

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes
September 27, 2023 – 6:00 p.m.

BOARD OF DIRECTORS

Dan Rich	President
Manuel Zamorano	Vice President
Ted Costa	Director
Ken Miller	Director
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Devon Barrett	Customer Service Manager
Adam Larsen	Field Services Manager
Greg Turner	Water Treatment Plant Manager
Greg Zlotnick	Water Resources Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel
Elizabeth Ewens	Water Counsel
Kristen Castanos	Water Counsel

OTHER ATTENDEES

Bryan	
Dexter	
Ted	
Rod Wood	Citrus Heights Water District
Sandy Harris	Customer
Alan Driscoll	Forsgren Associates Inc.
Brynn Jensen	Forsgren Associates Inc.
Patrick Dyer	MGT Consulting
Craig Locke	Sacramento Suburban Water District
Mike Spencer	SJWD Employee

AGENDA ITEMS

- I. Roll Call**
- II. Public Forum and Comments**
- III. Consent Calendar**
- IV. Old Business**
- V. New Business**
- VI. Information Items**
- VII. Directors' Reports**
- VIII. Committee Meetings**
- IX. Upcoming Events**
- X. Adjourn**

President Rich called the meeting to order at 6:00 p.m.

I. ROLL CALL

The Board Secretary took a roll call of the Board. The following directors were present: Ted Costa, Ken Miller, Dan Rich, Pam Tobin, and Manuel Zamorano.

II. PUBLIC FORUM

[Due to technical difficulties, the meeting was re-started at this point so that members of the public who were listening remotely could hear the meeting.]
There were no public comments.

III. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by one motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. Minutes of the Board of Directors Meeting, August 23, 2023 (W & R)

Recommendation: Approve draft minutes

2. Air Release Valve Replacement Program (R)

Recommendation: To authorize the Director of Engineering Services to approve a construction contract amendment to increase the construction budget by up to \$70,000 with Navajo Pipelines, Inc. (Navajo) for the Air Release Valve Replacement Program 2022/2023

Director Costa moved to approve the Consent Calendar. Vice President Zamorano seconded the motion and it carried unanimously.

IV. OLD BUSINESS

1. Cost Allocation Plan (W & R)

GM Helliker began his report; however, it was determined that access to the meeting remotely was compromised due to the speaker system being on mute. The meeting was restarted at Agenda Item II - Public Forum.

GM Helliker reviewed his written staff report which was included in the Board packet. In response to President Rich's question, GM Helliker explained that his cost allocation was the same as the previous general manager's at 90% wholesale and 10% retail, which was arrived at after a time study was completed. He recently completed an analysis and arrived at an 85% wholesale and 15% retail cost allocation. GM Helliker informed the Board that CHWD and FOWD suggested different methodologies for cost allocation. Ms. Silva informed the Board that taking an average of their various methodologies would result in an estimated \$187,500 decrease to the wholesale division, or \$55-60,000 per year decrease per agency. GM Helliker informed the Board that the consultant did not recommend any of CHWD and FOWD's suggested methodologies.

GM Helliker informed the Board that CHWD and FOWD provided comments that were responded to then he reviewed the components of the cost allocation plan. A copy of the plan was attached to the staff report. The plan document covered: Project Scope; Materiality of Expense; Summary of Currently Allocations and Direct Charges Methods;

Items of Cost – With Current Allocation and Direct Charge Methods; Current Labor Allocations; and MGT Recommendations.

In response to President Rich's question, Ms. Silva informed the Board that there were only five positions that were reviewed in detail and 4 of those positions received a cost allocation adjustment as seen on page 13 of the plan. In addition, she informed the Board that going forward the number of employees percentage of 37.4% wholesale and 62.6% retail will be used for such items as all-staff training.

President Rich called for public comments.

Rod Wood, a Citrus Heights Water District representative, addressed the Board and provided a copy of the April 25, 2023, letter from CHWD and FOWD, which can be found: <https://www.sjwd.org/files/caafb6dfb/CHWD+FOWD+CAP+Letter+to+SJWD+Board+4-25-23+with+Attachments.pdf>. He stated that the two agencies do not agree with the final plan and have issues with some elements of the plan which were addressed in the letter. In addition, he mentioned that CHWD is excited to work with SJWD through the 2x2 ad hoc committee to have joint meetings with the staffs, review the issues, discuss the wholesale rate plan, discuss use of existing wells as backup during drought conditions, and an endless number of opportunities to move forward with. He stated that a joint board meeting with CHWD, FOWD and SJWD would be beneficial to discuss the cost allocation plan.

