

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes

August 14, 2025 – 6:00 p.m.

BOARD OF DIRECTORS

| | |
|-----------------|----------------|
| Ted Costa | President |
| Mike McRae | Vice President |
| Dan Rich | Director |
| Pam Tobin | Director |
| Manuel Zamorano | 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 Zlotnick | Water Resources Manager |
| Mike Spencer | Water Treatment Plant Manager |
| Teri Grant | Board Secretary/Administrative Assistant |
| Ryan Jones | General Counsel |
| Elizabeth Ewens | Water Counsel |

OTHER ATTENDEES

| | |
|----------------------|------------------------------------|
| Adam Larsen's Family | |
| Adam Vasquez | |
| Anonymous | |
| Ben V. | |
| Caller | |
| George Machado | |
| J | |
| Jay Boatwright | |
| Meera Deshmane | |
| Megan Burke | |
| Suzanne Jones | |
| Tom P. | |
| Mark Hildebrand | Hildebrand Consulting |
| Craig Locke | Sacramento Suburban Water District |
| Dan York | Sacramento Suburban Water District |
| Caleb Burch | SJWD Employee |
| Chris von Collenberg | SJWD Employee |
| Daniel Griego | SJWD Employee |
| Entela Fallstead | SJWD Employee |
| Jackie Foley | SJWD Employee |
| Jason Mayorga | SJWD Employee |
| Mark Hargrove | SJWD Employee |
| Mike Heasley | SJWD Employee |

AGENDA ITEMS

- I. Roll Call**
- II. Public Forum and Comments**
- III. Consent Calendar**
- IV. Discussion and Action Items**
- V. Information Items**
- VI. Directors' Reports**
- VII. Future Agenda Items**
- VIII. Committee Meetings**
- IX. Upcoming Events**
- X. Closed Session**
- XI. Open Session**
- XII. Adjourn**

President Costa informed the Board that Director Zamorano was not feeling well and would like to leave early. Therefore, he moved agenda items IV-1 through 4 to the beginning of the meeting – the minutes will remain in the original order. The agenda items were taken in this order – IV-4, IV-2, IV-1, IV-3, II, III then proceeded in order starting with IV-5. Mr. Helliker left the meeting after agenda item IV-1.

I. ROLL CALL

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

II. PUBLIC FORUM

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 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, July 16, 2025 (W & R)

Recommendation: Approve draft minutes

2. Minutes of the Board of Directors Special Meeting, July 23, 2025 (W & R)

Recommendation: Approve draft minutes

3. Minutes of the Board of Directors Special Meeting, July 24, 2025 (W & R)

Recommendation: Approve draft minutes

4. Minutes of the Board of Directors Special Meeting, July 25, 2025 (W & R)

Recommendation: Approve draft minutes

5. Minutes of the Board of Directors Special Meeting 5:00 pm, July 29, 2025 (W & R)

Recommendation: Approve draft minutes

6. **Minutes of the Board of Directors Special Meeting 6:00 pm, July 29, 2025 (W & R)**
Recommendation: Approve draft minutes
7. **Minutes of the Board of Directors Special Meeting, August 1, 2025 (W & R)**
Recommendation: Approve draft minutes
8. **FIN-5.2 Capital Asset Policy – Proposed Change to Capitalization Threshold (W & R)**
Recommendation: Amend the Capital Asset Policy to increase the District’s capitalization threshold for fixed assets from \$5,000 to \$10,000, effective July 1, 2025
9. **Treasurer’s Report – Quarter ending June 30, 2025 (W & R)**
Recommendation: Receive and file

Director Tobin requested that Consent Calendar item 1 be removed for discussion. Vice President McRae requested that Consent Calendar item 8 be removed for discussion.

Vice President McRae moved to approve Consent Calendar items 2-7 and 9. President Costa seconded the motion and it carried with 4 Aye votes (Director Zamorano absent).

Director Tobin requested that the minutes reflect that the word “schedule” be changed to “study” in her motion; however, Board Secretary Grant pointed out that that motion was made at the June 12th Board meeting and the minutes from that meeting were approved at the July Board meeting. Therefore, Director Tobin requested that the September 17th Board meeting agenda include an item to amend the minutes of the Board of Directors meeting of June 12, 2025.

