



**District Attendees**

Chris Petersen	Board President
Mark Dolby	Board 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
Paul Siebensohn	Technical Services Manager

**Other Attendees**

Paul Helliker	SJWD General Manager
Pam Tobin	SJWD Board Member
George Babcock	Visiting Customer
Carolyn Bramson	Visitor
Richard Luna	Visitor
Dave Ward	Visitor
Don Gilliland	Visitor

**Absent**

**AGENDA ITEMS**

**I. CALL TO ORDER**

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

**II. PUBLIC COMMENT**

- Visitor Gilliland shared that his home flooded on October 28<sup>th</sup> and described the impact it has had on his family. No confirmation or commitment has been received from the party responsible to address the damages. He expressed his gratitude to FOWD staff and specifically Operations Superintendent Kepler. He stated that his help has been invaluable during this time.

- General Manager Gray stated that two homes were impacted and FOWD staff is working with them. The insurance company is working through the red tape.
- Director Sarkovich inquired if the cause of the flooding is known.
- General Manager Gray replied that he suspects the contractor caused the flooding. It is still under investigation and the insurance companies are working on it.
- President Petersen requested that staff provide an update at the next Board meeting.
- SJWD Board Member Tobin introduced herself and congratulated Director McRae for winning a seat at SJWD. She also congratulated the FOWD Board for their win. She expressed her gratitude for FOWD's endorsement and support during her reelection campaign this year.
- Visitor Bramson shared her happiness for the Board's victory and how things were handled. The Board maintained their integrity throughout the process, and by doing so it also maintained the people's integrity. She brought cupcakes to celebrate.
- General Manager Gray expressed his gratitude for the kind words and support FOWD has received from the community.
- Visitor Ward inquired if the recall was a close race.
- General Manager Gray stated that it is in tonight's agenda.

### **III. CONSENT CALENDAR**

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

1. Approval of Minutes
    - a. Regular Board Meeting of October 21, 2024
    - b. Special Board Meeting of October 28, 2024
  2. Accept and File Treasurer's Report for the month of October 2024
  3. File Investment Report for the month of September 2024
  4. Accept and File Financial Expense Report for the month of October 2024
  5. Approval of Warrants
  6. Approval of Cal-Card Statements for the month of October 2024
  7. Approval of Board Expense Report for the month of October 2024
- Director McRae inquired about the rate increase for both liability and auto insurance. He suggested that FOWD compare to other insurance companies, including self-insurance.
  - General Manager Gray stated that rates have increased, and additional funding will be requested to cover those expenses. ACWA JPIA is a self-insurance pool with all the other water agencies to reduce overall costs. FOWD staff can do the price comparison, but in general, ACWA JPIA has the lowest cost. He also noted the value of the cyber insurance ACWA JPIA offers.
  - SJWD Board Member Tobin stated that ACWA JPIA has the lowest insurance rates. There is no need to reinvent the wheel as they can provide FOWD with price comparisons.

- General Manager Gray mentioned that FOWD uses many ACWA JPIA educational programs that are available at no cost. They offer many benefits.
- Operations Manager Huckaby stated that insurance rates increased by about 7.75% across the board. However, the invoice received from ACWA JPIA is just an estimate. They reassess at the end of the year and send refunds once calculations are finalized.

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, Petersen – aye, and Sarkovich – aye.

