



**AGENDA ITEM III.1a**  
Regular Board Meeting  
Approved Minutes  
August 19, 2024

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**District Attendees**

Chris Petersen	President
Mark Dolby	Vice President
Misha Sarkovich	Board Member
Tom R. Gray	General Manager
Shawn Huckaby	Operations Manager
Chi Ha-Ly	Finance Manager
Paul Siebensohn	Technical Services Manager

**Other Attendees**

George Babcock	Visiting Customer
Leon Corcos	Corcos Property LLC
Charlie Solt	Visitor
Roben C.	Visitor
Carolyn Bramson	Visitor
Richard Luna	Visitor

**Absent**

Randy Marx	Board Member
Michael McRae	Board Member

**AGENDA ITEMS**

**I. CALL TO ORDER**

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

**II. PUBLIC COMMENT**

- Visitor Corcos stated he would like FOWD to modify its parking signs to announce public parking availability after business hours and on weekends.
- General Manager Gray stated that FOWD's mission is to provide our community with an adequate and reliable supply of water, exceeding all drinking water standards, at the lowest reasonable cost. FOWD provides the community self-sufficient parking for its employees and customers with no negative impacts to the Fair Oaks Village.

“Providing public parking to the Fair Oaks Village is secondary to the mission of FOWD. Though important to the FOWD as neighbor and friend to the Fair Oaks Village, any significant or ongoing negative issues with public parking will result in restricting use to accomplishing the FOWD mission.” The Village suffers from a parking shortage, something that all new development should have taken into consideration.

- Visitor Corcos responded that according to the County, the Village has sufficient parking; otherwise, they would not be open. He inquired what it would take for FOWD to add a sign that states parking is allowed after 5:00 p.m. and on weekends.
- General Manager Gray commented that in the past, there has been improper use of the parking lot, utilizing vehicles for sleeping arrangements.
- Visitor Corcos stated that the Village is currently suffering from a lack of parking spaces, and it will get worse once the Fair Oaks Recreation & Park District project is completed.
- President Petersen inquired visitor Corcos if he was asking FOWD to replace its parking signs to reflect that parking is permitted after business hours and on the weekends.
- Visitor Corcos offered to pay to have the new signs made. New signs will avoid questions and confusion to the public.
- An unknown visitor inquired if the parking lot will be utilized by the public or by restaurant employees.
- General Manager Gray stated that there is a lack of parking in the Village. Both Fair Oaks customers and restaurant employees are well aware of the after-business hours parking rule and make use of it.
- Visitor Corcos stated that allowing parking after business hours and on weekends should not be a secret.
- President Petersen stated that visitor Corcos’ request will be taken into consideration.
- Visting customer Babcock suggested having a supplemental sign instead of replacing the current FOWD signs.
- Visitor Corcos agreed with the idea. He requested a sign that clearly states public parking is permitted after business hours and on the weekends.
- Visitor Corcos provided feedback on the Spanish style construction. He believes the Spanish eclectic style will dominate the Village.
- General Manager Gray encouraged everyone to go to the FOWD’s website and familiarize themselves with the documents concerning the Corporate Yard Project.
- Visitor Bramson expressed her concerns about having new signs posted. She is worried about people lacking a residence parking at 5:01 p.m., remaining there over the weekend, and causing problems for the community.
- President Petersen stated this issue has occurred in the past.
- General Manager Gray stated that people have abandoned stolen vehicles in the FOWD parking lot.
- President Petersen stated there might be a middle ground and it will be discussed with staff. However, if FOWD moves forward with this, towing will be enforced; something that has not been done before. If problems arise, towing will need to be part of the solution.

- An unknown visitor stated that the Board has not lived up to what was presented on the Corporate Yard document. In a year's time, FOWD probably experienced one parking issue.
- Visitor Bramson introduced herself and expressed that the recall signs are upsetting and feels like an attack on the Board, it's unwarranted. The water quality is exemplary. Rates are extremely reasonable. The Board has done consistent good work. FOWD is like an institution, and she appreciates it and is in favor of the Spanish Motif.