Director Tobin moved to approve Consent Calendar item 1 - Minutes of the Board of Directors Meeting, July 16, 2025. Vice President McRae seconded the motion and it carried with 4 Aye votes (Director Zamorano absent).

At the request of Vice President McRae, Ms. Silva provided a brief overview of the proposed changes to the Capital Asset Policy, which were outlined in the staff report that was included in the Board packet. She mentioned that Mr. Larsen pointed out that the District utilizes CityWorks for inventory tracking of District assets, separate from the financial accounting of assets.

Director Tobin moved to approve Consent Calendar item 8 - FIN-5.2 Capital Asset Policy – Proposed Change to Capitalization Threshold. Vice President McRae seconded the motion and it carried with 4 Aye votes (Director Zamorano absent).

IV. DISCUSSION AND ACTION ITEMS

1. Establishment of Executive Advisor Position (W & R)

Ms. Silva provided a staff report which was included in the Board packet. She explained that Mr. Helliker's contract states that when the new General Manager is hired, Mr. Helliker will become an Executive Advisor – President Costa pointed out that that contract states Advisor, not Executive Advisor. She explained that the purpose of this item is to protect Mr. Helliker's pensionable compensation for the remainder of his employment with the District, since CalPERS requires Board approval of positions and salary schedules via resolution.

In response to Director Tobin's question, Ms. Silva explained that, should the Board terminate Mr. Helliker's contract, his severance payment would not be pensionable compensation. In addition, Ms. Silva explained that the income that Mr. Helliker would receive as an advisor would not be considered pension spiking since he would be providing a service, there is no increase in compensation, and he would continue to make contributions to CalPERS. However, Ms. Silva explained that should he be compensated through March 6, 2026, and he is not performing services for the District, then it could be considered pension spiking since he would continue to accrue service credit during that period. Legal Counsel Jones commented that pension spiking is usually done at the end of employment where the pay is increased to help the employee receive a bigger pension.

Director Rich commented that Mr. Helliker works for the Board and the Board should maximize his knowledge for the next six months. Director Tobin commented that should happen only if the new General Manager seeks his consult. The Board discussed Mr. Helliker working for the Board but be directed by the Board to work under the new General Manager. Director Tobin voiced concern that she has received feedback regarding the respect for the new General Manager and explained that she's been told that Mr. Helliker has been reporting that the Board hired the most unqualified candidate.

Director Tobin moved to instigate provision 8 of the contract and terminate Mr. Helliker's contract.

Director Zamorano stated that he has heard the same thing and it's important if Mr. Helliker were to be the advisor that his services are under the direction of the new General Manager and only at the new General Manager's request. In response to Director Zamorano's question, Legal Counsel Jones informed the Board that they could have a motion to establish the position and pay scale via resolution with the motion including that Mr. Helliker contract would be amended to say that Mr. Helliker would work under the direction of the new General Manager.

Vice President McRae stated that he watches the budget closely and does not like the idea of creating a second position and gave an example of companies hiring the next manager while the existing manager takes vacation time. President Costa voiced concern that the Board made an agreement with Mr. Helliker to act as an advisor once the new General Manager was hired. Legal Counsel Jones informed

the Board that if they do not like the way that Mr. Helliker performs his duties as an advisor, then the Board does have the right to terminate his contract and pay the severance payment. In response to President Costa's comment about Director Tobin voicing hearsay, Vice President McRae stated that he has directly worked with Mr. Helliker and Mr. Helliker has repeatedly tried to frustrate everything that he has done, including the work with the consultant on the Kokila Reservoir analysis.

Vice President McRae seconded the motion.

Vice President McRae stated that he feels that Mr. Helliker will continue to frustrate everything, ruin relationships, and irritate the new General Manager. In response to Director Zamorano's question, Mr. Helliker stated that if the contract was terminated immediately, then there would be a lump sum payment which is non-pensionable and the negative impact would be reduced pension compensation.

