



**District Attendees**

Chris Petersen	Board President
Mark Dolby	Board Vice President
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**

Jeffrey Mitchell	Kronick Moskowitz Tiedemann & Girard, Legal Counsel
Paul Helliker	SJWD General Manager
George Babcock	Visiting Customer
Carolyn Bramson	Visitor
Barbara Beck	Visitor
Don Gilliland	Visitor

**Absent**

Randy Marx	Board Member
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**AGENDA ITEMS**

**I. CALL TO ORDER**

- President Petersen called the meeting to order at 6:30 p.m.
- General Manager Gray noted that Director Marx informed FOWD that he will not be attending tonight's meeting.

**II. PUBLIC COMMENT**

- Visiting Customer Babcock thanked Director McRae for his service. He agrees with the policies Director McRae has previously expressed. Visiting Customer Babcock believes that Director McRae is part of a well-working Board and works well with

management. Overall, it is a very good team, and Director McRae will be missed. He also noted that Director McRae has been part of the Board for about twelve years.

- SJWD General Manager Helliker commented on water conservation regulations, effective January 1<sup>st</sup>. They will have a significant impact on SJWD's operations and retail areas. We have shared information with you about what those impacts will be, what the problems are with the regulations in a comment letter that SJWD submitted. SJWD's Board will be discussing this topic again at the Board meeting on Wednesday (12/18/2024) about next steps. He hopes there is an opportunity to collaborate on this with FOWD. He mentioned the regulations are based upon an approach that is not consistent with the law. If it were consistent with the law, the requirements would be much less onerous. Ratepayers will be the ones on the hook to pay for the cost of trying to meet these requirements. Statistically, both retail and wholesale demand have dropped by 30% over the past twenty years. Trying to meet a 23% or 31% additional reduction will be difficult and expensive. The full impact will take place in 2040, but the time is now to address the regulations.
- President Petersen thanked SJWD General Manager Helliker for the information and noted he watched the five-minute water commission video linked by SJWD.

### **III. CONSENT CALENDAR**

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

1. Approval of Minutes
  - a. Regular Board Meeting of November 18, 2024
2. Accept and File Treasurer's Report for the month of November 2024
3. File Investment Report for the month of October 2024
4. Accept and File Financial Expense Report for the month of November 2024
5. Approval of Warrants
6. Approval of Cal-Card Statements for the month of November 2024
7. Approval of Board Expense Report for the month of November 2024

Director Sarkovich moved to approve the consent calendar as presented.

Director McRae seconded the motion.

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

Absent: Director Marx

### **IV. PRESENTATIONS AND CORRESPONDENCE**

1. **Staff presentation on the "State of the Fair Oaks Water District Entering 2025"**
  - General Manager Gray provided a summary and overview via a PowerPoint presentation.
  - President Petersen stated the information in the presentation was impressive. He stated his appreciation and thanked General Manager Gray and staff for their hard work and for keeping the District going and thriving.

- An unknown customer inquired if the PowerPoint presentation will be available on the website.
  - General Manager Gray responded that it will be posted tomorrow on the website.
  - Director McRae suggested that staff review the slide mentioning 300% before it is posted on the website, as it was unclear to him what the slide was referring to.
  - General Manager Gray clarified that this slide mentioned one of the key accomplishments in 2024. In twenty (20) years, FOWD's fixed assets have gone up by 300%. A 300% increase in value since 2004" (slide 20/26).
  - Director McRae inquired about the value of the District's assets, if and when the District needs to borrow money.
  - General Manager Gray responded that it comes into play with the debt rating.
  - Director McRae commented that if someone had a lot of debt but not many assets or collateral, they may not be able to get very good rates.
  - General Manager Gray stated that sometimes an Agency will be required to increase the rates to have the debt coverage.
  - Director Sarkovich stated loan companies look at the cash flow when dealing with a public agency like FOWD. Loan companies know a public agency will not sell an asset (a well) to satisfy a debt. FOWD has plenty of room to borrow money, if we want to, due to the capital improvements and cash flow.
  - General Manager Gray added that typically, debt will be secured with your rates..
2. **Oath of Office for the Director representing Division 3 on the FOWD Board of Directors**
    - General Manager Gray swore Director Dolby into office.
  3. **Oath of Office for the Director representing Division 4 on the FOWD Board of Directors**
    - Director Marx is absent tonight; he will be sworn into office at a later time.
  4. **Oath of Office for the Director representing Division 5 on the FOWD Board of Directors**
    - General Manager Gray swore Director Sarkovich into office.
  5. **Accept the resignation of FOWD Director representing Division 2 and acknowledge his election to the San Juan Water District Board of Directors**
    - Director McRae stated he has served this Board for many years and has grown a lot personally. He has enjoyed working with the FOWD Board and staff. This has been a major part of his life.
    - Director McRae stated he will remain living in Fair Oaks and is planning to occasionally attend FOWD Board meetings and will stay in touch.
  6. **Recognize FOWD Director Petersen for serving as the 2024 FOWD Board President**
    - General Manager Gray recognized President Petersen for serving as Board President in 2024.

