

SAN JUAN WATER DISTRICT

Board of Director's Special Board Meeting Minutes
March 19, 2025 – 5:30 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
Adam Larsen	Field Services Manager
Devon Barrett	Customer Service Manager
Greg Turner	Water Treatment Manager
Greg Zlotnick	Water Resources Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel
Elizabeth Ewens	Water Counsel

OTHER ATTENDEES

Anonymous	
Anthony Wong	
Bob N.	
Meera Deshmane	
Stacy Helliker	
Zwanka McRae	
Tom Gray	Fair Oaks Water District
Shawn Huckaby	Fair Oaks Water District
Mark Hildebrand	Hildebrand Consulting
Scott Drexel	Jones Mayer Law
Lindsay Pangburn	Prosio Communications
Mike Spencer	SJWD Employee

AGENDA ITEMS

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

- IX. Future Agenda Items**
- X. Committee Meetings**
- XI. Upcoming Events**
- XII. Adjourn**

President Costa called the meeting to order at 5:30 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, Mike McRae, Dan Rich, Pam Tobin, and Manuel Zamorano.

At 5:31 p.m., President Costa announced that the Board was adjourning to Closed Session and there were no public comments.

II. CLOSED SESSION

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code § 54957
Title: General Manager

At 6:00 p.m., President Costa opened the meeting to the public.

III. OPEN SESSION

There was no reportable action.

IV. PUBLIC FORUM

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, February 19, 2025 (W & R)

Recommendation: Approve draft minutes

Director Rich moved to approve the Consent Calendar. Director Zamorano seconded the motion and it carried unanimously.

VI. OLD BUSINESS

1. Retail Financial Plan Update and Proposed 4-Year Rate Schedule (R)

GM Helliker informed the Board that staff is seeking direction from the Board for the preparation of the Prop. 218 notice in order to meet the July 1st target to have the

retail rates in place. Ms. Silva explained that the Prop. 218 notice kicks off the formal process of receiving feedback from the rate payers on the proposed rate increase and sets the maximum amount that the Board could ultimately approve. She explained that, after the public hearing, the Board will determine the rate schedule which can be equal to or less than the rate schedule that is included in the Prop. 218 notice.

Ms. Silva reviewed the staff report which was included in the Board packet. She explained that at the February 17th Finance Committee meeting, staff provided two additional scenarios (D1a and D2a) at the request of Director Zamorano. She informed the Board that the Finance Committee advised that they would be recommending scenario D1a to the full board. GM Helliker pointed out that the NA and infinity signs located on the table of scenarios means that the projects removed from the CIP would not be completed, since there would be a lack of rate revenue. In response to Director Rich's question, GM Helliker explained that the driver for the Admin Building was that it is in the Risk Mitigation Category with regard to ADA compliance and site security issues.

Mr. Pierson reviewed Scenario D1a's list of projects, which are listed on slide 24 of the presentation, that would be removed from the CIP if that scenario was approved by the Board.

Director Tobin voiced concern with approving the Prop. 218 notice at this time. She reviewed a printout that will be added to the Board packet. She suggested that the Board prioritize the rate study before sending the Prop. 218 notice. In addition, she provided her analysis of the scenarios which were included in her printout.

Vice President McRae informed the Board that he participated in the March 17 Finance Committee meeting which recommended Scenario D1a; however, he has since changed his recommendation to Scenario E2 since he does not feel Scenario D1a cuts enough projects and does not keep new debt down. In addition, he voiced concern that the rate analysis might get pushed aside if direction is given for the Prop. 218 notice based on any scenario. He suggested that the rate analysis be expedited and delay the Prop. 218 notice. In response to Vice President McRae's question, Ms. Silva informed the Board that the Prop. 218 notice includes the proposed rate schedule, which shows the daily base rate per meter size, and the consumption rate. Ms. Silva commented that the current rate study that the consultant provided has been worked on for over a year, and she believes that what the Board is looking to have completed is the cost of service model and the rate structure – a study to look at different ways to apportion the rates, and possible ways to allocate the fixed portion and variable portion of the rate. Vice President McRae voiced concern that after the rate study is completed, that the rate structure may change then another Prop. 218 process would have to be completed again. In response to President Costa's question, GM Helliker stated that if the Prop. 218 notice is delayed until next month, then the July 1st window would be pushed out. Ms. Silva commented that the rate structure analysis is not something that could be

expedited, as it is not a fast process – it will involve a lot of community outreach since it would be affecting rate payers.