Ms. Suzanne Jones addressed the Board and stated that if the Board were to establish a position as Executive Advisor, then they would be promoting Mr. Helliker as an advisor to the executive officer. She recommends paying the severance and bringing on the new General Manager.

Ms. Meera Deshmane addressed the Board and provided them a handout in support of working with the new General Manager on the retail water rates, and she does not want an advisor who will conflict with the new General Manager.

Vice President McRae provided examples of how Mr. Helliker has frustrated everything that he has tried to do and recommends terminating the contract in order to give the new General Manager his best opportunity for success.

Mr. George Machado addressed the Board and voiced his support of Mr. Larsen, commended Mr. Helliker for his service with the District, and stated that since Mr. Helliker is part of the conflict with the Board it makes sense to remove the conflict.

Director Rich made a point that the Board made a commitment to Mr. Helliker to make him whole in June and suggested that the Board advise Mr. Helliker to stay home and not be actively involved. He explained that this way Mr. Helliker would receive compensation that is pensionable and would keep him whole.

Mr. Larsen addressed the Board and informed them that he had received similar information from internal and external people regarding what Mr. Helliker said about him and the Board's decision. Mr. Larsen stated that there was concern regarding who would be in charge and there is confusion regarding Mr. Helliker's role and involvement with the District. In addition, Mr. Larsen has been told that people do not want to work with the District until Mr. Helliker is no longer with the District. Mr. Larsen stated that his concern is that it affects other districts' trust to work with San Juan and his number one priority is to rebuild relationships and work with other districts, and he is worried that it undermines their trust in the Board.

The motion carried with the following roll call vote:

Ayes: *Directors McRae, Tobin and Zamorano*
Noes: *Directors Costa and Rich*
Absent: *None*

2. General Manager Employment Contract (W & R)

President Costa noted that the Board has the employment agreement before them. Legal Counsel Jones informed the Board that he received a request from Director Tobin to amend the agreement, and he noted that the amended agreement was also before them. Legal Counsel Jones explained that the amended agreement is the same as discussed in Closed Session with the addition of language pertaining to the Brown Act and transparency under item 7 - Other Terms and Conditions of Employment. In response to Legal Counsel Jones' comment, Mr. Adam Larsen confirmed that he had no issues with the amendments to the agreement.

Director Rich commented that since this is the first time that the public is seeing this item, he would like to make it known that the Board has made many iterations to the agreement and met in Closed Session regarding this topic.

Director Tobin moved to approve the amended employment agreement with Adam Larsen as the new General Manager. Director Zamorano seconded the motion, and it carried unanimously.

The Board congratulated Mr. Larsen. Mr. Larsen thanked the Board and voiced excitement to help set the vision and direction for the District for the next decade.

Director Zamorano left the meeting at 7:09 pm due to not feeling well.

3. Admin Building Deck Replacement Project (W & R)

Mr. Barela reviewed the staff report which was included in the Board packet. He explained that nine contractors came to the mandatory pre-bid meeting, and nine contractors submitted bids, which does not usually happen. Mr. Barela informed the Board that insurance paid \$201,029.92 to replace the deck; therefore, he is requesting the Board to approve a construction contract with Kingsley Builders, Inc. for \$288,750 with a construction contingency of \$28,900 (10%) for a total authorized budget of \$317,700, which will be split between wholesale and retail evenly.

Director Tobin moved to authorize the Director of Operations to sign a construction contract with Kingsley Builders, Inc. for the Admin Building Deck. President Costa seconded the motion, and it carried with 4 Aye votes (Director Zamorano absent).

4. Kokila Reservoir Benefit Analysis (R)

GM Helliker provided a staff report which was included in the Board packet. He explained that Vice President McRae had advocated for the allocation of San Juan retail capital project costs to subsets of retail customers who could be defined as benefitting from those capital projects and requested that San Juan's engineering consultant, who created and operates the system hydraulic model, be requested to

develop a proposed scope of work for this project. GM Helliker voiced concern that if this route was pursued then, as the rate consultant pointed out, all District infrastructure and projects funded by debt would need to be evaluated. In addition, he pointed out that customer bills would be very complicated due to multiple line items and the Prop. 218 process would need to be completed every year.

