

# **SAN JUAN WATER DISTRICT**

Board of Director's Board Meeting Minutes

December 17, 2025 – 6:00 p.m.

## **BOARD OF DIRECTORS**

Ted Costa	President
Mike McRae	Vice President
George Machado	Director
Pam Tobin	Director
Manuel Zamorano	Director

## **SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF**

Adam Larsen	General Manager
Donna Silva	Director of Finance & Human Resources
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Greg Zlotnick	Director of Water Resources & Strategic Affairs
Devon Barrett	Customer Service Manager
Mike Spencer	Water Treatment Plant Manager
Teri Grant	Clerk of the Board/Executive Assistant
Ryan Jones	General Counsel

## **OTHER ATTENDEES**

David	
David & Mary Heinrich	
DG	
Elizabeth	
Joyce Amankwah	
Michael	
Pat Patterson	
Theresa Towle	
User 1	
Kevin Furry	Customer
Meera Deshmane	Customer
Mark Hildebrand	Hildebrand Consulting
Javier Francis	Invoice Maps
Craig Locke	Sacramento Suburban Water District
Entela Fallstead	SJWD Employee
Jed Thorne	SJWD Employee
Ashlee Casey	Water Forum

## **AGENDA ITEMS**

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Roll Call**
- IV. Public Forum and Comments**
- V. Consent Calendar**
- VI. Discussion and Action Items**
- VII. Information Items**
- VIII. Directors' Reports**

- IX. **Future Agenda Items**
- X. **Committee Meetings**
- XI. **Upcoming Events**
- XII. **Closed Session**
- XIII. **Open Session**
- XIV. **Adjourn**

**I. CALL TO ORDER**

**II. PLEDGE OF ALLEGIANCE**

**III. ROLL CALL**

The Board Secretary took a roll call of the Board. The following directors were present in the Boardroom: Ted Costa, Mike McRae, George Machado, Pam Tobin, and Manuel Zamorano.

**IV. PUBLIC FORUM**

The Board wished Director Machado a happy birthday. There were no public comments.

**V. CONSENT CALENDAR**

All items under the Consent Calendar are considered to be routine and are approved by one motion. There was no separate discussion of these items unless a member of the Board, audience, or staff requested a specific item removed. Consent Calendar item documents are available for review in the Board packet.

**1. Minutes of the Board of Directors Meeting, November 19, 2025 (W & R)**

*Recommendation: Approve draft minutes*

**2. Fiscal Year 2024-2025 Annual Audit and Comprehensive Audited Financial Report – DavisFarr, Certified Public Accountants (W & R)**

*Recommendation: Receive and file*

*Director Tobin moved to approve the Consent Calendar. Director Zamorano seconded the motion, and it carried unanimously.*

**VI. DISCUSSION AND ACTION ITEMS**

**1. Water Forum Agreement 2050 (W & R)**

Mr. Greg Zlotnick reminded the Board that he provided some information to the Board at the November Board meeting and provided the Board with an updated staff report which was included in the Board packet. He introduced Ashlee Casey, Water Forum Executive Director.

Ms. Casey reviewed the Water Forum 2050 agreement and the Water Forum's work and benefits for the region. She provided a link (<https://youtu.be/gio58paDF0A>) which was played for the Board that highlights the diversity of the agencies which are in the Water Forum. Mr. Zlotnick pointed out that the Water Forum 2050

agreement is a voluntary agreement that does not create any contractual rights for any entity.

The Board discussed the Water Forum 2050 agreement, the funding, the Healthy Rivers and Landscape program cost, and the benefits to the District and its rate payers.

***Director Tobin moved to authorize the General Manager to sign the Water Forum Agreement 2050 (WFA 2050), which includes the incorporated San Juan Purveyor Specific Agreement (PSA). Director Machado seconded the motion, and it carried unanimously.***

**2. Appoint SGA Representative (W & R)**

The Clerk of the Board informed the Board that RWA requested this action so that they can include President Costa in the packet with the four alternate members that are being submitted to the Sacramento County Board of Supervisors for ratification.

***Director Machado moved to confirm appointment of Ted Costa as Representative to the SGA Board of Directors for the term starting August 2026, for submittal to Sacramento County Board of Supervisors for ratification. Director Zamorano seconded the motion, and it carried unanimously.***

**3. Board Compensation Review (W & R)**

GM Larsen provided a staff report which was included in the Board packet. He explained that the Board is currently receiving compensation for 8 days per month, but legally the Board can be compensated for 10 days per month. The Board discussed the prospect of revising the Board policy to 10 days per month for Board member compensation. President Costa suggested that Board members are compensated for 8 meetings per month unless they have Finance Committee approval. The Board discussed and would like this to be a policy change which would need to come back to the Board for approval in January.

