



District Attendees

Chris Petersen	President
Mark Dolby	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

Other Attendees

Paul Helliker	SJWD General Manager
Brett Jones	JJACPA, Inc. Engagement Manager
George Babcock	Visiting Customer
Leon Corcos	Visiting Customer
Terry Erlewine	Water Resource Engineer/SJWD Board of Director Candidate
Roger CanField	Visitor
Joe M.	Visitor

Absent

AGENDA ITEMS

I. CALL TO ORDER

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

II. PUBLIC COMMENT

- Visitor Erlewine introduced himself and stated he will be running for SJWD Board of Directors.
- Visitor CanField introduced himself.
- Visitor Corcos expressed his concerns about being unable to locate an independent needs analysis for the proposed Corporate Yard Project as well as an independent rate increase analysis regarding the validity of the 25% water rate increase over three years. He requested documentation of such and stated his disbelief of its existence. He also

addressed his concern regarding the lack of response from Board Members, except from President Petersen—he always responds. This is inexcusable. He expects a response every time he writes a letter. He would also like to know where he can find more information regarding the current lawsuit.

- Director Sarkovich advised Visitor Corcos to visit the FOWD website to obtain lawsuit information, as it is posted there. Director Sarkovich stated he read Visitor Corcos' email and is puzzled at his objective of moving the Corporate Yard somewhere else. Director Sarkovich stated that this is not the first time Visitor Corcos has attacked General Manager Gray's character and he does not understand how doing so helps in convincing the Board to go along with his plan. Director Sarkovich stated he will not engage in those type of emails.
- Visitor Corcos responded that when they presented to the Board last March, three out of the five Board Members already had their written response, even before their presentation began. He does not believe any of the Board Members will change their mind.
- Director Marx stated that when an argument is presented, he weighs the pros and cons. Before writing his response, he spent four to five months analyzing the situation and nothing new was presented that day. It was a close call, but he decided to move forward with the Corporation Yard Project. He is not set in his ways; he will always continue to listen.
- Director McRae stated that he tries not to engage in inflammatory emails. If this is the way he gets approached, he ignores it. He reminded Visitor Corcos of giving him one-on-one time. He spent about an hour and a-half to two hours listening to what Visitor Corcos wanted to share. Director McRae believes he has gone above and beyond with him, compared to other rate payers.
- SJWD General Manager Helliker commended FOWD for posting the Board Packet on the website. He also commented that there doesn't appear to be capacity for water transfer this year. There has been progress in the water forum agreement and the goal is to have a draft ready by this summer.
- Visitor Joe M. introduced himself and stated he has been working with East Bay Mud upgrading facilities. He inquired about the bids for the Corporate Yard Project.
- President Petersen responded that the Corporate Yard Project is currently at the permitting process stage with Sacramento County. No contractors have been selected yet.

III. CONSENT CALENDAR

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

1. Approval of Minutes
 - a. Regular Board Meeting of March 18, 2024
2. Accept and File Treasurer's Report for the month of March 2024
3. File Investment Report for the month of February 2024
4. Accept and File Financial Expense Report for the month of March 2024
 - President McRae inquired about the TPX expenses.

- Operations Manager Huckaby responded it is a routine monthly bill for internet services.
 - President Petersen inquired about Sierra National Construction expenses for Skyway Well as this project has been completed.
 - Technical Services Manager Siebensohn explained that it was a regular payment, and the retention payment is pending.
 - General Manager Gray stated that a Substantial Completion Notice has been submitted. A retention release check will be processed in the upcoming months. The Skyway Well Project has been completed.
5. Approval of Warrants
 6. Approval of Cal-Card Statements for the month of March 2024
 7. Approval of Board Expense Report for the month of March 2024

Director McRae moved to approve the consent calendar as presented.

Director Dolby seconded the motion.