Mr. Barela explained how the consultant will trace where the water goes from Kokila Reservoir into the system by running a simulated model for one month. The modeling will include a couple of different scenarios but no emergency-type scenarios. In addition, he informed the Board that the Cavitt-Stallman project would be analyzed as well.

President Costa reminded the Board that when the District was formed, Citrus Heights and Fair Oaks Water Districts did not want to serve the Granite Bay area and choose to have San Juan Water District provide water to that area. He voiced concern that the cost could be substantial if the District took this route and suggested that the Board look at using Property Tax revenue, with a higher percentage toward retail, to help fund this.

Director Tobin commented that in 2020 the Retail Master Plan was completed, and the study was done on the Kokila Reservoir. GM Helliker stated that the Kokila Reservoir Project was a project that was included in the master plan and, after design was complete, the project is ready for construction. He commented that a modeling study such as this has never been performed. Ms. Silva pointed out that when using this type of allocation for setting rates, the District would need to evaluate assets such as the Cooperative Transmission Pipeline and the Fair Oaks Pipeline since they do not benefit customers to the north and she questions when the evaluations would stop, what would determine that.

Vice President McRae pointed out that this request came about because customers were challenging the District stating that they were being over-charged. He commented that earlier this year the Board decided to do a rate study analysis roadmap, which has not been made yet, and feels this task may be premature. He would like to move closer to charging the cost of service to each parcel, as there is a history of having a lot of capital work in the upper pressure zones that are charged to everyone. He suggested that everything is looked at before determining the rate structure/cost allocations.

Vice President McRae voiced disappointment in the staff report stating that he had repeatedly stated the evaluation that needs to be done is to determine why was Kokila Reservoir installed – what subset of customers need that facility. He stated that the discussion with GM Helliker concluded with obtaining a consultant, that Vice President McRae would edit the scope of work, and the consultant would report to the Board of Directors during the rate study process – and none of that is in the scope of work that was attached to the staff report. Vice President McRae recommends saving this effort for the rate study roadmap and discussing this with the new General Manager. Director Zamorano recommended that the rate impact be included in the study. Ms. Meera Deshmane addressed the Board and encouraged the Board to

review the rate structure and then decide what is the best for the customers and the District.

Vice President McRae moved to defer the Kokila Reservoir study, sometime in the future, to be part of the rate study roadmap. Director Zamorano seconded the motion, and it carried unanimously.

5. Bay-Delta Water Quality Control Plan (W)

Mr. Greg Zlotnick conducted a presentation which was included in the Board packet. He explained what the Healthy Rivers & Landscapes Program (HR&LP) is, the flow commitment, the surface water supply commitment, and the agreements that are in place between RWA/DWR and RWA/nine SGA members. In addition, he reviewed the fees that the District would need to pay (which are also paid by all water agencies statewide) and the agreements that the District will need to sign. Furthermore, he reviewed HR&LP structure and the Pluses and Concerns regarding the program.

Mr. Zlotnick reported that the most recent versions of the documents are at least two years old. He expects the timeline to be by the end of the year. Legal Counsel Ewens noted that this should go before the State Water Board in September. Mr. Zlotnick informed the Board that there will be a workshop on September 8-9, but he is unable to attend.

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

Mr. Zlotnick reported that the last meeting with Citrus Heights and Fair Oaks Water Districts was cancelled. He reported that he attended the Sacramento Groundwater Authority meeting today and President Costa made some nice points about some of the accounting questions. In addition, there is still a question of the need for an Environmental Impact Report (EIR) and he feels that the majority is going to favor an EIR even though San Juan believes it is unnecessary. Mr. Zlotnick mentioned that there is some concern about loss of federal funding for the program, which is unclear at this time. In response to Director Tobin's question, Legal Counsel Ewens informed the Board that an EIR could be in excess of \$1 million. Legal Counsel Ewens also commented that she believes that SGA needs a more accurate project description in place upon which to determine the need for an EIR.