**4. Elimination of January 1, 2026, Retail Water Rate Increase (R)**

Ms. Silva reviewed the written staff report which was included in the Board packet. She explained that the rates that were approved at the Board meeting on July 16, 2025, were based on findings of the 2024 Retail Water Rate Study Report which incorporated a long-term financial plan and cost of service analysis generally based on the Fiscal Year 2024-25 adopted budget. At the Board's direction, staff worked with the District's rate consultant to update the financial model using FY 2024-25 actual results, rather than budgeted amounts. Actual revenues exceeded those anticipated in budget and actual expenses were lower than those expected in the budget, which reduced the need for rate increases.

Ms. Silva explained that assuming the financial plan assumptions hold steady into the future and that there is no impact to rate revenues from any potential changes to the rate structure, the additional \$2.1 million net income per year that exceeded the assumptions has a substantial positive impact on the District's reserves over the 10-year forecast period. She explained that the District could eliminate the January 2026

rate increases, build the needed improvements to the Administration Building and likely cash fund both the Kokila Reservoir and the Cavitt Stallman Pipeline, effectively achieving full “pay-go” status. In addition, she informed the Board that she intends to perform this analysis each year in order to ensure approved rate increases align with the actual results.

The Board discussed the elimination of the January 1, 2026, retail water rate increase. The Board commended staff for their work on this topic.

***Director Tobin moved to adopt Resolution 25-15 eliminating the January 1, 2026, retail rate increases. Vice President McRae seconded the motion, and it carried unanimously.***

#### **5. Retail Rate Structure Analysis (R)**

GM Larsen informed the Board that, in light of Ms. Silva’s most recent report and the success of the current rate structure, Director Zamorano requested that the Board discuss and consider whether initiating a retail rate structure analysis is necessary. He pointed out that, with the positive financial performance and proven effectiveness of the current rate structure, the District has achieved pay as you go status.

In response to Director Tobin’s question, Mr. Zlotnick commented that the District just completed a rate study and will be completing another one in 2-3 years, and, each year until then, the Board has the ability to lower rate increases if recommended by staff and the consultant, therefore, it does not make sense to pursue another study at this time.

***Director Zamorano moved to eliminate the retail rate structure analysis project and cancel the January 14<sup>th</sup> workshop. Director Machado seconded the motion.***

President Costa commented that when the new idea was presented on the rate structure, staff indicated that it would take 6 months or so to research, however, this took longer and now it looks like the issue was solved and the workshop isn’t needed. In addition, he stated that when the process is started again, then the new idea can be considered.

Vice President McRae reviewed the document that he provided to the Clerk of the Board, which was added to the board packet. His document references another water agency’s rate study and the California Constitution. He discussed that agency’s variable service charge based on meter size, an elevation surcharge, a drought surcharge, tiered rates, and the Prop 218 language. He stated that the Board should have awareness that there is a difference in costs of delivering water across the District. He voiced concern regarding the District’s rates and compliance with Prop 218.

President Costa explained that even after an initiative is approved by voters, it can still be repealed or modified by the courts. Court rulings play a critical role in shaping the initiative because, unlike laws passed by the legislature, which undergo hearings

and compromises, initiatives bypass that process before adoption. President Costa stated that instead of charging everyone for various zones and pressures, the Board decided to use the “postage stamp” method of setting rates for everyone.

Ms. Meera Deshmane addressed the Board and read a motion from the meeting minutes of February 19, 2025, which provided the Finance Committee with direction to create a roadmap guideline to get to a solution regarding the retail water rate structure. She stated that canceling the rate increase does not address the issues that were raised at the February meeting (detailed in the motion). She commented that customers with smaller meters are still paying an unfair higher amount while the 1” meter is getting a discounted rate. She reviewed some court cases regarding water rates that she previously provided to the Board.

Ms. Deshmane stated that they waited for the Board to discuss the rates and complete a rate review. She stated that she had 120 days statute of limitations to take this to court and that the Board waited until after that to state that there is no need for a rate review.

Mr. Kevin Furry addressed the Board and stated that he reviewed a lot of the challenges of various districts and Prop 218 puts a cap on how much of costs you can put into rates and mentioned a 50% cap. He wants to do his own rate study to make sure that the District has the same amount of funds but his consumption is not unfairly beneficial between him and his neighbor. He explained that he used 20,000 gallons more water than his neighbor in a month but his bill was only slightly higher. In addition, he stated that the Board did not look at the rate structure in response to Ms. Deshmane’s request and now the statute of limitations has expired. He requested that the Board conduct the rate structure analysis.

A member of the public addressed the Board and commented that he sees no justification to overturn the previous action of the Board and not complete the review.

Director Tobin commented that the Board is not saying that a rate study would not be performed, the Board is saying that it will be completed at a later date since the study was recently completed. Members of the public disagreed with the comment.