- President Petersen appreciated the support he received from the Board in 2024.

**7. FOWD awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the twenty-third consecutive year**

- Information only. This is the highest form of recognition in government accounting and financial reporting.
- Director McRae and President Petersen thanked staff for their hard work.

**V. DISCUSSION AND ACTION ITEMS: OLD BUSINESS**

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

- General Manager Gray provided an update and overview. The water system work has been completed; the roadway has been patched but the paving is still pending due to weather conditions. Permanent paving will now be done in Spring of 2025.

**2. Update and discussion on the FOWD customer damage related to the New York Water Main Replacement Project Phase I**

- General Manager Gray provided an overview and update.
- FOWD’s insurance company met with the homeowners. Homeowners informed FOWD staff that they were happy with the progress since FOWD’s insurance company engaged with them.
- FOWD continues to monitor the issue relative to final resolution and FOWD customer satisfaction.
- President Petersen inquired if homeowners will be receiving payment from the insurance company.
- General Manager Gray responded that the insurance company has already issued an initial progress payment for out-of-pocket money spent by the homeowners, even though a resolution has not been reached at this time.
- President Petersen inquired about the extent of damage and insurance claim.
- General Manager Gray and Operations Manager Huckaby mentioned there was damage to the yard/landscaping and basement of the house.
- Visitor Gilliland introduced himself and stated being one of the affected customers. He asked if there is still a pending investigation regarding the contractor’s responsibility.
- General Manager Gray stated that FOWD’s insurance is advocating on District Customer’s behalf, this is not an issue visitor Gilliland will need to address himself. FOWD is currently monitoring the situation and will be in contact with him when necessary.

**VI. DISCUSSION AND ACTION ITEMS: NEW BUSINESS**

**1. Discussion and possible action on FOWD Resolution No. 24-04 – “A Resolution Recognizing Michael McRae for Serving the Community as a Director of the Fair Oaks Water District”**

- General Manager Gray stated that Director McRae was elected to be on the SJWD Board of Directors. He cannot hold two offices at once, therefore, he is resigning from FOWD.

- General Manger Gray stated that the Board of Directors of the FOWD put together a resolution and proceeded to read it.
- Director Sarkovich expressed his gratitude for Director McRae’s twelve years of service. He enjoyed having Director McRae as part of the FOWD Board. He is looking forward to working with Director McRae as the voice of Fair Oaks while being part of the SJWD Board.
- Director McRae thanked Director Sarkovich and stated that it has been wonderful working with Director Sarkovich, as he has learned a lot from him.
- President Petersen also expressed his gratitude towards Director McRae for bringing him up to speed on a number of issues. He stated that he enjoyed working with him on the 2x2 Committee with SJWD and hopes to continue working with him in that capacity.
- Director Dolby also expressed his gratitude towards Director McRae.
- Director McRae stated that President Petersen and Director Dolby are the newest Board Members, and they have been a wonderful addition to the Board.

Director Sarkovich moved to approve the FOWD Resolution No. 24-04 as presented.

Director Dolby seconded the motion.