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

- 1. Correspondence dated November 4, 2024 from the County of Sacramento Voter Registration and Elections Office – FOWD Division 1 Recall Effort Fails**
  - Information only. General Manager Gray provided an overview.
- 2. Correspondence dated November 4, 2024 from the County of Sacramento Voter Registration and Elections Office – FOWD Division 2 Recall Effort Fails**
  - Information only. General Manager Gray provided an overview.
- 3. FOWD staff presentation on results of FOWD and SJWD November 2024 Elections**
  - Information only. General Manager Gray provided an overview and reported on the election results.
  - Director Sarkovich stated he would like the Corporate Yard Project to be completed in the next two years. He believes FOWD should do a better job at communicating what vote by division means. He received many calls from people stating that they did not see his name or FOWD’s name on the ballot. Many people are unaware that FOWD has the lowest rates in the region. He would like the banners to stay up to make people aware.
  - SJWD General Manager Helliker congratulated FOWD Board on the election results. He visited the Sacramento County website and stated that the current results are only showing 91% of the votes; there are still 60,000 ballots left to count. The results will be certified on December 6, 2024. If Director McRae wins, he will need to send his letter of resignation to FOWD between December 6-18, 2024. He can be sworn in after his resignation.
  - General Manager Gray stated that a FOWD vacant Board seat will be included in next month’s agenda.
  - Visitor Ward asked Director McRae his reasons for being on the SJWD Board.
  - Director McRae stated that there is influence and positive change being on SJWD Board.
  - General Manager Gray stated that Director McRae will be representing the Fair Oaks region while being part of the SJWD Board.
  - Director McRae stated that Fair Oaks has not been represented at the SJWD Board for many years. Due to this, discussions at the SJWD go a certain way without the

Fair Oaks people being represented. He feels that Fair Oaks needs the voice of someone that lives in the Fair Oaks service area. He thanked everyone for voting for him and hopes to be a good voice for Fair Oaks.

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

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

General Manager Gray provided an update and overview.

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

**1. Discussion and possible action on FOWD Resolution No. 24-03: “A Resolution of the Board of Directors of the Fair Oaks Water District Opposing the Proposed Merger of the San Juan Water District and Sacramento Suburban Water District”**

- General Manager Gray provided an overview and read the resolution.
- President Petersen suggested modifying item #4 to “insufficient to protect” instead of “do not protect.”
- General Manager Gray suggested “may be insufficient to protect.”
- President Petersen agreed to modifying item #4 to “may be insufficient to protect”.
- Director McRae stated that item #7 of our resolution is speaking for FOWD and CHWD. He asked if the resolution should be limited to only the FOWD Board.
- General Manager Gray stated no because it was purposeful. The resolution was developed in consultation with CHWD. We believe CHWD will take action on a similar resolution very quickly after FOWD. The purpose of common wording is to demonstrate that it’s the majority of SJWD customers that oppose the merger and that is a powerful statement.
- Director Sarkovich inquired that assuming FOWD passes the resolution, can the item be added to SJWD’s agenda for the SJWD December 18, 2024 meeting when Director McRae is there to discuss the resolution and potential action to stop the merger; stop the waste of money?
- SJWD Board Member Tobin agreed to propose that this item be added to SJWD’s agenda.
- SJWD General Manager Helliker stated that any Board Member may propose to have an item added to the agenda, one of our Board Members plans to do so, and it will be added to the agenda.
- Director Marx stated that there are other concerns with SSWD’s debt and water quality. These did not make it into the resolution, but that may be because it’s not meant to be comprehensive to all the issues.
- General Manager Gray responded that FOWD wanted to keep it general and focused on the majority of FOWD customers who don’t want the merger.
- SJWD General Manager Helliker provided his response on the proposed FOWD Resolution No. 24-03. First, he addressed the statement in the resolution that states significant components of the merger are unknown, and additional analysis is not necessary. He commented that SJWD had two reports as part of preparation for merger discussions completed in 2015 and they were not comprehensive. SJWD Board disagrees that additional analysis is not necessary. It’s clearly necessary and the next phase.

