



District Attendees

Randy Marx	Board President
Michael McRae	Board Vice President
Chris Petersen	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

George Babcock	Visitor
Mark Dolby	Visitor

Absent

AGENDA ITEMS

I. CALL TO ORDER

- Board President Marx called the meeting to order at 5:30 p.m.

II. PUBLIC COMMENT

- None.

III. DISCUSSION AND POSSIBLE ACTION

1. Update and discussion on the open Division 3 seat on the FOWD Board of Directors

- General Manager Gray provided an overview of the current election. He stated there are currently two candidates running for Division 3.
- General Manager Gray suggested that the Board post the opening, interview candidates and make their selection at the next board meeting.

2. Discussion on the SJWD Wholesale Master Plan

- General Manager Gray stated that San Juan Water District (SJWD) does not have a Wholesale Master Plan ready for FOWD review.

- Board President Marx inquired if a schedule has been provided by SJWD.
- General Manager Gray responded that a meeting took place with SJWD’s consultants. There was supposed to be a follow-up, but he has not heard from SJWD. SJWD should use their Wholesale Master Plan to prepare their Financial Plan.
- Director Petersen suggested to email SJWD to inquire when the Wholesale Master Plan will be available for review.
- Vice President McRae inquired if SJWD’s Master Plan will have a division of allocations between retail and wholesale.
- General Manager Gray stated SJWD has hired an independent consultant to draft a Cost Allocation Plan. FOWD will be meeting with the consultant in late September 2022.

3. Workshop and discussion on an annual FOWD budget for 2023 including operations and capital investment

- General Manager Gray provided an overview of the 2023 FOWD Budget and Proposition 218 Schedule. He provided a summary of revenues, operating expenses and capital projects for the next ten years. He emphasized that FOWD will operate below minimum reserve threshold starting in 2023 and will be in deficits starting in 2024. He provided a chart showing that FOWD has the lowest water rate in the Sacramento Region. He suggested a three-year rate increase of:
 - 2023 10%
 - 2024 10%
 - 2025 5% or 10%
- Director Sarkovich stated that FOWD has continuously been 10%-15% under budget. He recommended a maximum rate increase of 25% over the course of one or two years (25% or 15%, 10% and 0%) not the proposed 30% over the next three years. He also suggested the “pay as you go” method.
- Director Petersen stated there are many capital projects to be completed in the next few years. He would like to review the water transfer revenue.
- Board President Marx proposed a 10%, 10%, 7% rate increase, a combined total of 27%, over the next three years.
- Director Petersen proposed a 10%, 10%, 5% rate increase, a combined total of 25%, over the next three years.
- Visitor Babcock stated that he received a flyer from SJWD asking for no outdoor watering due to the Hinkle Reservoir Project; this will reduce the volume of sales at FOWD.
- Director Petersen responded that FOWD will also not be paying SJWD as much for water.

- Visitor Babcock proposed a 15%, 12.5%, 5% rate increase over the course of three years. He stated the inflation rate is currently high and believes it will taper down in two years. He agrees that certain projects need to wait and the construction of wells can slow down a bit. He shared his thoughts on prioritizing the following projects in this order:
 - Mainline
 - New Corporation Yard
 - Wells
- Director Sarkovich agreed with having a 15% rate increase in 2023 and 10% rate increase in 2024.
- Mr. Dolby agreed that inflation is currently high but that doesn't mean rates should be raised so high. However, he doesn't know enough about how much revenue FOWD makes to recommend a rate increase. Ultimately price increase makes sense. He believes a 10% rate increase is a palatable decision.
- General Manager Gray stated FOWD has maintained the same rates for years.
- Director Sarkovich directed staff to create a chart showing historic rate increases for FOWD; he emphasized that it is a good story to tell.
- Director Petersen agreed this would be a powerful chart and it will convey a good message for the FOWD rate payers. FOWD is investing in water supply reliability. Many of the other agencies do not have functional groundwater wells and their rates are higher. FOWD has groundwater and the lowest rates. This message should come through, FOWD has redundancy and is increasing its redundancy.
- Board President Marx summarized the proposed rate increases.
- Visitor Babcock stated that if rate payers are already being conservative with their water usage, the 15% rate increase will not have a big impact in the dollar amount being paid.
- Director McRae stated there are many options on the table, he does not have any new rate increases to suggest; other than what has already been proposed.
- The Board agreed to propose the following rate increases over the next three years:
 - 2023 – 10%
 - 2024 – 10%
 - 2025 – 5%
- The Board directed staff to draft a new 2023 budget presentation for October board meeting with the proposed 10%, 10%, 5% rate increases.
- Visitor Babcock suggested for FOWD to include SJWD's rate increases.

IV. PUBLIC COMMENT

- Mr. Dolby stated it's a great plan.

V. ADJOURNMENT

With no further business to come before the Board, Board President Marx adjourned the meeting at 7:08 p.m.

The Board approved the preceding minutes on September 19, 2022

Tom R. Gray
General Manager/Board Secretary

Date