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

Absent: Director Marx

## **2. Discussion on the requirements for filling the vacant seat on the FOWD Board of Directors representing Division 2**

- Legal Counsel Mitchell provided an overview.
- General Manager Gray pointed out that the Public Notice and application included in the Board packet, for the Board’s review and consideration will have applications submitted by close of business on January 15, 2025. The Board would take those applications under considerations and possibly hold interviews.
- General Manager Gray addressed questions regarding the requirement to be a registered voter. Sacramento County Elections is responsible for verifying each applicant meets the requirements mentioned in the Public Notice.
- Director Sarkovich suggested adding the option to accept applications via email.
- Legal Counsel Mitchell stated that the Board can decide to add the email option, but it has to be clearly stated on the notice. The application must be signed by the applicant.
- Director Sarkovich provided a description of the overall process based on his experience. The interviews will be conducted during public meetings. The objective is to be clear and transparent.
- Discussion regarding the timing, deadline, steps, and exposure time took place.
- Legal Counsel Mitchell stated that the Public Notice needs to be posted at least fifteen (15) days before the Board makes an appointment.
- Discussion about the application deadline took place.

- An unknown visitor commented that she agrees with the January 15 application deadline. Having the deadline before then is not a good idea because people are still busy with holiday festivities and vacations.
- Discussion took place about whether the interviews should take place during the regular Board meeting.
- The Board decided to keep January 15, 2025, as the deadline.
- FOWD will appoint a person in accordance with Government Code 1780 to fill a vacancy representing Division 2 on the Board of Directors.
- Legal Counsel Mitchell provided the following information:
  - The Board cannot meet in closed session to interview candidates because Directors are not considered employees and therefore, fall under the personnel exception
- If a bunch of applications are received, an Ad-Hoc committee can meet, not in a public meeting, to sort through the applications and maybe make a recommendation of half a dozen for the full Board. From that point, applications for Board consideration have to be in a public meeting. General Manager Gray stated it is the Board's discretion whether to interview all candidates or select candidates based on qualifications.
- An unknown visitor inquired if customers outside of Division 2 will also be notified about this Board opening—like a bill insert. She referenced the division map shown on page 63/104 of the Board Packet.
- General Manager Gray stated that the vacant position will be posted on FOWD's website (by tomorrow), it will be included in more agendas, it will be posted outside the administration building and at the Fair Oaks library. He is contemplating putting it in the American River Messenger. By law, the Board opening needs to be posted in three conspicuously known public areas. There is no time to put it in as a bill insert.
- An unknown visitor inquired if the application can be a fillable pdf form.
- General Manager Gray agreed that a fillable pdf application will be available. No wet signature required; an electronic signature will be fine. FOWD staff will verify the identity of the applicant during the interview process.

### **3. Discussion and possible action on the selection of a Board President and Vice President for 2025**

- General Manager Gray stated that the typical protocol is to have the Vice President become the President the following year. Director Dolby would be considered to fill the role of Board President in 2025.
- Director Dolby stated he would not like to serve as the Board President in 2025. It will conflict with family commitments.
- Director Sarkovich is next in line for President and accepted being the next appointed Board President.
- Director McRae inquired if he should abstain from the vote.
- The Board decided Director McRae should vote.
- General Manager Gray highlighted that the Board Packet includes all government codes and requirements. The staff report spells out all the requirements.

President Petersen moved to appoint Director Sarkovich as the 2025 President.

Director Dolby seconded the motion.

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

Absent: Director Marx

Director Sarkovich moved to appoint Director Marx as the 2025 Vice President.

Director Dolby seconded the motion.

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

Absent: Director Marx

#### **4. Discussion and possible action on the 2025 Salary Ranges for all Board approved positions**

- General Manager Gray provided an overview.
- The Board discussed the salary schedule, specifically item seven.
- Director Sarkovich suggested deleting this item. Staff salaries are based on steps and Cost of Living Adjustment (COLA). The only exception is the General Manager's contract. This embeds the salary for General Manager being based on other water agencies salary and Director Sarkovich is against that.
- President Petersen stated that we run FOWD like a business, and if the leader of the business should be paid based on market value or they go to another company. Director Petersen would be fine striking the word average from item seven but wants to preserve something other than the COLA for General Manager position.
- An unknown visitor inquired if there is a formula used to determine the salary of the General Manager.
- Director Sarkovich responded that it is a contract and there is no formula to determine the salary of the General Manager. It depends on the previous contract and the average salary of nearby agencies, then the Board votes. This would be the first time it would be imbedded.
- General Manager Gray recommended item seven be removed. The salary range can be revised, if necessary.
- President Petersen stated he is in favor of removing item seven and keeping the salary schedule as presented.
- General Manager Gray stated that item seven was not intended to be a policy discussion, and it could be deleted. He stated that with item seven struck, for the Board information, FOWD's top salary range is the average of other nearby agencies. Other water agencies have a higher salary for the General Manager. General Manager Gray stated that what FOWD has for the General Manager salary range is fair.
- General Manager Gray addressed questions regarding salary ranges, steps, COLA and the annual internal evaluation process by the management team.