- Second, General Manager Helliker addressed item #2 of the resolution that it would benefit all SJWD customers to immediately stop spending additional resources. He stated that to make any kind of determination about what the pros and cons are, a business case analysis is necessary. The SJWD Board has decided that to get that information, a business case analysis is needed. SJWD Board represent all of customers and the business case analysis was their choice. He stated that we disagree with the second item in the resolution.
- Third, SJWD General Manager Helliker addressed the statement in the resolution that the merger between SJWD and SSWD would result in a loss of control. He stated that every individual Board Member represents the interests of all the voters in the community services district. No matter where they are elected, they are representing all customers in the SJWD. That's another inaccurate statement that there is any loss of control.
- Fourth, SJWD General Manager Helliker addressed the statement in the resolution that existing agreements do not protect water rights water. He stated that these agreements will not change unless there is mutual agreement between FOWD and SJWD or whatever the water district will be with the merger. So, protections are in these agreements which give FOWD and the wholesale water agencies the first call on all water supply. Not just water rights water, all water supply. That first call will not change. Again, the item is not correct.
- Fifth, SJWD General Manager Helliker addressed the statement in the resolution that potential benefits of a merger are not worth the long-term impacts of sharing water with SSWD. He stated that SJWD shares water with SSWD now and that it benefits FOWD. Every time SJWD transfers water to SSWD, first SJWD has to meet FOWD needs and second, SJWD needs to get FOWD statement that SJWD has met FOWD needs. Any revenue SJWD generates by transfers to SSWD or to any, come back to SJWD and they offset FOWD costs. That's built into the water supply agreement with FOWD and SJWD can't do anything differently.
- Sixth, SJWD General Manager Helliker addressed the statement in the resolution that the potential benefits of a merger can be obtained through collaborative operations and agreements. He asked how do we know that? How does FOWD know that? SJWD has not done a business case analysis and has not looked at what the benefits or costs may be. At this point, not sure how FOWD can conclude that is the case, that the benefits can be obtained through collaborative operations and agreements rather than a merger.
- Lastly, General Manager Helliker stated that to Director McRae's comment, he has asked CHWD if they could give him any resolution that they have adopted that matches this (FOWD resolution) to comport with what FOWD is asserting and they don't have one. So, at this point this last statement (in FOWD resolution) is not accurate. The CHWD Board of Directors has not made any statement about this. They have not stated they support this resolution. That statement in and of itself is false. Recommending that FOWD not adopt the resolution because many parts of it are not correct.
- General Manager Gray responded to SJWD General Manager Helliker's comments that in general, it is somewhat disrespectful to stand up in front of our Board and say they are wrong in stating how they feel about something. He stated that SJWD

General Manager Helliker is making statements that the SJWD Board feels a certain way. He asked if they have violated the Brown Act and discussed this with the entire SJWD Board. There was no time for SJWD General Manager Helliker to caucus with the entire SJWD Board.

- General Manager Gray stated that it is important to point out that in item #1 of FOWD resolution, on behalf of FOWD Board of Directors and writing based on their input over time. Significant components for the Board and rate payers are water rights and protection of those; not diluting them by 50% through doubling the number of people SJWD serves and a lack of control. The population served with the merger will be larger and 20 miles away in Sacramento. Those votes will be more than Fair Oaks, that is what FOWD is talking about.
- Lastly, General Manager Gray stated that in item #4 when SJWD General Manager Helliker stated that water rights are protected in perpetuity, the current water agreement expires in 2045, and it goes away. The majority of the votes and protection for those water rights will be down in Sacramento, 20 miles away. That's why the resolution is being proposed by FOWD.
- Director Sarkovich asked if this will be on the CHWD Board agenda.
- General Manager Gray responded yes; that in general, the resolution was developed in collaboration with CHWD. It was done to show that the majority of the population currently served by SJWD opposes the merger.
- SJWD General Manager Helliker responded that it's a false statement. The CHWD Board of Directors does not agree with and support the content (of the FOWD resolution). He stated that FOWD has no evidence that they have taken that position.
- SJWD Board Member Tobin stated that she sits on the Advisory Board of LAFCO and that there are many different ways to do a consolidation. The type of consolidation with SJWD and SSWD dissolved the existing water districts, and a new one is formed in its place. It could pose distribution problems and the is also a concern of governance. The constituency with SSWD is much larger and Board seats are determined based on the number of people per capita in a specific district. Losing local control is a very real thing.
- SJWD Board Member Tobin stated that in fairness, she is the only representative that Granite Bay has and parts of Orangevale, so if FOWD is worried about unbalances, it is already there. Our water rights are under constant attack by the state and feds. We need to take the assurances needed to protect those.
- SJWD Board Member Tobin commended the FOWD Board for the resolution opposing the SJWD and SSWD merger. She believes that protecting water rights is the most pressing issue. Preserving local control ensures effective governance, and the maintaining of reliable water distribution. All of it is so important to the sustainability of this region. She stated that FOWD Board leadership on this issue sets an example for others to follow.
- SJWD Board Member Tobin stated that she has been contacted by the majority of the CHWD Board and they do not support this merger either. They have stated that to her.
- President Petersen thanked SJWD Board Member Tobin for her support and asked her to share with the public what ACWA is.

