



**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
Rebecca Simon	Human Resource Administrator
Nick Kepler	Operations Superintendent
Joe DeBorba	Maintenance Supervisor

**Other Attendees**

Paul Helliker	SJWD General Manager
George Babcock	Visiting Customer
Margge Wood	Visitor
Lauren J. E.	Visitor
Susannah Martin	Visitor
Bob Klousner	Visitor
Steve Schroeder	Visitor
Roben C.	Visitor
Wes Trunnell	Visitor
Barbara Beck	Visitor
Dave Ward	Visitor
Clara Jewell	Visitor
Suzanne Myers	Visitor
Kenney Scott	Visitor
Carolyn Bramson	Visitor
Richard Luna	Visitor

**Absent**

## AGENDA ITEMS

### I. CALL TO ORDER

- President Petersen called the meeting to order at 6:33 p.m.

### II. PUBLIC COMMENT

- SJWD General Manager Helliker provided an update on the Water Forum and the Regional Water Bank Project. He thanked General Manager Gray for his collaboration. The Water Forum is finalizing a new agreement requiring more financial contribution from SJWD and FOWD. The Water Forum is proposing SJWD's consortium become the biggest founder, making SJWD costs increase up to about 2,000%. A fair agreement is in discussion and General Manager Gray has been part of this discussion. It will not be an easy negotiation. To the extent we can have a common approach it would be good. The Regional Water Bank Project is working on modeling and some environmental documentation associated with proposed scenarios. One of the issues is where to start. SGA does not have water accounting framework for the SJWD wholesale service area, but the groundwater basin is healthy. SJWD and FOWD have been doing conjunctive use and he wants to ensure both water districts and the rest of the San Juan family get credit for that. SJWD General Manager Helliker has asked Sacramento Groundwater Authority's (SGA's) president to make sure SJWD is involved in the discussions of the special subcommittees. SGA President Selsky wants our input; exactly how that happens is yet to be determined. In that process, we want to make sure that SJWD, FOWD and CHWD are approaching it the same way.
- General Manager Gray asked SJWD General Manager Helliker to describe what the Water Forum is.
- SJWD General Manager Helliker stated that the Water Forum is a regional collaboration among business and environmental interests, water agencies in the Sacramento region and public members. It's been around for twenty-four (24) years. Once the agreement was settled, concerns about water supply reliability and eco-system protection in the lower American River evolved. The agreement expires in 2030 and an updated version has been worked on for five years now, it's time to get it done. The plan is to have it finalized by the end of the year.
- President Petersen stated that the Sacramento Water Forum was initially funded by the County and now they are significantly reducing their financial contribution.
- SJWD General Manager Helliker noted that the initial agreement was a compromise, it's allocated based on the number of connections, it's pro-rated that way. The County of Sacramento pays for the costs associated with connections. Three years ago, they announced they would no longer be covering these costs, starting in July 2025. He explained that rate payers are currently paying for Zone 13 taxes, which is supposed to pay for water planning. Rate payers would still be paying that and we will need to negotiate with representatives from the County that they need to acknowledge the fact that our rate payers would be paying Zone 13 funding and our contribution the Water Forum. He wants to make sure taxpayers do not double pay.
- Director Sarkovich asked SJWD General Manager Helliker to clarify if SJWD sets the water rates for FOWD – the lowest in the region.

- SJWD General Manager Helliker replied that SJWD does not set the water rates for FOWD. SJWD provides wholesale water to FOWD. FOWD has the lowest water rates in the region and SJWD has the lowest rates in the state for wholesale water. SJWD has nothing to do with FOWD's retail rates.
- General Manager Gray highlighted that the Water Forum has are two co-equal objectives of reliable water for ratepayers and helping to protect the environment of the lower American River. We are helping to put back salmon and steelhead habitat in the river, protect the flows and the temperatures for environmental purposes. FOWD is not only serving water but is looking to protect the environment.
- Visitor Trunnell shared his experience attending a Sacramento County Park & Recreation meeting. Nicole Lee had a very lucid presentation on the Brown Act and described how to deal with a rowdy crowd, people taking more than two minutes, people repeating the same comments over and over again and what the chairperson can do in these situations. He recommended FOWD listen to what Nicole Lee has to say. He is aware that it has been a tough year and likes what FOWD is doing.
- Visitor Schroeder introduced himself and stated he has lived in Fair Oaks for thirty-three years (33). He retired in 2019 after a forty-year career as a Certified Public Accountant (CPA). He spent several hours reviewing the financial statements, stating that they are put together very well. The financial statements are very concise and detailed. He would like to compliment the Finance Manager.
- Visitor Laura inquired about the boardroom seating arrangement to get a sense of the layout.