Mr. Patrick Dyer, MGT consultant, informed the Board that the information that they have summarizes a lot of the back and forth between the agencies. He stated that cost allocation for SJWD is complex and is different than how the stakeholders' agencies allocate costs. Director Costa explained how SJWD was formed and how the Granite Bay retail service area was put under SJWD wholesale at that time.

The Board discussed setting up a joint board meeting with the agencies and that topics could be submitted to GM Helliker for the agenda. Director Miller voiced concern regarding setting up a joint board meeting and noted that the 2x2 committees were set up to resolve issues but that is not happening. In addition, there was concern regarding the pending lawsuit that CHWD and FOWD filed against SJWD. Vice President Zamorano agreed with Director Miller's concerns.

Director Tobin did not agree with those concerns and asked CHWD to share what their specific goal was in attending the meeting tonight. Mr. Wood commented that the benefit of a joint board meeting would be that the policy makers can listen to both sides and make decisions. In addition, he stated that an independent third party (the courts) could be used to come to agreement should there be no agreement regarding the cost allocation plan. He commented that he felt that ongoing discussions via the 2x2 committee is an effective way to start the process to open the channels of communication. Director Costa commented that the 2x2s were set up for the purpose of discussing groundwater banking. Director Costa asked what CHWD wanted the cost allocation for the general manager to be and Mr. Wood would not elaborate.

Director Tobin commented that there may be some basic misunderstandings of how the process worked and how the costs were allocated but does not feel that a lawsuit is the answer and that the agencies can work through this. She suggested that Mr. Dyer facilitate a meeting to discuss the cost allocation plan. Director Miller reiterated his

concern regarding the lawsuit and further discussions with the agencies. GM Helliker recommended that the Board take into consideration Mr. Wood's suggestion then respond back to CHWD.

2. Conjunctive Use and Groundwater Banking Activities Update (W & R)

GM Helliker reported that the 2x2 CHWD/SJWD Ad Hoc Committee met on September 5, 2023. The agenda included discussion on groundwater banking, water transfers, cost allocation plan, and the financial plan; however, the main topic discussed was the cost allocation plan. He reported that the next meeting was not scheduled.

GM Helliker reported that the 2x2 FOWD/SJWD Ad Hoc Committee met September 26, 2023. He stated that a FOWD member complained that there was not much progress made after five meetings and this was the 6th meeting. GM Helliker explained that the first meeting was to discuss the approach, the 2nd meeting was a briefing from Trevor Joseph (RWA), the 3rd meeting covered topics to address as part of a partnership, and the 4th and 5th meetings were presentations from FOWD regarding aquifer storage and recovery permit. He explained that the most recent meeting included discussing the permit further and directing the General Managers to develop a scope for doing the permit for wells, not just in Fair Oaks, but in Citrus Heights and Orangevale. GM Helliker reviewed the slides from RWA regarding the Sacramento Regional Water Bank, which was presented at the committee meeting. He informed the Board that the project description still needs to be finalized and they are working with legal counsel on the comments. Director Costa suggested that the RWA slides be shared at a joint board meeting.

3. 2023 Hydrology and Operations Update (W & R)

GM Helliker reviewed data on Folsom Reservoir, which included the current storage level, data on releases, temperature and precipitation outlooks, and storage levels and projections.

GM Helliker reviewed the drought forecast, which showed this region to be in normal conditions. He informed the Board that Folsom Reservoir is projected to be at 519,000 acre feet by the end of December.

V. NEW BUSINESS

1. Delinquent Account Collection Changes (R)

Mr. Barrett reviewed the staff report which was included in the Board packet. He explained that the revision to the ordinance is to introduce the property tax roll process as a means of collecting delinquencies. He explained that if the Board decides to move forward with this ordinance revision, then there will be a public hearing at the October Board meeting. Ms. Silva explained that if this process is used then Mr. Barrett would return for Board approval to place the delinquent accounts on the property tax rolls in the summer of each year.

Vice President Zamorano expressed concern regarding renters being delinquent on an account, yet the homeowner's property would face a tax roll lien. Ms. Silva explained that the property owner is already responsible for payment of the water bill, and they would have to take the issue up with the tenant. In addition, she explained that there are many utility agencies that use the tax roll lien process as their only way to collect their

fees on an annual basis. Mr. Barrett explained that the property owner is already the one to receive the water bill and a courtesy copy is sent to the tenant when requested.

Director Costa moved to introduce and waive the first reading of Ordinance No. 23-01 – An Ordinance of the Board of Directors of the San Juan Water District Amending Section 3.5 of Ordinance 18000. Director Tobin seconded the motion and it carried with 4 Aye votes and one No vote (Zamorano).