- SJWD Board Member Tobin stated that ACWA is the acronym for Association of California Water Agencies. The association represents over 470 public water agencies in the state of California and SJWD Board Member Tobin provided an overview.
- SJWD General Manager Helliker commented that the question of what would be the structure of a new organization is undecided at this point. There are a couple of options with one of the proposed being reorganization and the one in the study recommended that San Juan annex SSWD once SSWD is dissolved. These options are part of the business case analysis to look at best alternatives. The SJWD Board believes they need that analysis to be able to determine whether or not there are benefits that would be worth considering. There are many steps even after LAFCO receives the resolutions for the merger from SJWD and SSWD.
- Director Tobin stated that she is on the Advisory Committee of LAFCO and there are many ways of doing this. To throw any item at the wall to see if it sticks is not really a good option.
- General Manager Gray stated that the current proposed merger has been stated as a continuation of the original process (2015). The primary driver for the merger was water supply reliability and currently, the merger is being called a continuation but, he was told directly that water supply reliability has nothing to do with the current needs. How can SJWD continue the process that has nothing to do with the newly proposed process? If water supply reliability is a key objective of the proposed merger, in the words of SJWD staff, FOWD and CHWD get no benefit from that.
- SJWD General Manager Helliker responded that he would send the scope of work to FOWD. Water supply and reliability is one of the topics covered as well as all other aspects of SJWD operations. It's a complete analysis of both organizations. In 2013, 2014 and 2015 we were in one of the worst droughts on record and there was a focus on water supply reliability, but that's just one component of the current analysis.
- Director McRae stated that one big concern is this opens a pandoras box and there are so many unknowns. We don't know how it will turn out. Bottom line is FOWD has no protection for water, voting strength and water finances.. The new merged entity could possibly come up with creative ways to pay off debt and currently, FOWD is debt free. He is really worried about taking on someone else's debt and not willing to roll the dice that it turns out good. Director Sarkovich stated that he was opposed to the merger in 2015 and is opposed today. In his book, nothing has changed. Director Sarkovich moved to approve the FOWD Resolution No. 24-03 as amended.

Director McRae seconded the motion.

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

## **2. Discussion and possible action on the approval of an updated FOWD Salary Schedule**

- General Manager Gray provided an overview of the proposed salary schedule. He noted there are three new positions listed and provided an overview of their duties. He stated that having these positions listed does not mean they will all be filled.

This is an adjustment to the salary schedule, potentially filling these positions and diversifying the workforce without adding any extra employees. Position descriptions for the Assistant Engineer and Junior Engineer will be developed by FOWD staff.

- General Manager Gray addressed questions from the Board and the public.

Director Sarkovich moved to approve the updated FOWD Salary Schedule as presented.

President Petersen seconded the motion.

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

### **3. Discussion on FOWD Water Supply for the month of October 2024**

- Technical Services Manager Siebensohn provided a summary of the water supply report.
- General Manager Gray addressed questions from the Board. He stated that FOWD developed and invested in groundwater so we could have redundancy in case of an emergency. It was also developed so FOWD could have the ability to adjust the water supply cost. Once it was developed, SJWD changed its rate structure and FOWD does not have incentives to pump groundwater. FOWD is not looking for SJWD to lose money but to work with FOWD for mutual benefit.
- Director Sarkovich stated that FOWD is adding more groundwater assets (wells).
- SJWD Board Member Tobin stated that she voted against the merger with SSWD during their last Board meeting because no one on the Board had seen the contract. She stated that something this important needs to be read. She also stated that we need to work collaboratively on the business of water and ratepayers.

