



District Attendees

Michael McRae	Board President
Chris Petersen	Board Vice President
Randy Marx	Board Member
Mark Dolby	Board Member
Tom R. Gray	General Manager
Shawn Huckaby	Operations Manager
Chi Ha-Ly	Finance Manager
Paul Siebensohn	Technical Services Manager
Nick Kepler	Operations Superintendent

Other Attendees

Ted Costa	SJWD Board Member
Greg Zlotnick	SJWD Water Resources & Strategic Affairs
Richard Gray	UCCE Master Gardeners of Sacramento County
Debi Brakebill	UCCE Master Gardeners of Sacramento County
Jeffrey Mitchell	Kronick Moskovitz Tiedemann & Girard
Brett Jones	JJACPA Engagement Manager
George Babcock	Visitor
Scott Kenney	Visitor
Julie Kenney	Visitor
Clara Jewel	Visitor
Wesley Trunnell	Visitor
Leon Corcos	Visitor
Brian Fischer	Visitor

Absent

Misha Sarkovich

AGENDA ITEMS

I. CALL TO ORDER

- Board President McRae called the meeting to order at 6:34 p.m. He explained Item VI.3 will be moved to the first item of the agenda.

II. PUBLIC COMMENT

- Visitor Wesley Trunnell stated he obtained a map of the new building from the County and provided his feedback.

- Visitor Leon Corcos stated he would like to put his name in the hat for an oversight committee for the Corporation Yard Project. He showed the Board pictures of the FOWD's proposed building versus what was built at the Town Well site. He indicated that there was not an agenda item for the General Manager to report back on the mathematical issues regarding the rate increases.
- Board President McRae stated this information is part of the General Manager's Report, and it will be introduced later in the meeting.

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 20, 2023
2. Accept and File Treasurer's Report for the month of March 2023
3. Accept and File Investment Report (none)
4. Accept and File Financial Expense Report for the month of March 2023
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of March 2023
7. Approval of Board Expense Report for the month of March 2023

Director Marx moved to approve the consent calendar as presented.

Director Petersen seconded the motion.

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

Absent: Director Sarkovich

IV. PRESENTATIONS & CORRESPONDENCE

1. Presentation by JJACPA, Inc. on Fair Oaks Water District's Draft Comprehensive Annual Financial Audit for the year ended December 31, 2022

- General Manager Gray provided an overview of the FOWD's auditors selection process. He then introduced JJACPA, Inc. to provide the results of the 2022 annual financial audit.
- JJACPA Engagement Manager Jones provided an overview of the financial audit. JJACPA, Inc. issued an unmodified opinion on the FOWD's 2022 financials. He stated this is the highest opinion an auditor can issue. He indicated that staff provided all information requested and the audit went smoothly.

V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS

1. Update and discussion on 2022 Groundwater Substitution Water Transfer

- General Manager Gray provided a brief summary of the project and mentioned the calculations have yet to be finalized.
- SJWD representative Greg Zlotnick stated FOWD’s check will be closer to \$718,000.
- Board President McRae stated this is good news.
- Director Petersen thanked SJWD for partnering with FOWD. He described it as a meaningful relationship for future water transfers.

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, 2022 & 2021

Director Marx moved to approve and file the ACFR as presented.

Director Petersen seconded the motion.

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

Absent: Director Sarkovich

2. Discussion and possible action on an updated FOWD Procurement and Payment Policy No. 5110

- General Manager Gray summarized FOWD’s current Procurement and Payment Policy and recommended allowing a maximum \$25 threshold where staff can process the purchase or payment without additional management approval—provided the expense is within approved budget. He indicated the additional cost is generally related to freight/shipping and handling. He stated approving this updated policy would save FOWD money.

Director Marx moved to approve the proposed updated Procurement and Payment Policy No. 5110.

Director Dolby seconded the motion.

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

Absent: Director Sarkovich.

3. Discussion and possible action on sponsoring the 2023 Fair Oaks Harvest Day Festival (UC Master Gardener Program)

- General Manager Gray recommended that the Board sponsor the 2023 Fair Oaks Harvest Day Festival at the green thumb level with a \$500 contribution.

- Visitor Richard Gray, with UCCE Master Gardeners of Sacramento County, stated he appreciates FOWD’s contribution over the years. This event aligns with the goals and objectives of the FOWD. This year there will be public speakers discussing water efficiency landscaping and water conservation practices. He is grateful for FOWD’s support and collaboration.
- General Manager Gray described FOWD’s contributions to the event.
- Board President McRae stated FOWD has been a part of this for many years and this is part of public outreach and the Water Efficiency Program. This program is required by regulatory agencies and it is a win-win situation.
- An unknown visitor inquired about the start date of the Fair Oaks Harvest Day Festival.
- Visitor Debi Brakebill, with UCCE Master Gardeners of Sacramento County, responded that it is on August 5, 2023, from 8:00 a.m. to 2 p.m.

Board President McRae moved to approve the sponsorship of the 2023 Fair Oaks Harvest Day Festival (UC Master Gardener Program) at the \$500 level.

Director Petersen seconded the motion.

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

Absent: Director Sarkovich

4. Discussion and possible action on recruitment of the FOWD Assistant General Manager

- General Manager Gray summarized the three-step process as the first phase of the recruitment of the Board approved position of FOWD Assistant General Manager.

Board President McRae moved to approve the three-step process as the first phase of the recruitment of the Board approved position of FOWD Assistant General Manager.

Director Petersen seconded the motion.

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

Absent: Director Sarkovich

5. Update and discussion on FOWD Water Supply for the month of March 2023

- Technical Services Manager Siebensohn provided a summary of the water supply report.

