

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes

February 28, 2024 – 6:00 p.m.

BOARD OF DIRECTORS

Manuel Zamorano	President
Ted Costa	Vice President
Ken Miller	Director
Dan Rich	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 Manager
Greg Zlotnick	Water Resources Manager
Chris von Collenberg	Information Technology Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel
Elizabeth Ewens	Water Counsel

OTHER ATTENDEES

Caller 01	
Roger Canfield	
Suzanne Jones	
Josh Nelson	Citrus Heights Water District
Ray Riehle	Citrus Heights Water District
Craig Locke	Sacramento Suburban Water District
Kevin Thomas	Sacramento Suburban Water District
Mark Hargrove	SJWD Employee
Mike Spencer	SJWD Employee

AGENDA ITEMS

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

- IX. **Upcoming Events**
- X. **Closed Session**
- XI. **Open Session**
- XII. **Adjourn**

President Zamorano 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 in the Boardroom: Ted Costa, Ken Miller, Dan Rich, Pam Tobin and Manuel Zamorano.

II. PUBLIC FORUM

Mr. Roger Canfield addressed the Board and introduced himself and indicated that he plans to run for the Board in November.

III. 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, January 24, 2024 (W & R)

Recommendation: Approve draft minutes

2. Treasurer's Report – Quarter Ending December 31, 2023 (W & R)

Recommendation: Receive and file

3. Capital Asset Policy FIN-5.2 Revision (W & R)

Recommendation: Approve proposed revisions

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

IV. NEW BUSINESS

1. Lime Silo and Thickener Improvements Project – Construction Contract

Mr. Barela explained that a Lime Silo is a large storage tank that holds lime for the water treatment plant. He reviewed the staff report which was included in the Board packet. He explained that the project covers the three thickener tanks and includes providing better access into the tanks for regular maintenance, which was identified as a safety hazard for staff, and includes replacing the fill line, dust collector, pressurized air supply line and vent fan louver in preparation for recoating the silos.

In response to Director Miller's question, Mr. Barela informed the Board that this item and the next agenda item were not taken to the Engineering Committee and that is

why it was not placed on the Consent Calendar. GM Helliker commented that he spoke to the Engineering Committee Chair, Director Rich, and was given the okay to bring the two items directly to the Board for review and consideration.

Director Tobin moved to approve the Director of Operations to sign a construction contract with Clyde G. Steagall, Inc. (Steagall) for the Lime Silo and Thickener Improvements Project. Director Rich seconded the motion and it carried unanimously.

2. Lime Silo and Thickener Improvements Project – WSC Amendment #2

Mr. Barela reviewed the staff report which was included in the Board packet. He explained that this amendment covers engineering services during construction for the first project, which includes the fabrication and installation of custom pivoting ladders for access into the District's thickener tanks and replacement of appurtenances on the District's lime silo, and the second project, which includes the recoating of the lime silo.

Director Tobin moved to approve the Director of Operations to sign Amendment #2 with Water System Consulting, Inc. (WSC) for the Lime Silo and Thickener Improvements and Lime Silo Coating Projects. Vice President Costa seconded the motion and it carried unanimously.

3. District Cyber Security Program (W & R)

Mr. Chris von Collenberg conducted a brief presentation regarding the District's Cyber Security Program. He explained that, since he has been at the District for the past 17 years, the District's systems have been under attack by outside forces on a daily basis, and the system has never been breached. In addition, he informed the Board that the District's cyber security remains the same and is based on security best practices. He explained that the District utilizes layered security, and he would be notified at any time of the day or night if there was ever a breach.

GM Helliker informed the Board that staff are in the process of enhancing the District's physical security, and explained that once the new Administrative Building is built, then public access will be confined to that building only.

4. 2023 Rebate to CHWD and FOWD (W)

GM Helliker reviewed the staff report which was included in the Board packet. He explained that the allocation methodology used for the Board approved 2023 wholesale fixed charges was different than what had been used in the past. It used 4 years of water use instead of the past 5 years. Vice President Costa inquired if the different methodology used was due to adding and dropping a year for calculating the rates on the rolling average. GM Helliker confirmed and further explained that the 2023 process for wholesale rate setting was the last time the rolling average will be used. GM Helliker explained that there is no Board policy on setting the wholesale rates. In addition, GM Helliker reminded the Board that they adopted the wholesale

rates in December 2023, and they are structured on a five-year rate schedule based on the previous 10-year fixed average.

Ms. Suzanne Jones addressed the Board and voiced concern that there is no Board policy for setting rates and that there should be a policy. GM Helliker explained that the previous rate setting process that was conducted in 2017 allocated the fixed charges based on the previous 5 years of water use. In 2019, at the request of the wholesale customer agencies, the Board approved a revised rate schedule for Calendar year 2020 wherein the fixed charges were re-allocated using the most recent 5-years of respective water deliveries. In each subsequent year, staff presented a revised rate schedule updating the allocation for recent water use. He further explained that the Wholesale Financial Plan that the Board adopted constitutes the Board policy on rate setting. Ms. Silva explained that, from 2017-2019, the District had consistency with the previous financial plans and rate schedules, then at the request of the customers, the District changed the formula to the rolling average. She informed the Board that this resulted in volatility and was more susceptible to errors when changing the rate annually; therefore, the District reverted back to the fixed average approach for the most recently adopted Wholesale Financial Plan and Rate Schedule

Director Tobin moved to approve a rebate of \$77,108.97 to Citrus Heights Water District and a rebate of \$751.19 to Fair Oaks Water District. Director Rich seconded the motion and it with 4 Aye votes and 1 No vote (Costa).