### **III. PUBLIC WORKSHOP ON PROPOSED 2025 FOWD ANNUAL BUDGET**

- General Manager Gray introduced himself and shared that he'll be entering his twenty-first year as general manager. He explained the workshop process and thanked the public for attending. He also noted that the PowerPoint and Board Packet are posted on the website.
- General Manager Gray presented the proposed 2025 FOWD Annual Budget.
- General Manager Gray addressed questions from the Board and the public.
- Director Sarkovich complemented staff for the great job they have done.
- General Manager Gray addressed questions regarding the Corporate Yard Project.
- General Manager Gray and President Petersen explained the process of building a project. As soon as the project is designed and approved by the County, FOWD will have an official engineer's estimate.
- An unknown visitor clarified that an engineer's estimate is solely an estimate and the final costs can be higher. Once an engineer's estimate is obtained, it goes out for bid. Once a bid is selected, a firm amount will be known, and the contractor will be held accountable to build the project for that given amount.
- An unknown visitor shared information he learned about after attending a meeting with Supervisor Rich Desmond . The Hazel Avenue Project was mentioned, and the speaker highlighted that FOWD has a track record of saving money. There was a tremendous cost savings. Based on FOWD's track record, he is confident FOWD will do the same for the Corporate Yard Project.
- An unknown visitor inquired about the priorities of the projects FOWD currently has projected.

- General Manager Gray clarified that other projects have priority over the Corporate Yard. FOWD is a water district and the mission is to provide a reliable quality water supply at the lowest reasonable cost. It has nothing to do with parking or building a community center. Anybody that sits on this Board has to follow that mission.
- General Manager Gray addressed questions about the bidding process, the meter maintenance program and explained how the excess revenues and reserves work.
- Director Sarkovich explained that the Transmission Main Project (T-Main Project) is a multi-year project, involving ten phases (ten years). FOWD has the privilege of controlling the time. FOWD can slow down the project to accumulate reserves and cash, if needed. FOWD has no debt. Worst case-scenario, FOWD can get a loan for \$2-4 million. He has no doubt that FOWD has the financial capacity to finish this project.
- General Manager Gray stated that the plan is to finish all the well projects in the next couple of years. Fair Oaks will have a couple of the best producing wells north of the American River. One FOWD well is sometimes equivalent to two wells at other districts. FOWD will have our water supply portfolio built out and one way or another the building project will work out. In a few years, FOWD will be on “cruise control.” FOWD will have an excess revenue of about \$3 million coming in every year and a new phase of the T-Main Project will be done each year.

#### **IV. CONSENT CALENDAR**

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

1. Approval of Minutes
    - a. Regular Board Meeting of September 16, 2024
  2. Accept and File Treasurer’s Report for the month of September 2024
  3. File Investment Report for the month of August 2024
  4. Accept and File Financial Expense Report for the month of September 2024
  5. Approval of Warrants
  6. Approval of Cal-Card Statements for the month of September 2024
  7. Approval of Board Expense Report for the month of September 2024
- Director McRae noted that every two to three years, FOWD has a water transfer opportunity. These are unpredictable, but it does occur, and it adds about \$500,000 to the budget. It is likely that in the next three years, there will be at least one opportunity.
  - President Petersen explained the water transfer process. The groundwater wells provide long-term water supply reliability and allows FOWD to do transfers when those opportunities present themselves.
  - An unknown visitor inquired if there is a price difference between surface water and groundwater.
  - President Petersen stated that it is, by far, less expensive for FOWD to produce groundwater – not paying for the corpus of the water. The corpus of the water with

SJWD is very expensive and it is one of FOWD's largest expenses. SJWD has to divert it, treat it, and deliver it. There are other built-in costs associated with this that are passed on to the buyers. They say it's low, but it's expensive water.

