

April 22, 2020

President Edward J. "Ted" Costa
San Juan Water District
PO Box 2157
Granite Bay, CA 95746

Re: *Request to Not Delay CVRA Compliance*

Dear President Costa,

The undersigned Presidents of the Citrus Heights Water District and Fair Oaks Water District ("Retail Agencies"), on behalf of their respective Boards of Directors representing over 60% of SJWD wholesale water service connections, urge you and your colleagues to reconsider your decision at the April 15, 2020 Special Meeting of the San Juan Water District to delay compliance with the California Voting Rights Act (CVRA) until the 2022 election cycle. While the Retail Agencies understand the importance of respecting the autonomy of SJWD's internal governance, this decision negatively impacts our ratepayers, communities, and shared constituents. Based on this, we urge SJWD to reverse its decision and implement "by district" elections for the 2020 elections cycle.

At your April 15th Special Meeting, SJWD staff presented four scenarios for transitioning to "by district" elections. These scenarios were divided into two groups: (1) transitioning for the 2020 election and (2) transitioning for the 2022 election. Staff indicated that the cost of transitioning now would result in substantial cost savings in legal fees and transition costs. These savings could exceed \$50,000 to the wholesale agency. In fact, based on these cost savings, an initial motion was made and seconded to complete the process for the 2020 election. This motion was not voted upon. Rather, a substitute motion was made and approved by a 3-2 vote (President Costa and Directors Miller and Tobin in favor and Directors Hanneman and Rich against) to delay CVRA compliance until 2022.

As an initial matter, the Retail Agencies wish to express their profound disappointment with this decision. The SJWD Board was previously advised by your staff of the likely necessity of eventually switching to "by district" elections. On February 8, 2019 the SJWD Legal Affairs Committee and on September 25, 2019 the full SJWD Board discussed the CVRA, SJWD's vulnerability to a claim, and the likely requirement to pay (at least) the \$30,000 in fees provided

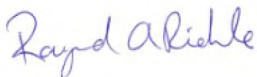
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for in AB 350. Despite these clear warnings from your staff, the Board declined to start the process.¹ This decision has already cost your and our ratepayers at least \$30,000 that will be paid to your claimant's legal counsel. Your most recent decision to delay compliance until 2022 compounds this mistake and increases costs by at least an additional \$50,000. These cost increases will occur during this significant economic disruption affecting our ratepayers.

Beyond the simple cost savings, moving to "by district" elections in 2020 is just good governance. The communities of Citrus Heights and Fair Oaks have been historically underrepresented on the wholesale SJWD Board and have been directly and significantly impacted by your Board's decisions regarding cost allocation, water supply, and operational considerations. The Retail Agencies support "by district" elections to ensure fair representation. This shift should not be delayed until 2022 for these reasons and as noted by a number of FOWD Directors during the April 15th meeting.

In addition, the reasons expressed for delaying CVRA compliance at your April 15th meeting are not compelling. SJWD Directors and members of the public expressed concern that moving forward now would not permit sufficient public outreach. The Retail Agencies are ready and willing to assist SJWD in providing outreach to affected communities. In response to a request from your General Manager, both CHWD and FOWD have already begun developing resources to assist SJWD's outreach efforts. These agencies recently adopted resolutions committing to assist SJWD in 2020 as it moves through this process. Together, we can ensure a robust public outreach process.

For the above reasons and on behalf of the Retail Agencies, we urge the SJWD Board to implement compliance with the CVRA for the 2020 elections cycle.



Ray Riehle
President
Citrus Heights Water District



Gary Page
President
Fair Oaks Water District



cc: Board of Directors of CHWD
Board of Directors of FOWD



¹ By contrast, after FOWD and CHWD received similar warnings from its staff, both agencies voluntarily started the process to transition to "by district" elections.