5. Director Compensation (W & R)

GM Helliker reviewed a staff report which was included in the Board packet. He informed the Board that this topic was brought up at the last Board meeting and he discussed the topic with President Zamorano. He explained that the last time the Board compensation was adjusted was in 2005 and Water Code 20202 allows a 5% annual increase since the last adjustment which could potentially bring the compensation up to \$315.87 per meeting should the Board approve that amount.

The Board discussed the topic and there were suggestions to increase the compensation at the same rate as the employee COLAs, to leave it as is, or to increase the amount of compensation and reduce the number of meetings to 5 per month.

President Zamorano moved to increase the compensation to \$250 per meeting with a limit of 5 meetings per month. There was no second, the motion failed.

Legal Counsel Jones informed the Board that any action taken tonight would be to give staff direction for returning to the Board with an ordinance amendment if that is the direction that the Board takes.

In response to Director Miller's question, the Board Secretary informed the Board that the Board as a whole averaged 5.6 meetings per month for the last couple of

years; however, she indicated that Director Tobin averaged 10 per month during that time since Director Tobin was on the ACWA board and the rest of the Board was considerably less per month.

Director Rich moved to give staff direction for the amendment to show an increase in the stipend to \$200 per meeting with a limit of 5 meetings per month. Vice President Costa seconded the motion.

Ms. Jones addressed the Board and commented that she received \$300 per month, regardless of the number of meetings that she attended, along with mileage and the cost to send a director to a conference is not compensation to the director. Director Miller commented that directors do not receive mileage to attend meetings at the District any longer since the government does not allow that, and the Board policy for out of state travel was implemented for the ACWA DC2024 conference and the Board voted not to allow the travel to attend that conference.

President Zamorano made a substitute motion to give staff direction for the amendment to show an increase in the stipend to \$200 per meeting with a limit of 5 meetings per month with a requirement that a director must request, in writing to the General Manager, that they receive the increase. Director Rich seconded the motion.

Legal Counsel Jones stated that a motion was not needed, just Board consensus on what to bring back to the next meeting.

In response to Board discussion, Legal Counsel Jones informed the Board that he will confirm that a director can elect to not receive a stipend or to receive a reduced amount. In response to Ms. Silva's question, President Zamorano stated that the number of meetings should stay at five per month regardless of the amount received per meeting.

Legal Counsel Jones informed the Board that at the next Board meeting, the Board will review the draft ordinance amendment with the provisions that the motion has stated in it.

V. OLD BUSINESS

1. 2024 Committee Assignments (W & R)

GM Helliker announced that the 2024 committee assignment list was included in the Board packet, and the only change was for an agreed upon swap with Director Tobin becoming Chair of the Finance Committee and Vice President Costa joining the Public Information Committee. The Board discussed the 2x2 Ad Hoc Committee with Fair Oaks Water District and decided to keep the committee on the list.

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

GM Helliker informed the Board that analysis of the wholesale and retail systems identified these needs: groundwater production for backup supplies during critically dry years for SJWD Retail, Folsom and Orangevale; sufficient groundwater production to meet the substitution transfer volumes that are agreed to with CHWD, FOWD, OVWC and SSWD; groundwater production for substitution transfers at market rates; and, with regard to recharge, meet sustainability goals with partners and, as necessary, provide additional recharge to make sure that the groundwater resources are available to meet future needs. He indicated that the analysis document was previously emailed to the Board members.

GM Helliker explained that there are three alternatives that have been discussed: (1) buy into facilities; (2) buy capacity in a facility; and (3) buy water as needed. He informed the Board that there has not been a lot of discussion with CHWD or FOWD, but there have been discussions with SSWD, and OVWC is also interested in discussing this topic. Mr. Zlotnick explained that this is regarding physical infrastructure with regard to partnering with agencies that have facilities or are looking to have facilities with groundwater that they can access. Mr. Zlotnick confirmed that these options, along with in lieu of or ASR, make banking of water a possibility for the District. GM Helliker emphasized that the most critical need that the District has is groundwater production and having access to groundwater during a drought.

In response to Vice President Costa's comment, GM Helliker explained that the 2008 Shortage Policy that the District had with the CHWD and FOWD was cancelled and replaced with another policy which now states that if there is a shortage of surface water and not enough to meet all the needs of the wholesale area, then the surface water will be distributed in a prorated amount, based on the last five years of use.