- Director Sarkovich stated that the plan is to build five new groundwater wells.
- Director McRae noted that the consent calendar includes the monthly budget updates. It has all the monthly incurred expenses listed.
- President Petersen noted that the last Board Meeting Minutes are also part of the consent calendar. The Board reviews them and sometimes makes changes to them prior to approval.
- Director McRae inquired if SJWD's warrant will be the last one for 2024.
- Finance Manager Ha-Ly stated that the next bill should be in January 2025.

Director McRae moved to approve the consent calendar as presented.

Director Sarkovich seconded the motion.

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

## **V. PRESENTATIONS AND CORRESPONDENCE**

### **1. Correspondence dated September 24, 2024 from the Fair Political Practices Commission – No FOWD Violations**

- Information only.

### **2. Correspondence dated October 15, 2024 from the Sacramento County District Attorney's Office – No FOWD Violations**

- Information only.

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

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

- General Manager Gray provided an update and overview. The project is under construction. 95% of all the water infrastructure is in, paving will take place in November.

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

- Information only.
- General Manager Gray provided an overview to the attendees.
- The Pre-1914 water is the most valuable and reliable water in the state of California. He explained that if this merger happens, FOWD's "Water Right Water" will get diluted in half and will be controlled by someone else. He noted that President Petersen, on behalf of the Board and the ratepayers, wrote a letter to both agencies describing the concerns about this merger. FOWD and CHWD jointly submitted twenty-five pages of questions and comments that have not been answered. President Petersen asked SJWD and SSWD to make responding to these questions

part of their process. No response was received. When SJWD and SSWD met, our joint letter was not part of the discussion. General Manager Gray wrote a letter, on behalf of the Board, which reiterated the President Petersen's letter and asked SJWD and SSWD to address the questions submitted before selecting a consultant to do the analysis. He also asked every Board Member to have a copy of the letters before any action was taken. SJWD and SSWD did not discuss the letters and proceeded to take action to hire a consultant.

- President Petersen stated that now the hope is for the consultant to address the questions and concerns.
- An unknown visitor inquired how FOWD can act on this issue.
- Director McRae stated that we can protest and argue. Back in 2015, FOWD was successful in doing so and influenced the SSWD Board – they stopped the merger. This is just starting but he is very concerned about this merger and the effect it will have on our water rights. He is also concerned about a more populous district merging with SJWD that outnumber and outvote the entire San Juan Family. It will be such a shame if they got total control of our water.
- Vice President Dolby stated that SSWD has a lot of debt.
- Director McRae stated that back in 2015, SSWD had over \$100 million in debt. It is worrisome if they get full control of the SJWD Board. Director McRae is a candidate running for SJWD's Board as well as Roger Canfield, who is present at tonight's meeting and is running for the same seat.
- General Manager Gray noted that there is no incumbent for the SJWD; it's a new seat on the Board representing Fair Oaks. We have never had it before and SJWD was forced to do it. There are two people here that are running, they are listening, understand the issues and ideally, they will have a say. If we could get the same zealous groups to fight for water issues for the Fair Oaks Water District that we have going on right now, I think that would be a winner.
- President Petersen stated it would be a healthy redirection of energy.
- An unknown visitor inquired about what would happen to FOWD's \$4,844,600 in reserves if the merger takes place.
- Director Sarkovich clarified that the merger is only between SJWD and SSWD. The money FOWD has in reserves belongs to FOWD.
- President Petersen stated that anyone living in Fair Oaks, Citrus Heights and Orange Vale live in two water districts – FOWD and SJWD. Fair Oaks is the retail water district, the ones that deliver the water. San Juan is the wholesale water district, selling wholesale water to the smaller retail districts. Residents live in two districts and both districts keep separate books.
- Director Sarkovich noted that Fair Oaks residents only get one bill from FOWD.
- General Manager Gray stated that if the public is interested in knowing more about the relationship between FOWD and SJWD, an educational workshop could be provided.