6. Discussion and possible action on additional funding for 2023 expenses

- General Manager Gray requested Board approval to transfer \$159,000 from the contingency fund to cover additional 2023 expenses for the following projects: Capital Improvement Program – Transmission & Distribution, Paving, Office Equipment and Equipment & Tools. Staff provided a brief summary of each item.

- Board President McRae inquired how this fund transfer will impact the end-of-the-year budget. He also inquired if another project could be deferred to compensate for the amount being transferred. Although, he believes FOWD will be underbudget by the end of the year.
- General Manager Gray responded that previously, FOWD had a Capital Budget Transfer process. Staff would transfer money as needed from one capital project to another. The Board of Directors decided they wanted to be informed every time a project went over budget. Budgets were tightened and an annual \$200,000 contingency fund was approved for additional funding needs.
- Board President McRae inquired if FOWD will get the same pricing as the County of Sacramento, as FOWD is using the same contractor for the one project.
- General Manager Gray responded that the FOWD will receive the same unit prices as the County of Sacramento.
- Board President McRae inquired if FOWD is planning on bidding with the County's contractor.
- General Manager Gray responded that the contractor is providing FOWD with the same pricing structure as they are providing to the County of Sacramento—therefore no need to rebid.
- Director Petersen noted a wording mistake on the page referencing CIP C23TDNTMCA.
- General Manager Gray stated it will be corrected accordingly.

Director Marx moved to approve the General Manager to transfer \$159,000 from the contingency fund to cover additional 2023 expenses.

Board President McRae seconded the motion.

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

Absent: Director Sarkovich

VII. UPCOMING EVENTS

- 1. SJWD Finance Meeting / April 18 / Granite Bay, CA**
 - Information Only.
- 2. SJWD Regular Board Meeting / April 26 / Granite Bay, CA**
 - Information Only.
- 3. ACWA Spring Conference / May 9 – May 11 / Monterey, CA**
 - Information Only.

VIII. REPRESENTATIVE REPORTS

1. Sacramento Groundwater Authority (SGA)

- Director Marx and Director Petersen attended this meeting.
- Director Marx stated that the SGA Budget passed and there is a 0% raise on fees for FOWD.

2. Regional Water Authority (RWA)

- Information Only.

3. Sacramento Water Forum

- Information Only.

4. Other

- Board President McRae attended the Carmichael Water District & Sacramento Suburban Water District (SSWD) joint merger meeting and briefly discussed updates on how they are moving forward with the merger. He also made a public comment concerning prior statements made by Carmichael Water District (CWD) involving legal access to SJWD's water rights. FOWD is very protective of those water rights. He expressed that CWD does not have any claims to FOWD's water.
- Board President McRae stated that an Ad-Hoc Committee Meeting occurred with Director Petersen and they met with staff about moving forward with the architects.
- General Manager Gray stated that if positive results are obtained from the 2x2 meetings, there will be no need to attend CWD's meeting to make a public comment.
- Director Petersen stated that he and Director McRae met with two directors from SJWD on March 23, 2023. The purpose of this meeting was to initiate a discussion building on successful groundwater substitution project this past year and exploring new opportunities of increasing conjunctive use between FOWD and SJWD. The next meeting has been scheduled for the first week of May.

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.

5. **Public Relations Committee – (McRae, Dolby)**
 - None.
6. **Wholesale Water Agreement Ad-Hoc Committee – (McRae, Petersen)**
 - None.
7. **Carmichael Water District Ad-Hoc Committee – (McRae, Dolby)**
 - 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. He stated that Nick Kepler, a former employee, has joined the FOWD’s team as an Operations Superintendent.
 - Operations Superintendent Kepler introduced himself and provided a brief background summary.
7. **Water Issues – Update on Regional Involvement**
 - None.
8. **Other**
 - General Manager Gray provided modifying statements related to regional rate comparison verbiage.

XI. PUBLIC COMMENT

- Visitor Leon Corcos brought up his initial inquiry about what FOWD proposed to build versus what is being built at the Town Well site.
- Board President McRae stated that General Manager Gray does not need to address that question.
- Legal Counsel Mitchell mentioned this to be more of a question about aesthetics.

- Visitor Brian Fischer inquired about the possibility to consider editing the plans for the neighbor that feels disappointed at the Town Well site.
- Board President McRae responded that the disappointed neighbor could come to the next Board meeting and make a public comment about it.
- Director Marx stated that every public comment deserves a response, even if it is not at tonight's meeting.
- Board President McRae asked visitor Leon Corcos if General Manager Gray could respond to his email.
- Visitor Leon Corcos replied he could if it was a detailed response.
- Visitor Wesley Trunnell suggested FOWD find new financial auditors.
- Visitor Wesley Trunnell stated that during early COVID there were some modifications made to the New York Well, leading to the distasteful water. He had to put on carbon filters.
- General Manager Gray replied that this issue will be investigated.

President McRae closed the open session meeting at 8:09 p.m.
 Present McRae opened the closed session meeting at 8:16 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956

1. Conference on Anticipated Litigation (Subdivision (d) of Section 54956.9) – two cases

President McRae closed the closed session meeting at 9:35 p.m.
 President McRae reopened the meeting to the public at 9:36 p.m.

XIII. REPORT FROM CLOSED SESSION

- None.

XIV. PUBLIC COMMENT

- None.

XV. ADJOURNMENT

With no further business to come before the Board, President McRae adjourned the meeting at 9:36 p.m.

The Board approved the preceding minutes on May 15, 2023



 Tom R. Gray
 General Manager/Board Secretary

5-16-2023

 Date