GM Helliker reviewed two scenarios regarding backup supplies for critically dry years and explained the well capacity needs of the District. In addition, he reviewed the last ten years of water use by CHWD and FOWD and their current demands, along with data from monitoring wells that show groundwater sustainability levels. He reviewed the various amounts of water that the District, CHWD, FOWD, OVWC and SSWD are required to deliver as it pertains to the Voluntary Agreement.

GM Helliker informed the Board that Mr. Zlotnick has completed some research regarding grant opportunities for groundwater facilities. Mr. Zlotnick explained that there are three opportunities through the federal government with the Army Corp of Engineers and their Environmental Infrastructure Account Section 219, the Environmental Protection Agency State & Tribal Assistance Grants Program, and Reclamation's Water Smart Program. Mr. Zlotnick reviewed the options that are available to the District to secure funding.

3. 2024 Hydrology and Operations Update (W & R)

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

Mr. Zlotnick informed the Board that staff plans to purchase some CVP water this year, along with all of the water rights water and some PCWA water and will balance the water supply cost with the budget. He explained that using CVP water helps to build the historic use when there are times of water shortage allocations from Reclamation.

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 January which was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence

GM Helliker reported that he attended the Sacramento Suburban Water District Board meeting, and they discussed the River Arc project. He explained that the plan is to build a pipeline to bring water from the Sacramento River to a treatment plant in the Rio Linda area and then deliver the water to Western Placer County and the airport area.

2. DIRECTOR OF FINANCE’S REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the final loan draw on the Eureka Road Pipeline Replacement Project was approved, and funds should be received in approximately six weeks. She also reported that the mid-year budget will be reviewed at the March Board meeting. In addition, she reported that the Retail Financial Plan process was started since the last Retail Financial Plan retail rate increase occurred January 2024. She reported that the contract with Hildebrand Consulting was executed, and staff will be working with the consultant to update the financial plan and proceed through the Prop. 218 hearing process.

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)

Vice President Costa reported that SGA met February 8th. He reported that Mr. Jim Peifer will be attending the March Board meeting.

2. REGIONAL WATER AUTHORITY (RWA)

GM Helliker reported that there was a proposal to expand the groundwater bank project description to include water transfers. He indicated that there were many questions and concerns regarding adding water transfers as it may lead to some implications for the annual transfers that the District conducts. In addition, he mentioned that, since RWA does not conduct water transfers, adopting CEQA documentation with the inclusion of water transfers does not make sense.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

Director Tobin expressed her concerns regarding the punitive use of votes taken at a recent Board meeting regarding her attendance at the ACWA DC2024 conference. She informed the Board that Steve Lamar, ACWA Past President, contacted her regarding GM Helliker lobbying the Board to vote against her attendance at the conference. GM Helliker informed the Board that he hasn't had a conversation with Mr. Lamar for about a year and was not involved in the Board's decision regarding her attendance at the conference. Director Tobin started to discuss the democracy of voting when President Zamorano called for a point of order. Director Tobin stated the District missed an opportunity for her to meet with various federal representatives on important water matters. In addition, she stated that the conference was budgeted then the Board voted not to allow her attendance as punishment and is not allowing her to do her job and duties as agreed upon. President Zamorano called for a point of order. In response to Director Tobin's request, Legal Counsel Jones informed Director Tobin that she has the floor for her report as long as it is related to ACWA.

Director Tobin finished her report and informed the Board that the ACWA Legislative Symposium is scheduled for April 10, 2024, and the ACWA Spring Conference is scheduled for May 7-9, 2024.

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin

No report.

4. CVP WATER USERS ASSOCIATION

Vice President Costa reported that the CVP Water Users Association is scheduled to meet on March 5, 2024. Mr. Zlotnick reported that the association hired Brooke White as the Executive Director and she will be a great benefit to the association based on her background.

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

Vice President Costa commented that every February/March the General Manager evaluation is performed. GM Helliker stated that the usual process is for him to provide the Board with a self-evaluation form, and then the Board makes their comments and forwards them to the Board Secretary, who then compiles them into one document for review during Closed Session at the March Board meeting. In addition, the Board President appoints Labor Negotiators to meet with GM Helliker to discuss compensation. President Zamorano appointed Director Miller and Vice President Costa as the District's Labor Negotiators and directed them to meet with GM Helliker prior to the March Board meeting.

VIII. COMMITTEE MEETINGS

1. Public Information Committee – February 13, 2024

The committee meeting minutes were included in the Board packet.

2. Finance Committee – February 20, 2024

The committee meeting minutes were included in the Board packet.

IX. UPCOMING EVENTS

1. 2024 ACWA Spring Conference

May 7-9, 2024
Sacramento, CA

At 8:30 p.m., President Zamorano announced that the Board was adjourning to Closed Session and requested public comments. Legal Counsel Jones informed the Board that the Closed Session item is to discuss the government claim that was received from Fair Oaks Water District and Citrus Heights Water District regarding the Wholesale Rate Plan.

X. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

XI. OPEN SESSION

There was no reportable action.

XII. ADJOURN

The meeting was adjourned at 8:46 p.m.

MANUEL ZAMORANO, President
Board of Directors
San Juan Water District

ATTEST: _____
TERI GRANT, Board Secretary