### **III. CONSENT CALENDAR**

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

1. Approval of Minutes
    - a. Regular Board Meeting of July 15, 2024
  2. Accept and File Treasurer's Report for the month of July 2024
  3. File Investment Report for the month of June 2024
  4. Accept and File Financial Expense Report for the month of July 2024
  5. Approval of Warrants
  6. Approval of Cal-Card Statements for the month of July 2024
  7. Approval of Board Expense Report for the month of July 2024
- Director Sarkovich addressed the issue about financial transparency. FOWD is one of the few public agencies that display absolutely everything. Financial transparency is presented on a monthly basis. This, along with the Board Packet, is posted on FOWD's website.
  - Visitor Corcos stated that the financial aspect, although posted, is challenging to understand. The transparency he's referring to consists of hiring a third-party agency to analyze if the 25% rate increase over three years is reasonable and rational. No independent study was done for the water rate increase or for the Corporate Yard Project.
  - Director Sarkovich stated that FOWD is a public agency, not a private business. The 25% rate increase over the next three years is basically governed by Prop 218. Prop 218 is very specific on how it needs to be advertised to the public and what type of analysis is needed. FOWD met every single requirement of Prop 218. This document is also posted on FOWD's website. The specific reason there was a 25% rate increase was due to the transmission main. This project alone will cost about \$30 million.
  - General Manager Gray stated that all this information is on FOWD's website. Despite the 25% increase over a period of three years, FOWD remains the lowest rates in the Sacramento region. In 2025, FOWD will complete several projects. Once completed, FOWD will have \$2.5 million above operating expenses to put toward the transmission main every year until it's finalized.
  - President Petersen inquired about the SMUD expense reflected on page 15 of the pdf file in the check register for the amount of \$15,342.17, specifically about the average

rate increase. He also inquired about Regional Water Authority (RWA) expense of \$53,092.00.

- General Manager Gray replied that SMUD rates have increased approximately 20% in the last couple of years. SMUD has a peak rate and have also added a super peak rate that begins around 5:00 p.m. The \$15,342.17 is a partial payment for a couple of sites. He also addressed the RWA's expense and stated that this amount is a combination of various resources, and regional support received from RWA for the water efficiency program that FOWD participated in regionally. All these fees are reflected in one payment. He will report back to the Board to clarify if this is an annual payment.

Director Sarkovich moved to approve the consent calendar as presented.

Director Dolby seconded the motion.

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

Absent: Director McRae and Director Marx

#### **IV. PRESENTATIONS AND CORRESPONDENCE**

##### **1. None.**

#### **V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS**

##### **1. Update and discussion on the New York Water Main Project Phase I**

- Information only.
- General Manager Gray provided an overview including that it will take approximately 84 days to complete.

##### **2. Update and discussion on the proposed merger of the SJWD and SSWD**

- Information only.
- General Manager Gray provided an overview.
- Director Sarkovich mentioned that SSWD has about \$100 million in debt. By merging, FOWD will indirectly be liable for some of the debt. SSWD also has a larger population. If this merger takes place, there is nothing positive for FOWD.
- Visitor Bramson inquired about SJWD's reasoning for wanting to merge.
- President Petersen stated that there are two main reasons: 1) the more water they sell, the more revenue they generate, 2) dry year supply reliability. SSWD has a lot of groundwater infrastructure and can provide aide to SJWD in a dry year. This is one of the things FOWD has been investing in—groundwater wells. FOWD always envisioned partnering with SJWD.
- General Manager Gray stated that the Board Packet contains information about this topic and a fact sheet is available on the FOWD website

##### **3. Discussion and possible action on a request to form a FOWD Customer Advisory Committee**

- General Manager Gray provided an overview.