- An unknown visitor inquired about the stipends Board Members receive and how the amount is determined.
- Director Sarkovich stated that in 2004, the stipend was \$100 per meeting. Staff has made recommendations in the past to raise the stipend, but he feels it is his civil duty and contribution to the community. He is not serving as a Board Member for financial gain. In 2025 the FOWD Board stipend remains at \$100.
- General Manager Gray mentioned that Director McRae’s stipend will be \$200 per meeting as a SJWD Board Member. He also noted that Board Members do not get the protection FOWD employees get. Board Members receive no benefits.
- President Petersen mentioned he agrees with Director Sarkovich. He has been part of other Boards where there is no stipend and it is purely a voluntary position.

President Petersen moved to approve the 2025 Salary Ranges as presented, but removing item seven.

Director Sarkovich seconded the motion.

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

Absent: Director Marx

**5. Discussion and possible action on the Sacramento LAFCo’s nominations for membership on Special District Advisory Committee**

- Information only.

**6. Update and discussion on FOWD’s Annual Financial Risk Assessment**

- Information only. Discussion was held, no comments.

**7. Discussion and possible action on FOWD Policy No. 5070: “Investment of District Funds”**

- The Board decided no changes were necessary.

**8. Discussion on FOWD Water Supply for the month of November 2024**

- Technical Services Manager Siebensohn provided a summary of the water supply report. He addressed questions from the Board concerning the operation of wells.
- General Manager Gray stated that FOWD meets its demand with 10% groundwater. Wells are being rotated and ready to serve. He also confirmed this is the first year Skyway Well is operational and is working fine.
- General Manager Gray noted that FOWD has three wells that produce over 2,000 gallons per minute, some of the highest producing wells North of the American River. New York Well is expected to produce at this capacity.

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

- General Manager Gray stated that staff recommends the Board to authorize the transfer of \$1,078 from the contingency fund to cover 2024 expenses.



Director McRae moved to approve the transfer of \$1,078 from the contingency fund to cover 2024 expenses as presented.

Director Sarkovich seconded the motion.

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

Absent: Director Marx

## **VII. UPCOMING EVENTS**

### **1. December 18, 2024 / SJWD Regular Board Meeting / SJWD Office**

- a) Includes the swearing in of Mike McRae as the SJWD Director representing Division 4
  - b) Includes a discussion and possible action on the SJWD merging with the SSWD
- General Manager Gray encouraged the public and FOWD Board to attend this meeting.

## **VIII. REPRESENTATIVE REPORTS**

### **1. Sacramento Groundwater Authority (SGA)**

- None. They met on December 12, 2024. Had their audit report presented by Richardson & Company, which will be FOWD's incoming auditor.

### **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 – (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.

**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 noted that only the Junior Engineer will be joining the FOWD’s team. The other Engineer was promoted at his current job and decided to accept their offer. The Junior Engineer begins on January 27, 2025.
7. **Water Issues – Update on Regional Involvement**
  - None.
8. **Other**
  - None.

**XI. PUBLIC COMMENT**

- None.

President Petersen closed the open session meeting at 8:25 p.m.

President Petersen opened the closed session meeting at 8:38 p.m.

**XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54954, 54956 AND 54957**

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
3. Public Employee Performance Evaluation Involving the General Manager; Government Code Sections 54954.5(e) and 54957

President Petersen closed the closed session meeting at 10:50 p.m.

President Petersen reopened the meeting to the public at 10:50 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 10:50 p.m.

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The Board approved the preceding minutes on January 21, 2025

  
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Tom R. Gray  
General Manager/Board Secretary

01-31-2025  
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Date