VI. INFORMATION ITEMS

1. GENERAL MANAGER’S REPORT

1.1 General Manager’s Monthly Report (W & R)

GM Helliker provided the Board with a written report for August which was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence

GM Helliker reported that the Water Board is holding a workshop on conservation standards on October 4th, and they have been working with a group that ACWA has organized. He informed the Board that written comments are due on October 17th. In addition, a Sacramento Bee journalist is writing an article on the standards.

2. DIRECTOR OF FINANCE’S REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the property insurance bill was received in the amount of \$130,000 as compared to the budgeted amount of \$129,000. In addition, she reported that she received approval from the State Water Resources Control Board to submit reimbursement requests for the construction costs of the Hinkle Reservoir project. Therefore, she submitted a request for approximately \$19 million and anticipates the funds in about 6 weeks.

Ms. Silva informed the Board that she will be attending the CalPERS Education Forum next week to receive updates on pension and healthcare. She reported that the next meeting of the ad hoc committee on benefits will be scheduled shortly thereafter.

3. DIRECTOR OF OPERATIONS’ REPORT

3.1 Miscellaneous District Issues and Correspondence

No report.

4. DIRECTOR OF ENGINEERING SERVICES’ REPORT

4.1 Miscellaneous District Issues and Correspondence

No report.

5. LEGAL COUNSEL’S REPORT

5.1 Legal Matters

No report.

VII. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)

No report.

2. REGIONAL WATER AUTHORITY (RWA)

No report.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

Director Tobin reviewed her written report which was included in the Board packet. She reported that she will also be attending the State Board workshop on conservation standards to provide testimony as ACWA President.

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin

Director Tobin reviewed her written report which was included in the Board packet. She reported that ACWA JPIA recently completed their healthcare premium analysis.

3.3 Energy Committee - Ted Costa

No report.

4. CVP WATER USERS ASSOCIATION

Director Costa reported that CVP Water Users Association met August 31, 2023.

5. OTHER REPORTS, CORRESPONDENCE, COMMENTS, IDEAS AND SUGGESTIONS

Director Tobin reported that she attended the Sacramento LAFCo advisory meeting and met the other board members.

Director Costa informed the Board that he would be attending the Air Resources Board meeting regarding hydrogen power – Mr. Barela asked that he share the information with him.

VIII. COMMITTEE MEETINGS

1. Finance Committee – September 19, 2023

The committee meeting minutes were included in the Board packet.

At 7:34 p.m., President Rich announced that the Board was adjourning to Closed Session.

IX. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2) - one case

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Section 54956.9)

Citrus Heights Water District, et al. vs. San Juan Water District, Case Number: 23WM000080, Sacramento County Superior Court

X. OPEN SESSION

The Board gave direction to Legal Counsel.

XI. ADJOURN

The meeting was adjourned at 8:29 p.m.

DAN RICH, President
Board of Directors
San Juan Water District

ATTEST: _____
TERI GRANT, Board Secretary

STAFF REPORT

To: Board of Directors
From: Andrew Pierson, Director of Engineering Services
Date: September 27, 2023
Subject: Air Release Valve Replacement Program 2022/2023 – Construction Contract Amendment

RECOMMENDED ACTION

Staff requests a Board motion to authorize the Director of Engineering Services to approve a construction contract amendment to increase the construction budget by up to \$70,000 with Navajo Pipelines, Inc. (Navajo) for the Air Release Valve Replacement Program 2022/2023 (Project). The staff recommendation was reviewed by the Finance Committee, which recommends approval by the Board of Directors.

BACKGROUND

The Project consists of replacing 45 air release valves (ARV's) located in the northeast portion of the District's Retail Service Area within the Lower Granite Bay Pressure Zone and Upper Granite Bay Pressure Zone in Granite Bay, Placer County, CA. More specifically, the 45 ARV sites are within the boundaries of Eureka Road and Twin Rocks Road and between Barton Road and Douglas Blvd. The construction contract was awarded to Navajo in May 2023 and construction began on June 9, 2023. During construction, Navajo has encountered the following unforeseen conditions that have caused a change to the original Contract scope of work:

- Additional piping, excavation, backfill, and paving required due to moving approximately ten ARV locations as result of utility and landscape feature conflicts.
- Additional piping, excavation, backfill, and paving required because the distance between the location of the existing water mains for approximately five new ARV locations was greater than what was shown on the improvement plans.
- Additional time and materials required to replace approximately two existing corroded service saddles adjacent to the new ARV locations.
- Additional time and material to assist District staff during a shutdown for an emergency valve repair on Douglas Blvd. Contractor assisted by cleaning out existing valve boxes using their vacuum trailer and provided traffic control.

FINANCIAL CONSIDERATIONS

The current authorized construction budget approved by the Board is \$711,920. Staff is recommending increasing the total authorized construction budget to \$781,920. District staff is currently re-prioritizing projects to accommodate the additional budget required to complete this project.