- Visitor Corcos questioned the reason for not having a Customer Advisory Committee. He stated that apparently, you don't want the Customer Advisory Committee or you would have said we welcome that. He also stated that according to SJWD, the FOWD buys 90% of water, so this is all about 10%.
- Director Sarkovich provided an explanation of SJWD's rate structure for water.
- Visitor Corcos stated that having a Customer Advisory Committee will allow customers to provide their input and recommendations on budgeting decisions versus sitting in meetings.
- General Manager Gray clarified that FOWD staff does not make decisions, the Board provides FOWD staff direction on what to do. There are many opportunities throughout FOWD's monthly Board meetings for public input and the Prop 218 process is exhaustive. FOWD staff is outlining for the Board that the FOWD process is robust and in some cases, more than what other agencies are doing.
- Visitor Corcos stated that there is a huge difference between having the meeting where the public comes to give comment or having a group of rate payers and community members sitting down in back room bearing through; helping to make recommendations to the information FOWD will bring to the public. He went on to state that just because FOWD is supposed to have 3 or 2 meetings that barely anyone shows up to because they are poorly advertised, that's different.
- President Petersen inquired about visitor Corcos' reasoning behind that comment.
- Visitor Corcos replied that there has only been three or four people attending the Board meetings he has attended.
- Director Sarkovich stated that low public attendance is a sign of success. If FOWD had the highest rates in the region, the room would be packed.
- General Manager Gray stated that FOWD is no different than any other public government process. Some of FOWD's outreach is more robust than typical public outreach. Local government is set-up to have Board meetings seeking public input and the Board is elected to make decisions.
- An unknown visitor asked if there is a downside to having a Customer Advisory Committee and inquired if this would be costly or time-consuming for FOWD.
- President Petersen responded that having a Customer Advisory Committee would require additional time allocation for staff than what is currently spent to prepare for Board meetings. He stated that on average, the Board of Directors spend six to eight hours preparing for Board meetings. Each Board Member gets a stipend of \$100.00 per meeting; it is essentially a volunteer position. This is money coming out of the District, in addition to staff and the Board's time to participate in these meetings.
- An unknown visitor inquired if the Board's decision would be swayed if there is enough public interest to participate in a Customer Advisory Committee.
- President Petersen stated that FOWD is very open and transparent with the budgeting process. The purpose of the monthly Board meetings is to solicit input and comments from the public. There has been hardly anyone that provides public comment when discussing the budget. It has happened, but it's rare. It has never risen to the point of needing more engagement.
- An unknown visitor shared her perspective and noted she recently found out about these meetings. She believes having the Board Packet online is only accessible for

the younger audience. If more people are aware of these meetings, maybe they will become more interested in participating. It doesn't mean that the Board is not doing an excellent job, but maybe it will encourage people to be more involved.

- An unknown visitor commented that he believes there is no need for a Customer Advisory Committee. The financials are always laid out. He is curious to know what percentage of FOWD's customers are asking for a Customer Advisory Committee. It seems to be the 1% that is badgering the District, those involved in the "move the yard campaign." FOWD is very transparent and doing a great job delivering water at a very low cost.
- General Manager Gray shared his experience when he first joined the District in 2004 and there was a need for a Customer Advisory Committee. The District was under investigation by the grand jury. FOWD implemented things from that committee to get to where it is at today. We implore people to seek the truth.
- Visitor Corcos commented that having a Customer Advisory Committee will help get the truth out. If it worked back in 2004, it should also work out now.
- General Manager Gray responded that a Customer Advisory Committee was created in 2004 because there were issues to resolve back then. The issues being brought up recently are not the real purpose. The truth is that some people would like FOWD to move and take over the yard.
- Visitor Babcock commented that there is absolutely nothing stopping anybody from attending these meetings. He shared his experience from 2015, when San Juan Water District (SJWD) was going to do a drastic cut of FOWD's water supply and he began attending SJWD's meetings. Visitor Babcock began attending FOWD's Board meetings in 2017 and has only missed a couple on rare occasions. He stated that he is the only public attendee in most of the monthly FOWD Board meetings. He believes there is no need for a Customer Advisory Committee.
- Director Sarkovich stated that the Customer Advisory Committee is a bad idea because there is no need for it. Numbers do not lie; one picture tells you a thousand words. FOWD has by far the lowest water rates in the region, this information is posted on FOWD's website. He doesn't understand how having a Customer Advisory Committee would improve these facts. FOWD is very efficient, it has expertise, and it has delivered. FOWD is very transparent. Everything of financial substance is posted online (the budget and financial audit). It's there for anyone to see. FOWD has accountability. Every two years, at least two Board Members are up for reelection. This year, there are three Board Members running for reelection, it's part of the democratic process. He stated that visitor Corcos is running a slate to recall President Petersen and Director McRae. In his opinion, this is abuse and overreach. There is nothing these Board Members did to deserve to be recalled. Recall is deserved when there is most egregious acts of public abuse. The Board decided to deny visitor Corcos' request to move the corporate yard and build a parking lot as his motivation was driven by self-interest. This is the only reason we are here. Instead of the Board spending time to discuss and run a water business, time is being spent by talking about visitor Corcos—property owner and developer in the Fair Oaks Village.
- Visitor Corcos stated that he doesn't have the money to buy FOWD's property, but somebody can.

