



AGENDA ITEM III.1a
Regular Board Meeting
Approved Minutes
July 15, 2024

District Attendees

Mark Dolby	Vice President
Randy Marx	Board Member
Michael McRae	Board Member
Misha Sarkovich	Board Member
Tom R. Gray	General Manager
Shawn Huckaby	Operations Manager
Chi Ha-Ly	Finance Manager
Rebecca Simon	Human Resource Administrator

Other Attendees

Paul Helliker	SJWD General Manager
Ted Costa	SJWD Board Member
George Babcock	Visiting Customer
Ray Drake	Visiting Customer
Leon Corcos	Corcos Property LLC

Absent

Chris Petersen	President
Paul Siebensohn	Technical Services Manager

AGENDA ITEMS

I. CALL TO ORDER

- Vice President Dolby called the meeting to order at 6:30 p.m.

II. PUBLIC COMMENT

- General Manager Gray announced that President Petersen is out of the country.
- Visitor Corcos followed up on the cone blocking issue that took place over the Memorial Day weekend. This issue was brought up at the last Board meeting. He requested the Minutes be revised to reflect his parking lot comments and the advisement to the Board about the recall of two Board Members.

- Visitor Drake introduced himself and expressed he has no complaints with the FOWD. He requested an update and more information on the nature of the lawsuit against SJWD.
- General Manager Gray directed Visitor Drake to FOWD’s website for more information regarding the lawsuit.
- Visitor Drake suggested FOWD demonstrate proactiveness and send an information update along with the water bill to ensure all customers are aware of the positives of the FOWD.
- Director Sarkovich agreed with this idea.
- Visiting customer Babcock stated for the record that Visitor Corcos’ comments about the parking issue over the Memorial Day weekend and the advisement to the Board about the recall of two Board Members are included in the June 17, 2024 Board Minutes.
- Director Sarkovich reiterated visiting customer Babcock’s statement and proceeded to read the section of the Minutes that addressed Visitor Corcos’ comments. He stated that the June 17, 2024 Minutes would be approved by the Board today.
- Visitor Corcos thanked visiting customer Babcock for pointing out that his comments were in fact included in the Minutes.

III. CONSENT CALENDAR

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

1. Approval of Minutes
 - a. Regular Board Meeting of June 17, 2024
2. Accept and File Treasurer’s Report for the month of June 2024
3. File Investment Report for the month of May 2024
4. Accept and File Financial Expense Report for the month of June 2024
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of June 2024
7. Approval of Board Expense Report for the month of June 2024

Director Sarkovich moved to approve the consent calendar as presented.

Director McRae seconded the motion.

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

Absent: President Petersen

IV. PRESENTATIONS AND CORRESPONDENCE

1. **FOWD recognized by Federal, State, and Local government officials for over 45 years of distinguished service to the community of Fair Oaks**
 - Information only. General Manager Gray provided a brief overview.

- Director Sarkovich expressed that he would like staff to disseminate more information about FOWD’s accomplishments to the community.
- Visitor Drake expressed his opinion about SJWD’s flyer, and that the information was misleading. He would like FOWD to communicate with its customers and take proactive steps.
- General Manager Gray stated FOWD will provide the community with factual, straight forward information concerning the FOWD.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. Update and discussion on the proposed regulation to make “Conservation a California Way of Life”

- Information only.
- Director Sarkovich inquired about the new targets for FOWD.
- General Manager Gray stated that staff will report back on this matter.

2. Update and discussion on the New York Well Project

- General Manager Gray provided an update on the October 2023 pre-purchased equipment. The vendor recently notified FOWD that the new ETA is January 2025.

3. Update and discussion on reconciling the main replacement agreement between the FOWD and FORPD

- General Manager Gray provided an overview. As directed at the last Board Meeting, FOWD will split the extra cost 50/50 with FORPD, finalizing the agreement.

4. Update and discussion on the proposed merger of the SJWD and SSWD

- General Manager Gray provided an overview of the proposed merger. A second meeting will be held on July 31, 2024.
- Director McRae attended the meeting remotely and provided an overview.
- SJWD General Manager Helliker stated the purpose of the July 31, 2024 meeting is to discuss the request for business case analysis, which is the next phase of the project.
- Visitor Drake inquired about the motive behind the merger with SSWD.
- SJWD General Manager Helliker stated that it is to develop and optimize opportunities.
- Director McRae expressed his concerns about this merger. He specifically commented about SSWD’s debt and the thought of sharing Water Right Water with an entity of this size.

5. Update and discussion on the proposed SJWD 2024 transfer of Pre-1914 Water Right Water outside of SJWD Wholesale Service Area

- General Manager Gray provided an overview.
- Director McRae inquired about the rate comparison between FOWD and SSWD.

- General Manager Gray stated that staff will report back regarding water rate comparison between FOWD and SSWD.
- SJWD General Manager Helliker stated that SSWD pays a higher water rate than FOWD. Had it not been for water transfers with SSWD, wholesale rates would have increased by 16%. He summarized SJWD's conditions for a successful transfer. He stated SJWD will terminate any transfers if FOWD needs cannot be met. He also stated that it will not cost FOWD any money and the revenues obtained from the transfer will be deposited into a wholesale account; used to reduce costs for wholesale customers. He said this transfer will have no impact to FOWD operations.
- Director McRae expressed his appreciation for the conditions SJWD is putting in place that actually protects FOWD.
- Director McRae asked General Manager Helliker if SJWD is concerned that transferring Pre-1914 water rights to SSWD could set a legal precedence and could cause legal complications in the future.
- SJWD General Manager Helliker responded no, because it is built into the contract that it is a one-time transfer.
- General Manager Gray commented that it is a one-time-transfer that has been done multiple times, making it not a one-time transfer.

VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS

1. Discussion on FOWD Water Supply for the month of June 2024

- General Manager Gray provided a summary of the water supply report.

2. Discussion and possible action on the required payment of the employer accrued unfunded liability for pension benefits

- Finance Manager Ha-Ly recommended for the Board to authorize payment of \$291,917 to CalPERS for the employer accrued unfunded liability for the fiscal year 2024-2025.

Director Sarkovich moved to authorize payment of \$291,917 to CalPERS for the 2024-2025 fiscal year.

Director Marx seconded the motion.

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

Absent: President Petersen

3. Discussion on Board direction for the development of a 2025 FOWD Annual Budget

- General Manager Gray presented the proposed 2025 budget schedule along with facts about FOWD rates.

- Director Sarkovich would like to have this information and the facts publicized. FOWD’s financial story needs to be spread to the public—no debt and lowest rates in the region.
- Visiting customer Babcock concurred that this information needs to be shared with the public. Pages 96 and 97 of the board packet along with the award for excellence needs to be public knowledge. It is the rate payer’s responsibility to attend the budget meetings if they are interested in participating.
- Visitor Drake agreed with visiting customer Babcock’s opinion. FOWD needs to market these facts and make ratepayers aware.
- The Board directed FOWD staff to immediately implement an aggressive outreach campaign providing the truth about the FOWD.

VII. UPCOMING EVENTS

1. **July 9, 2024 / SJWD Finance Committee Meeting / SJWD Office**
2. **July 17, 2024 / SJWD Board Meeting / SJWD Office**
3. **July 31, 2024 / SJWD J& SSWD Joint Board Meeting on Merger / SJWD Office**
4. **August 3, 2024 / Harvest Day / Fair Oaks Park**

VIII. REPRESENTATIVE REPORTS

1. **Sacramento Groundwater Authority (SGA)**
 - None.
2. **Regional Water Authority (RWA)**
 - Director Marx attended the meeting. The Department of Water Resources (DWR) awarded RWA a \$2 million grant.
 - General Manager Gray received a call from the Executive Director of RWA. He mentioned the respect he has for FOWD, specifically the leadership from Director Marx and President Petersen.
3. **Sacramento Water Forum**
 - None.
4. **Other**
 - None.

IX. DIRECTORS’ REPORTS & COMMENTS

1. **Budget Committee – (Sarkovich, Dolby)**
 - None.

2. **Technical Advisory Committee – (Marx, Petersen)**
 - None.
3. **Capital Improvement Committee – (Petersen, Dolby)**
 - None.
4. **Personnel Committee – (McRae, Dolby)**
 - None.
5. **Public Relations Committee – (McRae, Dolby)**
 - None.
6. **FOWD and SJWD 2x2 Ad-Hoc Committee – (McRae, Petersen)**
 - None.
7. **FOWD and CWD 2x2 Ad-Hoc Committee – (McRae, Marx)**
 - None.
8. **Corporate Yard Ad-Hoc Committee – (Sarkovich, Petersen)**
 - None.

X. GENERAL MANAGER’S REPORT

1. **Maintenance Work Report**
 - Report provided.
2. **Capital Projects Status Report**
 - Report provided.
3. **Authorizations of Additional Funding**
 - Report provided.
4. **Water Transfer Status Report**
 - None.
5. **Claims Against District**
 - Report provided.
6. **Employee Update**
 - None.
7. **Water Issues – Update on Regional Involvement**
 - None.
8. **Other**
 - RWA reimbursed FOWD \$190,000 of grant money for the Well Projects.

- FOWD received a notice from Sacramento County that in the next two years, sewer rates will increase 20%.
- General Manager Gray reported back on the comment made at the last Board Meeting regarding the operation of heavy equipment on public streets.

XI. PUBLIC COMMENT

- In reference to the upcoming newsletter, visiting customer Babcock requested FOWD to provide ample notice to ensure public attendance at the next budget meeting.
- General Manager Gray expressed his inclination to produce a newsletter with all the necessary information to provide the truth about the FOWD.

Vice President Dolby closed the open session meeting at 8:15 p.m.

Vice President Dolby opened the closed session meeting at 8:22 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54954 AND 54956

1. Conference with legal counsel on existing litigation; Government Code Sections 54954.5 and 54956.9; Citrus Heights Water District & Fair Oaks Water District v. San Juan Water District
2. Conference on Anticipated Litigation; Government Code Section 54956.9(d) – two cases

Vice President Dolby closed the closed session meeting at 9:27 p.m.

Vice President Dolby reopened the meeting to the public at 9:27 p.m.

XIII. REPORT FROM CLOSED SESSION

- None.

XIV. PUBLIC COMMENT

- None.

XV. ADJOURNMENT

With no further business to come before the Board, Vice President Dolby adjourned the meeting at 9:27 p.m.

The Board approved the preceding minutes on August 19, 2024



Tom R. Gray
General Manager/Board Secretary

9-24-2024

Date