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

- General Manager presented staff's recommendation for the Board to authorize the transfer of \$69,800 from the contingency fund to cover 2024 expenses.

Director Sarkovich moved to authorize the transfer of \$69,800 from the contingency fund to cover 2024 expenses as presented.

Director McRae seconded the motion.

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

## **VII. UPCOMING EVENTS**

### **1. November 20, 2024 / SJWD Regular Board Meeting / SJWD Office**

- General Manager Gray encouraged people to attend this meeting and stated it can also be attended remotely.



- SJWD Board Member Tobin suggested that FOWD Board request SJWD to add “FOWD Resolution No. 24-03” to the agenda, so it could be discussed during the meeting. Otherwise, her request to include it will be dismissed by the SJWD Board.
- SJWD Board Member Tobin mentioned SJWD’s discussion about destroying records after thirty days (30), instead of two years as mandated by state laws. She stated that to her, this is an attempt to hide things. With the recent election, the dynamics of SJWD Board has started to shift. SJWD Board Member Tobin feels that she has a target on her back because she daylighted many issues, but this is business, it’s not personal.

**2. December 3-5, 2024 / 2024 ACWA Fall Conference / Palm Desert, CA**

**VIII. REPRESENTATIVE REPORTS**

**1. Sacramento Groundwater Authority (SGA)**

- None.

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

- None. Last meeting was mainly informational, only one action item.

**3. Sacramento Water Forum**

- None. General Manager Gray provided a brief overview.

**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 provided an update.
7. **Water Issues – Update on Regional Involvement**
  - None.
8. **Other**
  - None.

**XI. PUBLIC COMMENT**

- An unknown visitor agreed with Director’s Sarkovich comment earlier in the meeting about having more communication with customers. Customers need to be aware that FOWD has no debt. It’s good to know that the Board is working so hard, and it would definitely influence his vote.
- Director Sarkovich stated that FOWD should make customers aware that FOWD has the lowest rates and no debt.
- General Manager Gray stated FOWD does not brag about ourselves.
- SJWD Board Member Tobin stated making this information public knowledge highlights FOWD’s functionality – it’s a fact.
- An unknown visitor inquired about the water agreement and its expiration.
- General Manager Gray stated that the wholesale water agreement with SJWD expires in 2045. When the contract expires, the water rights might go away. FOWD would need to do something to enhance it.

- SJWD Board Member Tobin stated that the water agreement has to do with water reliability. Folsom Lake, CHWD, Orange Vale and FOWD makeup the wholesale water agencies; it's part of the family of the San Juan wholesale district. Folsom Lake is the first responder. Folsom Lake affects everybody, it affects the family and everything that happens in the region. SJWD does not run Folsom Lake. The water rights are worth fighting for. She summarized the 2015 drought.
- General Manager Gray stated that when the drought took place in 2015, FOWD had enough water to provide its customers with average-day water, even when there was no surface water. This water came from FOWD's investment in groundwater wells. FOWD has had the opportunity to share this groundwater with the family.
- President Petersen noted that Folsom Lake holds 972,000 acre-feet of water when it's full. The groundwater basins in the Sacramento area have enough evacuated storage space because of over pumping that we can fill the groundwater, and this will hold over a million acre-feet of water. There's a lot of potential for groundwater storage to improve our overall water supply reliability. He believes there is a bright future for water supply.

President Petersen closed the open session meeting at 8:23 p.m.

President Petersen opened the closed session meeting at 8:23 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 9:03 p.m.

President Petersen reopened the meeting to the public at 9:03 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 9:03 p.m.

---

The Board approved the preceding minutes on December 16, 2024



Tom R. Gray  
General Manager/Board Secretary

12-19-2024

Date