- Director Sarkovich is happy Mr. Corcos has built a successful business.
- An unknown visitor stated that the property belongs to FOWD and it's not up for sale.
- Director Sarkovich stated that when visitor Corcos decided to develop in this area, he was well aware of the corporate yard's existence; and yet he decided to build.
- Director Sarkovich decided not to move forward with any motion, as he does not consider a Customer Advisory Committee necessary. He stated that Mr. Corcos is not here for financial transparency or the low cost of water service. He stated that Mr. Corcos is here to move FOWD out of the Fair Oaks Village.
- President Petersen stated he is not in favor of forming an oversight committee at this time. He believes the Board meetings serve that venue. FOWD is very open and transparent with the budgeting process and welcomes input from ratepayers. FOWD has very qualified staff that run the organization. We are very lean and that's why we have such low rates, but we also do very good planning. One of the things that attracted President Petersen to join the Board was the "pay as you go" structure, it's great financial stewardship. The information in the staff report and meetings at FOWD are an opportunity for public input. The Board will take as long as it needs to take to be sure we are accounting for the interests of our rate payers.
- Director Dolby stated that there is plenty of opportunity for the public to engage. If you want the information, it's available. He already volunteers a lot of his time to prepare for FOWD Board meetings. He does not see the need for a Customer Advisory Committee.
- General Manager Gray stated that as a public water agency, FOWD needs to stay within the mission of quality and reliable water at a reasonable cost. Sometimes, the discussion is about parking and real estate, but our mission, no matter who is on the Board, needs to stay on that task. FOWD does not get a lot of questions about water quality or water reliability. We get questions about rates and FOWD rates are the lowest. Staff stand perplexed at what's going on.

## **VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS**

### **1. Discussion on FOWD Water Supply for the month of July 2024**

- Technical Services Manager Siebensohn provided a summary of the water supply report and addressed question from the public.
- Visitor Babcock asked for an explanation of the Fair Oaks 40.
- Technical Services Manager Siebensohn provided an explanation.

### **2. Discussion and possible action on the "Request for Qualifications" to select a new Special District Financial Auditor – prior Auditor termed out in accordance with District policy**

- General Manager Gray recommended Board authorize the "Request for Qualifications" to select a new Special District Financial Auditor.

Director Sarkovich moved to adopt the "Request for Qualifications" to select a new Special District Financial Auditor.

Director Dolby seconded the motion.

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

Absent: Director McRae and Director Marx

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

- General Manager Gray presented the proposed 2025 budget schedule and provided an overview of Board direction.
- Visitor Corcos stated that FOWD is using “pay as you go” and he has been asking for two years if FOWD is spending millions of dollars for the Corporate Yard. He inquired if that money is in the bank ready to go.
- Director Sarkovich stated that FOWD is still waiting on the building permits. Once acquired, the next steps involve demolition and temporarily moving the existing facility somewhere in our service territory. FOWD will not be spending much of its budget in 2025, this is a multi-year project. It will take approximately three years to complete this project.
- An unknown visitor stated that an investment in the water infrastructure in Fair Oaks to maintain the quality and services of water is vital. It costs a lot of money to maintain and improve water quality. He believes FOWD has done its job effectively over the years.
- Director Sarkovich stated that on an annual basis, FOWD spends approximately 40% of its revenue on infrastructure. Year after year FOWD invests in the system, prefers to avoid debt and interest. FOWD currently has zero debt. In 2004, the District had debt. It was paid off and FOWD intends to remain on a “pay as you go” basis.
- General Manager Gray stated that the water system needs to be safe and robust in order to produce reliable water. During his twenty years with the District, he is proud that on average, 40% of ratepayers’ money has been reinvested into capital projects. During this time, FOWD has also received over \$18 million in grants.
- Visitor Bramson inquired about the ongoing litigation with SJWD.
- Director Sarkovich stated that it is about SJWD changing the rate structure, and a possible violation of Prop 26.
- President Petersen clarified that this is the beginning of the budgeting process for 2025 and it gets adopted in October.
- Director Sarkovich stated that there will be a public hearing on October 21<sup>st</sup>. It will be open to the public. The Board will vote on October 28<sup>th</sup> for possible adoption.
- General Manager Gray stated that the Board publishes a schedule every year for adoption of the budget. On October 21, 2024, a Board Meeting will take place to discuss the draft budget. On October 28, 2024, a Special Board Meeting and hearing is scheduled to discuss the draft budget. There are multiple opportunities for input.
- Visitor Bramson inquired if these meetings will be held at FOWD and also questioned how they are being advertised.
- President Petersen replied that meetings will be held at FOWD, and they will be advertised on the website and outside the administration building.
- Visitor Corcos inquired if these dates will be in the bills.