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

IV. PRESENTATIONS AND CORRESPONDENCE

1. Presentation by JJACPA, Inc. on Fair Oaks Water District’s Draft Comprehensive Annual Financial Audit for the year ended December 31, 2023

- General Manager Gray mentioned this is JJACPA, Inc.’s fifth and last year auditing FOWD, as per policy, a new auditor will be selected.
- JJACPA, Inc. Engagement Manager Jones provided a summary of the audit process, their responsibilities as auditors and shared FOWD’s audit results. He stated that FOWD is in a strong financial position with no debt. He addressed questions from the public and Board Members.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. Update and discussion on the 2023 SJWD Wholesale Master Plan

- General Manager Gray shared that FOWD and Citrus Heights Water District (CHWD) will be jointly working on a final comment letter to be delivered to SJWD.

2. Update on RFP to provide professional design services required to redrill and equip a new groundwater well at the existing Northridge Well Site in Fair Oaks

- Information only, included in the Board Packet.
- General Manager Gray thanked President Petersen for his input.
- Technical Services Manager shared he received an email from Luhdorff & Scalmanini Consulting Engineers stating this has been the most straightforward RFP they have seen in a very long time. This comment was made by someone working in the industry for thirty (30) years.
- General Manager Gray addressed questions and concerns from the Board.

3. Discussion and possible action on the New York Water Main Replacement Projects

- General Manager Gray provided a summary and presented Staff's recommendation.

Director Sarkovich moved to approve the New York Water Main Replacement Projects as presented.

President Petersen seconded the motion.

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

VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS

1. Discussion and possible action to accept and file the Fair Oaks Water District's Annual Comprehensive Financial Report (ACFR), with Independent Auditor's Report, for the years ended December 31, 2023 & 2022

Director Sarkovich moved to approve the ACFR as presented.

President Petersen seconded the motion.

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

2. Discussion on FOWD Water Supply for the month of March 2024

- Technical Services Manager Siebensohn provided a summary of the water supply report.
- Director McRae suggested changing the color of the bar depicting the 2024 Total Consumption, as it blends in with the background.
- Technical Services Manager Siebensohn indicated this change will be made.

3. Public disclosure and discussion on press release "Water Agencies File Lawsuit to Protect Water Rates and Local Control"

- Information only.
- General Manager Gray provided a brief summary and stated that a copy of the lawsuit and the press release can be found on FOWD's website.
- SJWD General Manager Helliker provided the Board with copies of SJWD's news release, posted on their website on April 12, 2024. SJWD will be responding to the lawsuit. He provided comments on FOWD's press release.

4. Update and discussion on the combination of SSWD and CWD into one water purveyor

- General Manager Gray stated that on March 26, 2024, CMD held a Special Board Meeting to discuss the merger between SSWD and CMD. CMD Board voted 4:1 to cease the merger discussion with SSWD.
- General Manager Gray stated that SSWD was contacted by SJWD with interest in reinitiating the discussion of merging the two districts.

- General Manager Gray explained that CMW decided not to move forward with the merger to protect their surface water rights. There was an immediate pivot to get surface water rights from another agency.
- SJWD General Manager Helliker stated that General Manager Gray was quoting from a SSWD staff report presented at their Board Meeting. SSWD had an agenda item to consider initiating a merger conversation with SJWD. This is something SJWD will address if SSWD decides to pursue it.
- General Manager Gray stated that SSWD's report indicates that SJWD initiated the discussion of a potential merger.
- SJWD General Manager Helliker stated that no one from his staff has had any conversations with SSWD. He is unsure as to what SSWD was referring to.
- For the record, General Manager Gray stated that this meeting is being recorded. He inquired if SJWD General Manager Helliker believes SSWD's General Manager is misinformed and misrepresented.
- SJWD General Manager Helliker stated that he is unsure what SSWD's General Manager was referring to in that statement. SSWD's General Manager could have been referring to conversations he has had with SJWD Board Members. SJWD General Manager Helliker guarantees there has been no conversations with his staff.
- Board President Petersen inquired what would be the need or benefit for SJWD to merge, instead of remaining independent. This is a topic of discussion that has come up in the past.
- SJWD General Manager Helliker referred to a 2014 report. This report argued that a merger would make it administratively easier to share water. However, this was not a detailed analysis. In order to consider the idea of a merger, a full case analysis would need to be conducted.
- President Petersen stated that the ongoing discussion of a potential merger has soured the relationship between SJWD and FOWD. FOWD was hopeful for a conjunctive use agreement. A SJWD Board Member expressed it was a waste of time. However, SJWD seems interested in a conjunctive use agreement, but with another entity. It would make more sense for SJWD to work with a wholesale customer. FOWD remains interested in this agreement.
- SJWD General Manager Helliker stated the comments made by SJWD's Board Members were inaccurate.