Legal Counsel Jones commented that the Board hired two Prop 218 experts who determined that the District’s current rate structure was appropriate and legally compliant. He commented that Vice President McRae’s recommendations are also legal since there are different ways to set the rate structure.

In response to Director Tobin’s question, GM Larsen informed the Board that the next rate study would start in FY 2027/28 and could address the public’s concerns at that time. Vice President McRae commented that the Board packet shows that rates would be adjusted in FY 2028/29. Ms. Silva explained that the last rate increase goes into effect in January 2028 so staff would be preparing the rate study starting in 2027, which will include evaluating the rate structure along with including the 10-year financial projection. Ms. Silva commented that she expects the rate consultant to provide the Board with different rate structures along with looking at the pros and

cons, the risks, the fairness, etc., of each alternate rate structure, which will take a long time. Mr. Zlotnick commented that if the litigation on the conservation requirements is not successful, then the District will need to factor in a 23% reduction in water use.

President Costa called for the vote.

***The motion carried with 4 Aye votes and 1 No vote (McRae).***

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

Mr. Zlotnick reported that he attended the program committee meeting, however, there is nothing to report.

President Costa called for a 5-minute break. The meeting was reconvened at 8:10 pm.

**VII. INFORMATION ITEMS**

**1. GENERAL MANAGER'S REPORT**

**1.1 General Manager's Monthly Report (W & R)**

GM Larsen reported that operations are going smoothly with no compliance issues or failed samples and leaks are down. A written report for November was included in the Board packet.

**1.2 Miscellaneous District Issues and Correspondence**

GM Larsen commended the Board and staff for achieving pay go status without having to raise the retail water rates. He announced that the District received the ACWA Outreach Award for Region 4 and commended staff, particularly Mr. Zlotnick and Mr. Barrett, for their work.

GM Larsen informed the Board that there will be an ACWA presentation regarding captive programs at the January Board meeting. Director Tobin clarified that Marwan Khalifa, ACWA's Interim Executive Director and former Chief Financial Officer and District Treasurer for Mesa Water District, will be presenting information on the captive program that Mesa Water District embarked on and how they achieved pay go status. In response to Director Tobin's comments, Mr. Zlotnick informed the Board that he and The Ferguson Group have been talking with Ian Lyle about grants and other opportunities.

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GM Larsen informed the Board that the January Board agenda might also include a presentation from Regional Water Authority (RWA). President Costa suggested that the one of presentations be scheduled for the February Board meeting. Director Tobin will work with staff to coordinate.

**2. DIRECTOR OF WATER RESOURCES & STRATEGIC AFFAIRS' REPORT (W & R)**

**2.1 Hydrology Report (W & R)**

Mr. Zlotnick provided the graphs for the Folsom Reservoir levels and the statewide reservoirs levels and announced that snow and rain is coming.

**2.2 Miscellaneous District Issues and Correspondence**

Mr. Zlotnick reported that the water which the District receives from PCWA requires a Warren Act contract with the Bureau of Reclamation. He explained that the District's long-term Warren Act contract expired 5 years ago and the District obtained a temporary contract which is expiring at the end of February 2026. He reported that he has been working to get a long-term contract in place but was informed that there is now a new rule that requires environmental documentation for new contracts to be approved by the Assistant Secretary of Interior. He explained that the District will need to do a Notice of Exemption under CEQA for either a long-term agreement or a short-term extension. Therefore, Mr. Zlotnick will bring the Board a request in January regarding the contract.

**3. DIRECTOR OF FINANCE AND HUMAN RESOURCES' REPORT**

**3.1 Miscellaneous District Issues and Correspondence**

No report.

**4. DIRECTOR OF OPERATIONS' REPORT**

**4.1 Miscellaneous District Issues and Correspondence**

Mr. Barela provided an update on the ownership of property around Baldwin Reservoir. He explained that the District only owns the area where Baldwin Reservoir is located and everything southwest of the property is owned by the City of Folsom. He explained that Baldwin Reservoir is kept at a consistent level which avoids purposely discharging water downstream that may end up creating a habitat to maintain. Downstream discharge occurs naturally due to drainage that raises water surface levels above the outlet. President Costa commented that, when the District purchased the North Fork Ditch Company, they purchased all the property, including the ditches that went west to Citrus Heights and Fair Oaks, and he suggested that staff do a title search to include Cripple Creek to see who owns the ditches.

Mr. Barela announced that the District received ACWA-JPIA's President's Special Recognition Award in recognition of San Juan's commitment to safety and risk management.

**5. DIRECTOR OF ENGINEERING SERVICES' REPORT**

**5.1 Miscellaneous District Issues and Correspondence**

Mr. Pierson provided a brief update on the Kokila Reservoir Replacement Project and informed the Board that the project was slightly delayed in order for some rock processing equipment to be delivered but the project is still on schedule.