- Director Sarkovich stated that FOWD plans to send announcements regarding October 21<sup>st</sup> and 28<sup>th</sup> to publicize broadly, in addition to the public knowledge of the meetings and website.
- General Manager Gray stated that when the rates are adjusted, there is a mailing that goes out to every customer (Prop 218). This is about a \$20,000 expense.
- Director Sarkovich stated that he does not want to be accused of approving the budget without public input. A mailing will ensure that the public is aware of what is being proposed for the 2025 budget so they can clearly see that rates are not going through the roof and there will be no new debt. He would like to see public outreach for the October 21<sup>st</sup> and 28<sup>th</sup> dates to rate payers about the budget process.
- President Petersen agreed with Director Sarkovich’s proposal.
- Director Sarkovich stated that he would like a simple letter sent to customers about what is being proposed with a summary of the staff report.
- Director Dolby also supports this idea.
- Director Sarkovich stated that the staff has direction from the Board that there will be some public outreach in addition to the other points in the staff report.

**4. Discussion and possible action on additional funding for 2024 expenses**

- Finance Manager Ha-Ly recommended for the Board to authorize a transfer of \$18,800 from the contingency fund to cover 2024 expenses and provided a summary of each expense.
- Director Sarkovich and General Manager Gray provided an overview of how the contingency budget works.

Director Sarkovich moved to authorize the transfer \$18,800 from the contingency fund to cover 2024 expenses as presented.

Director Dolby seconded the motion.

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

Absent: Director McRae and Director Marx

**VII. UPCOMING EVENTS**

- 1. August 26, 2024 / SJWD Special Board Meeting / SJWD Office**
- 2. August 29, 2024 / SJWD Special Board Meeting / SJWD Office**
- 3. September 9-12, 2024 / 2024 CSDA Annual Conference / Indian Wells, CA**
- 4. December 3-5, 2024 / 2024 ACWA Fall Conference / Palm Desert, CA**

**VIII. REPRESENTATIVE REPORTS**

- 1. Sacramento Groundwater Authority (SGA)**
  - Information only. General Manager Gray provided an overview.

- President Petersen provided his view on SGA's monthly salary schedule. He believes these salary ranges seem really high. He also clarified that his company has no contract with FOWD; there is no conflict of interest.

**2. Regional Water Authority (RWA)**

- None.

**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. FOWD Field Services Center 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**

- General Manager Gray stated that FOWD lost its Construction Inspector to another entity and two field staff were promoted.

**7. Water Issues – Update on Regional Involvement**

- None.

**8. Other**

- Report provided.

**XI. PUBLIC COMMENT**

- Visiting customer Babcock stated he would like to draw attention to Agenda Item X.2 – Capital Projects Report. It's there on the FOWD website for the public to review and it lays everything out.
- An unknown visitor believed that a legitimate issue was brought up earlier about Fair Oaks parking and questioned if this is a County issue. He is aware this is not a FOWD issue.
- President Petersen stated that Fair Oaks is not an incorporated city, the County does approve all the projects, including the development of the park (Fair Oaks Village).
- General Manager Gray stated that in recent developments, municipalities are implementing social engineering, they want people to use public transportation and walk. This results in what is currently happening with the Fair Oaks Village – lack of parking. FOWD hopes to be the best neighbor one could have.

President Petersen closed the open session meeting at 8:30 p.m.

President Petersen opened the closed session meeting at 8:38 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

President Petersen closed the closed session meeting at 9:45 p.m.

President Petersen reopened the meeting to the public at 9:45 p.m.

**XIII. REPORT FROM CLOSED SESSION**

- None.

**XIV. PUBLIC COMMENT**

- None.

**XV. ADJOURNMENT**

With no further business to come before the Board, President Petersen adjourned the meeting at 9:45 p.m.

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The Board approved the preceding minutes on September 16, 2024



Tom R. Gray  
General Manager/Board Secretary



9-17-2024

Date