### **3. Discussion and possible action on the selection of an Engineering Consultant for the Transmission Main Phases I & II Design**

- General Manager Gray recommended the Board to direct him to negotiate a fair and reasonable agreement with Peterson Brustad, Inc. (PBI) to provide professional

services for Phases I and II Design. Five consulting firms responded to the solicitation and PBI is the most suitable consulting firm to do the work and the most financially advantageous to the District. More detailed information is included in the Board Packet.

- President Petersen complimented the report, which provided a great overview of each received proposal. He also noted that PBI has no relation to him.
- General Manager Gray stated that FOWD has no contracts with President Petersen's firm.
- Director Sarkovich stated that he would like to meet with the Board in 2025 to discuss how professional contracts are awarded.
- Director McRae recalled that PBI has successfully worked with FOWD in past years.
- General Manager Gray stated that PBI won the contract for the Transmission Main Master Plan, and they were also over \$100,000 less than the other respondents because they had done similar work in the past and were more familiar with the project.
- Director McRae believes that PBI is qualified and familiar with the project, the system and FOWD's needs, and they are economical.
- General Manager Gray explained how a motion works.

President Petersen moved to authorize General Manager Gray to negotiate a fair and reasonable agreement with Peterson Brustad, Inc. (PBI) to provide professional services for Phases I and II Design.

Director Marx seconded the motion.

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

**4. Discussion and possible action on the selection of a new Special District Financial Auditor – prior Auditor termed out in accordance with District policy**

- General Manager Gray recommended the Board to select Richardson & Company, LLP as FOWD's Special District Financial Auditor for 2024 and authorize the General Manager to enter into an agreement to perform the FOWD's 2024 financial audit, with possible extension of up to five years.
- More detailed information is included in the Board Packet.
- Director Sarkovich complimented staff for providing financial data, reflecting that Richardson & Company, LLP is qualified and provides financial value.
- Director McRae noted that Richardson & Company, LLP is the most qualified and provided the best financial value.
- General Manager emphasized that Richardson & Company, LLP is a renowned auditing company.

Director Sarkovich moved to authorize General Manager Gray to enter into agreement with Richardson & Company, LLP as FOWD's Special District Financial Auditor for 2024 financial audit, with possible extension of up to five years.

Director Dolby seconded the motion.

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

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

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

- Technical Services Manager Siebensohn provided a summary of the water supply report. He addressed questions from the Board.
- An unknown visitor inquired if the location of the wells is posted anywhere.
- General Manager Gray stated that the location of the wells is not posted anywhere. After 9/11, this became sensitive information.
- General Manager Gray and the Board addressed questions from the public regarding water rights and the purpose of having groundwater wells.
- General Manager Gray mentioned that FOWD can host a water workshop explaining the relationship between SJWD and the importance of water banking.

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

- Finance Manager Ha-Ly recommended for the Board to authorize a transfer of \$10,300 from the contingency fund to cover 2024 expenses and provided a summary of each expense.
- General Manager Gray explained the process for obtaining additional funding. He stated that many concerns would be alleviated if people attend the Board Meetings and see how things are done.
- Director McRae noted that the Board Packet is online. The public can review it and present their questions during the meeting.
- General Manager Gray mentioned that FOWD has received four Public Records Request related to the current election, staff produced these documents and to-date, no discrepancies have been found.
- An unknown visitor stated that responding to these Public Records Requests are costing staff and attorney's time.
- General Manager Gray shared his experience in producing record request. This is very time-consuming and exhausting, but there is nothing to hide.
- An unknown visitor inquired if FOWD can charge per page for any produced records request.
- General Manager Gray responded that although it is allowed to charge, FOWD wants to collaborate. FOWD does not want to make it hard for anyone requesting information. FOWD tries to produce it electronically. To date, FOWD has not charged any fees for the completion of these records requests.
- An unknown visitor suggested to have some sort of "co-pay" system for any records request, as time is being taken away from staff.
- General Manager Gray mentioned the Board recall and the re-election of FOWD's Board Members. If this effort is successful, Fair Oaks ratepayers will need to pay for another election; approximately between \$20,000-\$30,000.



