



District Attendees

Gary Page	Board President
Misha Sarkovich	Board Vice President
Michael McRae	Board Member
Randy Marx	Board Member
Nadine Reid	Board Member
Tom Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Finance Manager
Shawn Huckaby	Customer Service Manager
Josh Heavenston	Operations Superintendent

Other Attendees

Absent

AGENDA ITEMS

I. CALL TO ORDER

- Board President Page called the meeting to order at 5:30 p.m.
- General Manager Gray stated that in accordance with the California Department of Public Health's and the Governor's Executive Orders N-29-20 and N-33-20, the District's boardroom is closed, and this meeting will take place solely by teleconference.

II. PUBLIC COMMENT

- None.

III. DISCUSSION: OLD BUSINESS

1. Workshop and discussion on an annual FOWD budget for 2021 including operations and capital investment

- General Manager Gray provided a summary of the 2021 proposed annual budget including projected operating expenses, revenue, capital improvement projects and reserves. He noted the SJWD Hinkle Reservoir debt is being pushed to 2022; thus, SJWD Hinkle Reservoir debt will be removed from the 2021 proposed annual budget.
- Vice President Sarkovich stated that the budget process evolved over time and the District is continuing based on success in the past.
- Director Marx stated that the District is in solid financial shape. He expressed his gratitude to staff for preparation of the budget and projections. He expressed his desire to develop a strategic plan, master plan and financial plan for future needs of the District. He inquired about the transmission main replacement project.
- General Manager Gray replied that the transmission main replacement planning document is on the managers' desk and should be presented to the Board by the end of the year.
- Director Marx stated that he prefers to raise rates each year in line with inflation and to have customer rates be based more on usage and less on the fixed cost.
- Director McRae thanked staff for developing the budget document and summary. He inquired about the Hazel Phase III Project and wanted to make sure the capacity of the water main is built for future needs.
- General Manager Gray replied that the water main was designed with future capacity.
- Director McRae inquired if one of the New York Water Main Replacements can be deferred and replaced with upsizing the intertie with Carmichael Water District.
- General Manager Gray replied that the water mains on New York Avenue are needed to take full advantage of the groundwater well.
- Director Reid inquired on the reasoning of the District only paying a portion of the unfunded liability; inquired if the District developed a strategic plan and how does staff prioritize projects.
- General Manager Gray replied that the District does not have an OPEB unfunded liability. The pension unfunded liability is relatively small and that the Board's position is to pay the minimum. He asked that the Board consider paying down the pension unfunded liability. He stated that staff does planning throughout the year and that the priorities are determined based on the needs of the District.
- Vice President Sarkovich stated he is against borrowing money to pay down the unfunded liability.
- General Manager Gray stated that the District would only use money from net revenues and not borrow money to pay down the unfunded liability.
- Director Reid stated that the budget appears fine and she wants a commitment from the Board to revisit the process that includes a planning document.
- President Page inquired about the New York Well Project, the two water main upgrades on New York Avenue and the absence of a new well project.
- General Manager Gray replied that if the District is to maximize the production of the New York Well, the water mains will need to be upgraded. He continued that

through the budget process there was \$100,000 for the locating and acquisition of a new well site, which has been moved to 2022 with the intention of an action item being brought to the Board if an opportunity arose for a new site within 2021. He suggested to the Board that a goal be added for the General Manager to provide a master planning document by November of 2021.

- President Page inquired if FOWD can be independent of San Juan Water District.
- General Manager Gray replied that FOWD cannot be independent of San Juan Water District; but can find a way to maximize benefits.
- Vice President Sarkovich stated that the water mains on New York Avenue are required to bring the groundwater to the system. He continued that the District does not have a strategic plan, however, all commitments in the current year were decided within the last few years. He stated that he would like the deadline for the General Manager's strategic planning goal be moved to August of 2021.
- Director Marx stated he wants to investigate the unfunded actuarial liability projections in 20-30 years and wants the General Manager's strategic goal to address a 3rd well.
- Director McRae stated that he feels that the District will need to increase rates or borrow money for some of the future projects. He stated that the planning document is a good idea and wants the document before the budget development in 2021.
- Director Reid stated she wants to make sure that when the Board decides on a capital project, there is a long-term plan to use as guidance. She emphasized that she will not approve the 2022 budget if a long-term strategic plan is not developed.
- President Page stated that the budget should align with the strategic plan and likes the idea of paying for projects without borrowing. He wants to include some funds to determine the next groundwater well location.

IV. PUBLIC COMMENT

- None.

V. ADJOURNMENT

With no further business to come before the Board, President Page adjourned the meeting at 6:48 p.m.

The Board approved the preceding minutes on November 9, 2020

Tom R. Gray
General Manager/Board Secretary

Date