5. Update on the FOWD Corporation Yard Redevelopment Project

- General Manager Gray provided an update. The project is currently undergoing the planning and approval process with Sacramento County.
- Director Sarkovich commented that FOWD has been receiving invoices from different branches of Sacramento County, which indicates they are actively working and reviewing the project.
- Visitor Corcos mentioned there should have been more community involvement with the planning of this project. He expressed his discontent about the parking structure; it's not beneficial for the community.

- Director Sarkovich stated FOWD is trying to build an asset for the community. The traffic design will not be changed.
- Visiting Customer Babcock stated the lack of parking at the village is due to too many restaurants that do not provide adequate parking for their customers. Visitor Corcos owns some of these properties.

VII. UPCOMING EVENTS

- 1. April 16, 2024 / SJWD Finance Committee Meeting / SJWD Office**
- 2. April 24, 2024 / SJWD Board Meeting / SJWD Office**
 - General Manager Gray mentioned that FOWD and CHWD are still working on drafting a comment letter regarding SJWD’s strategic plan. Together, FOWD and CHWD represent over 50% of SJWD’s wholesale revenue and over 50% of their customer base, representing the majority of their funding and their customers.
- 3. May 9, 2024 / RWA Board Meeting / Sacramento**
 - President Petersen stated that an RFP was created for a water shed study, grant was received from DWR.
- 4. May 7-9, 2024 / ACWA Spring Conference / Sacramento**
 - General Manager Gray would like to attend and encouraged Board Members to attend. President Petersen and Director McRae mentioned they would like to attend as well.
- 5. June 13, 2024 / SGA Board Meeting / Sacramento**
 - Director Marx attended last Board Meeting and provided a brief report.
- 6. June 23-26 / CSDA GM Leadership Summit / Anaheim**
 - General Manager Gray will be attending.

VIII. REPRESENTATIVE REPORTS

- 1. Sacramento Groundwater Authority (SGA)**
 - None.
- 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 – (Sarkovich, Dolby)**
 - None.
- 4. Personnel Committee – (McRae, Petersen)**
 - None. A meeting will be scheduled in June 2024.
- 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. Corporate Yard Ad-Hoc Committee – (Sarkovich, McRae)**
 - 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 and Operations Manager Huckaby provided a staffing update.

7. Water Issues – Update on Regional Involvement

- None.

8. Other

- None.

XI. PUBLIC COMMENT

- Visiting Customer Babcock commented that for any Fair Oaks residents visiting Fair Oaks Recreation & Park District (FOPRD), it's easier and closer to park on the East-end. There is an unspoken advantage to putting the parking lot on the West side for the two evening restaurants that are owned by the advocate of moving the yard. If one of those establishments does not survive, that person gets less income. He believes there was an error in seeking multiple evening eating establishments in that property, as opposed to mixing it with more of a day-time establishment; having only one restaurant. There is not enough parking for multiple evening restaurants. There is an invested financial interest for the owner of this property. Modifying the current plans and resubmitting them to the county will be costly.
- General Manager Gray stated that FOWD works with the homes located on the North side. Operations cannot be moved to the East side because FOWD does not have an agreement with those homes. FOWD's mission statement is to serve water. FOWD is not a parking business. FOWD is a self-contained entity.
- Visiting Customer Babcock thanked the Board of Directors and the Management Team and stated that they are doing a splendid job.

President Petersen closed the open session meeting at 8:34 p.m.

President Petersen opened the closed session meeting at 8:34 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; Sacramento Superior Court Case No. 23WM000080
2. Conference on Anticipated Litigation; Government Code Section 54956.9(d) – two cases

President Petersen closed the closed session meeting at 9:34 p.m.

President Petersen reopened the meeting to the public at 9:34 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 9:34 p.m.

The Board approved the preceding minutes on May 20, 2024



Tom R. Gray
General Manager/Board Secretary

5-24-2024

Date