Director Sarkovich moved to authorize the transfer \$10,300 from the contingency fund to cover 2024 expenses as presented.

Director Marx seconded the motion.

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

**3. Discussion on Discussion and possible action on FOWD Resolution No. 24-02:  
“A Resolution of the Board of Directors of the Fair Oaks Water District  
Approving the Categorical Exemption for the Construction of the Replacement  
of Groundwater Well at the Northridge Well Site”**

- General Manager Gray presented staff’s recommendation to authorize him to sign the Categorical Exemption for the proposed replacement of the Northridge Well.
- General Manager Gray addressed questions from the Board.

Director Sarkovich moved to authorize General Manager Gray to sign the Categorical Exemption for the proposed replacement of the Northridge Well.

President Petersen seconded the motion.

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

**VIII. UPCOMING EVENTS**

- 1. September October 28, 2024 / FOWD Special Board Meeting on the 2025 Proposed Budget / FOWD Office**
- 2. November 20, 2024 / SJWD Regular Board Meeting / SJWD Office**
- 3. December 3-5, 2024 / 2024 ACWA Fall Conference / Palm Desert, CA**

**IX. REPRESENTATIVE REPORTS**

- 1. Sacramento Groundwater Authority (SGA)**
  - Report provided.
  - Director Marx attended this meeting and provided an overview.
- 2. Regional Water Authority (RWA)**
  - None.
- 3. Sacramento Water Forum**
  - None.
- 4. Other**
  - Director McRae attended the joint SJWD and SSWD merger meeting remotely. He reported that Pam Tobin and Director Zamorano are against the merger. There are

three SJWD Board Members that are moving forward with it. SJWD moved forward with a contract they had not seen. They consulted legal counsel during the meeting and it was determined that since no one on the Board had seen the contract, they, could not vote on it. However, because some or all of the SJWD Board Members had access to it, whether they read it didn't seem to be important. SJWD voted for it while SSWD delayed their vote.

- Director Petersen inquired if the contract was prepared by SJWD.
- General Manager Gray stated that the contract was prepared by SSWD.
- Director McRae clarified that the contract was for the hiring of a consultant to do a study.
- General Manager Gray stated that the reason they could not vote on it is that all of the Board Members had seen the proposal prior to the meeting and it was not provided to the public. CHWD's attorney pointed out they were in violation of the Brown Act. SSWD's attorney agreed that voting would be a violation of the Brown Act. SJWD Director Tobin reported that she received a written letter threat for not supporting the merger. The correspondence was turned into the Placer County's Sheriff and the FBI.

## **X. 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.

## **XI. 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.

## **XII. PUBLIC COMMENT**

- An unknown visitor appreciated the transparency provided. FOWD has opted for the high road. People can still keep it civil even while disagreeing.
- An unknown visitor complimented the Board for all the work they have done along with the General Manager.
- An unknown visitor stated this was her first time attending a meeting. She was very impressed with how organized and detailed this meeting was. Everyone seemed to know what they're doing, and it's amazing. Very professional.
- Visiting Customer Babcock appreciated the detailed transparency provided.

President Petersen closed the open session meeting at 8:56 p.m.

President Petersen opened the closed session meeting at 8:56 p.m.

## **XIII. 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 9:40 p.m.

President Petersen reopened the meeting to the public at 9:40 p.m.

**XIV. REPORT FROM CLOSED SESSION**

- None.

**XV. PUBLIC COMMENT**

- None.

**XVI. ADJOURNMENT**

With no further business to come before the Board, President Petersen adjourned the meeting at 9:40 p.m.

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The Board approved the preceding minutes on November 18, 2024



\_\_\_\_\_  
Tom R. Gray  
General Manager/Board Secretary

11-21-2024

\_\_\_\_\_  
Date