In response to President Costa's comment, Mr. Zlotnick explained that there are discussions in the Program Committee about previously banked water and a starting water balance for the water bank. Mr. Zlotnick informed the Board that the consultant has a technical number which reduces the previously banked water by 47% as unavailable in the starting water balance. In addition, there has been discussion about a stream flow depletion factor which the State wants to set at 25%, which means, in a water transfer, the amount of water actually accounted for as transferred would actually be 25% less than the amount of water bypassed to flow downstream to the buyer.

7. 2025 Hydrology and Operations Update (W & R)

No report.

V. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

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

A written report for July was included in the Board packet. Vice President McRae congratulated GM Larsen and welcomed him to his new position. Vice President McRae is looking forward to a positive future and is asking staff to rally behind the new General Manager to help him be successful. Mr. Machado voiced his support for GM Larsen. In response to Director Tobin's request that staff submit GM Larsen's information for the ACWA Newsletter, Board Secretary Grant informed the Board that a press release would be going out and will include submission to the ACWA Newsletter.

1.2 Miscellaneous District Issues and Correspondence

No report.

2. DIRECTOR OF FINANCE AND HUMAN RESOURCES' REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the adopted FY 2025-26 Budget is now on the website and if any of the Board members want a hardcopy of the budget to let staff know.

3. DIRECTOR OF OPERATIONS' REPORT

3.1 Miscellaneous District Issues and Correspondence

Mr. Barela informed the Board that Placer County Water Agency (PCWA) and the City of Roseville (Roseville) are contemplating installing a raw water pipeline that will run from PCWA's Foothill water treatment plant to Roseville's water treatment plant. Mr. Barela and Mr. Pierson contacted PCWA and Roseville to obtain more information and to discuss the possibility of including the District in this project. Mr. Barela informed the Board that PCWA and Roseville are interested in working with the District. Mr. Barela reported that he reached out to their consultant, Brown & Caldwell, to obtain a proposal to prepare a supplemental report to their master feasibility report to show what it would look like if the District participated in the project. Mr. Barela reported that about 75% might be paid under the Army Corps of Engineers' Section 219 funding. Mr. Barela will report back once he receives more information.

4. DIRECTOR OF ENGINEERING SERVICES' REPORT

4.1 Miscellaneous District Issues and Correspondence

Mr. Pierson reported that the next round of service replacements is out to bid for the Hidden Lakes Subdivisions 1 & 2 and Granite Bay Shopping Center (Ace Hardware) and he anticipates bringing the contract to the September Board meeting.

Mr. Pierson reported that the pre-construction meeting for Kokila Reservoir Replacement Project is scheduled and he discussed with staff the possibility of having a groundbreaking ceremony for the project, similar to Citrus Heights Water District's ceremony for their wells and since there was federal funding, he will reach out to Kevin Kiley's office for their support.

5. LEGAL COUNSEL'S REPORT

5.1 Legal Matters

No report.

VI. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)

This topic was discussed under Agenda Item IV-6.

2. REGIONAL WATER AUTHORITY (RWA)

No report.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

Director Tobin reported that ACWA sent out a legislative alert urging members to support the spending plan for Proposition 4. Mr. Zlotnick informed the Board that staff is waiting for ACWA's letter and plans to support it and possibly draft a District letter. President Costa suggested that Mr. Zlotnick have a seat at the table at future Board meetings.

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.

VII. FUTURE AGENDA ITEMS

1. Requests by Board Members for Agenda Items

There were no requests for agenda items other than amendments to the June 12th Board minutes.

2. Meeting Date Changes and Board Attendance

There were no requests to consider.

VIII. COMMITTEE MEETINGS

1. Finance Committee – August 12, 2025

The committee meeting minutes were included in the Board packet.

IX. UPCOMING EVENTS

1. 2025 ACWA Fall Conference

December 2-4, 2025
San Diego, CA

At 8:14 p.m., President Costa announced that the Board was adjourning to Closed Session and there were no public comments.

X. 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

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

XI. OPEN SESSION

There was no reportable action.

XII. ADJOURN

The meeting was adjourned at 9:02 p.m.

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

ATTEST: _____
TERI GRANT, Board Secretary