Mr. Pierson informed the Board that there was a major mainline break on a Sunday afternoon at the end of November at the Ace Hardware shopping center. He reported that it was one of the worse mainline breaks that the District has experienced in the past ten years and he commended staff for their excellent work on responding and repairing the pipeline. He explained that tree roots caused the issue, and he informed the Board that the District's

ordinances specifically state that no tree can be located on top of the District's pipelines. Staff informed the Board that they are tracking the costs for the repair and will be working with the property owners regarding reimbursement of those costs.

## **6. LEGAL COUNSEL'S REPORT**

### **6.1 Legal Matters**

Legal Counsel Jones informed the Board that there were some revisions to the Brown Act that take effect on January 1, 2026. He reviewed some of the changes such as providing a copy of the Brown Act to Board members, new teleconferencing rules, and removing disruptive members of the audience in person and online.

## **VIII. DIRECTORS' REPORTS**

### **1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)**

President Costa reported that SGA met earlier in December and had an opportunity to talk with a director from Rio Linda regarding working together.

### **2. REGIONAL WATER AUTHORITY (RWA)**

President Costa reported that he attended the RWA Social last week and they will meet in January.

### **3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)**

#### **3.1 ACWA - Pam Tobin**

Director Tobin reviewed a written report which was added to the Board packet.

#### **3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin**

Director Tobin reviewed a written report which was added to the Board packet.

### **4. OTHER REPORTS, CORRESPONDENCE, COMMENTS, IDEAS AND SUGGESTIONS**

There were no other matters discussed.

#### **4.1 2026 Board Officers (W & R)**

President Costa explained the process for electing the 2026 Board Officer positions. Director Tobin commented that there has been a rotational process in place as well, and she was not the Vice President last year because of the censure against her. President Costa reminded the Board that Director Tobin nominated the Vice President and it was not the censure that prevented her from holding that position. Director Tobin disagreed with his statement and commented that there was an agreement in place that she would be President since she should have been Vice President this past year. Legal Counsel Jones commented that the agreement was for the censure to be removed (probably at the next meeting) and that there would be reimbursement for meetings attended. President Costa commented that Legal Counsel could not agree to place a director into an officer position without Board approval.

***Director Zamorano moved to elect Ted Costa for Board President.***

President Costa called for a 5-minute break for Legal Counsel, GM Larsen and Director Tobin to review their agreement notes. The meeting was reconvened at 9:12 pm.

Legal Counsel Jones reported that there were 8 specific terms in the agreement that are being taken care of but not one regarding the Board President position; however, in the upper right hand corner of the agreement there was a handwritten note that stated, “passed over for President.” He stated that it was clear in their discussions that had there not been the censure then she would have been President based on the rotation process. However, he stated that it needs to be a Board decision to elect the next President.

***Director Machado seconded the motion.***

***Director Tobin made a substitute motion to elect herself for Board President. Vice President McRae seconded the motion and the motion failed with 2 Aye votes (McRae, Tobin) and 3 No votes (Costa, Machado, Zamorano).***

President Costa requested discussion on the original motion.

***The motion carried with 4 Aye votes (Costa, McRae, Machado, Zamorano) and 1 No vote (Tobin).***

***Director Zamorano moved to elect Pam Tobin for Vice President. Director Machado seconded the motion, and it carried unanimously.***

## **IX. FUTURE AGENDA ITEMS**

### **1. Requests by Board Members for Agenda Items**

Director Tobin requested that a Request for Proposal for General Counsel be placed on the January Board agenda.

### **2. Meeting Date Changes and Board Attendance**

There were no requests to consider.

## **X. COMMITTEE MEETINGS**

### **1. Finance Committee – December 8, 2025**

The committee meeting minutes were included in the Board packet.

**XI. UPCOMING EVENTS**

- 1. ACWA DC2026 Conference**  
February 24-26, 2026  
Washington, DC
- 2. 2026 ACWA Legislative Symposium**  
February 11, 2026  
Sacramento, CA
- 3. 2026 ACWA Spring Conference**  
May 5-7, 2026  
Sacramento, CA

At 9:27 p.m., President Costa announced that the Board was adjourning to Closed Session and there were no public comments.

**XII. CLOSED SESSION**

- 1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Section 54956.9)**  
Citrus Heights Water District, et al. vs. San Juan Water District, Case Number: 23WM000064, Sacramento County Superior Court

**XIII. OPEN SESSION**

There was no reportable action.

**XIV. ADJOURN**

**The meeting was adjourned at 10:05 p.m.**

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EDWARD J. "TED" COSTA, President  
Board of Directors  
San Juan Water District

ATTEST: \_\_\_\_\_  
TERI GRANT, Board Secretary