastructure projects, noting that Storage Tank No. 2 is currently undergoing a recoating project. The tank is expected to return to service by June 2025. Additionally, EGWD is working in coordination with Sacramento County water agencies to develop a schedule for exercising six interties. This will ensure that all related valves are operated on a consistent three-year cycle.

15. Directors Comments

Director Mulberg noted that Director Green made a motion at the April Board meeting to include in the job descriptions of the Chair and Vice Chair that they also represent the Board in negotiating compensation and benefits for the General Manager. He inquired whether the Bylaws support this role. Ms. Phillips commented that staff intentionally did not bring the item to the Board because of the potential formation of a Legislative Standing Committee, which, if established, would have required an amendment to the Bylaws. Ms. Phillips assured the Board that the Bylaws will be presented at the June meeting.

Mr. Nelson provided an update on the recent ACWA Joint Powers Insurance Authority (JPIA) committee meeting held in Monterey. He reported that the District's property insurance costs are projected to rise by approximately 15% to 20%, largely due to recent wildfires in Southern California. Health benefits insurance premiums are also expected to increase by around 8%.

Additionally, Mr. Nelson introduced the concept of parametric insurance, which is designed to cover certain gaps not addressed by traditional liability insurance. He suggested it may be a worthwhile option for the District to consider. In response, Mr. Kamilos stated that staff will return to the Board with recommendations on parametric insurance.

Adjourn to Regular Board Meeting on June 17, 2025.

Respectfully submitted,



Stefani Phillips, Board Secretary

AC/SP