Director Rich commented that the District has been collecting revenue over the last several years to complete the CIP, increasing the reserves for pay-as-you-go, and, despite inflation, staff's recommendation is only for a 3% rate increase. He commented that the CIP will add reliability and redundancy to the system, and, other than the Admin Building, he did not hear any Board member request any projects be removed from the CIP.

Director Rich moved to approve staff's recommendation of Scenario C with the proposed rate increases, for the Prop. 218 notice. The motion failed with no second.

Director Zamorano moved to approve Scenario D1a for the Prop. 218 notice. Director Rich seconded the motion.

Mr. Tom Gray, Fair Oaks Water District General Manager, addressed the Board and asked how the wholesale rates would be affected with the removal of the Admin Building and associated projects from the CIP. GM Helliker stated that approximately \$4 million will be potentially saved in the wholesale budget. In response to Mr. Gray's comment about tiered rates, GM Helliker explained that the 2040 timeline is set for providing incentives for customers to reduce use.

President Costa commented that he would like to see the Prop. 218 notice show a 3% rate increase. Director Tobin commented that she would support Scenario D1a provided she could make a motion following the vote to do the study.

Ms. Meera Deshmane addressed the Board and voiced concern if the rate study is not completed before the Prop. 218 notice. In addition, she requested that the Prop. 218 notice not include the daily rate but instead the billing cycle amount for clarity. She also commented that when the rate structure analysis is implemented that the District look at spreading the cost of service where the benefits are.

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

Director Tobin moved to do a rate study – rate model and rate structure study. Vice President McRae seconded the motion.

Director Rich commented that the District just completed a rate study as part of this item. Director Tobin stated that the District needs to look at how the rates are allocated – how it is modeled and structured. Director Rich pointed out that the Board had this discussion at the last Board meeting and voted to start the Prop. 218 process then embark on this other study. Vice President McRae commented that the meeting minutes from the last meeting indicate that the motion was not to complete a rate study but was to develop a roadmap of how to execute the rate study – bring the roadmap back to the Board for approval then follow the roadmap and execute the

study. President Costa requested that staff provide the Board with the cost of a new rate study.

Mr. Hildebrand commented that a comprehensive rate study was completed with a full analysis of cost allocation and rate design retaining the District's historic rate structure. Mr. Hildebrand commented that it sounded like the motion was to specifically evaluate a very different rate structure which does not really exist in the industry and advised the Board to do the public outreach and not rush through this analysis. In response to Vice President McRae's comment about Mr. Hildebrand working on the variable rates with Indian Wells and Casitas, Mr. Hildebrand explained that he was talking about tying fixed charges based on historical water use. Ms. Deshmane clarified that she never requested to make the base rate dependent on historical consumption; however, there are items that correlate with the fixed rate that are based on consumption such as capacity needs for higher consumption.

The motion carried with 4 Aye votes and 1 No vote (Director Rich).

2. Authorizing Resolution for Funding the Kokila Reservoir Replacement Project Through the State Water Resources Control Board's Drinking Water Revolving Loan Fund (R)

Ms. Silva reviewed a staff report which was included in the Board packet. She explained that it has been about 4 years since this project was first submitted for SRF funding and SRF is now requesting an updated project cost and updated resolutions in order to finalize the application process.

Director Rich moved to adopt Resolution No. 25-03 and Resolution 25-04. Director Zamorano seconded the motion, and it carried unanimously.

3. Reconsideration of Motion to Table the Discussion of the Resolution of Censure (W & R)

President Costa informed the Board that he requested that this item be on the agenda. Legal Counsel Jones explained that in order for the Board to take any action on the censure issue, the Board needs to make a motion to waive the Board Rules prior to allowing any other motion on this topic.

Director Zamorano moved to waive the Board Rules in order to bring this item back to the table. Vice President McRae seconded the motion.

Director Rich asked for clarification on what the Board was about to consider and voiced his concern that this process is trying to undo the Board's previous decision on the censure. Legal Counsel Jones explained that this motion, if approved by a 4/5 vote, would allow the Board to discuss the topic and he is unsure what any Board member will offer as a motion regarding this topic.

The motion carried unanimously.

President Costa moved to end the censure and not discuss it further.

In response to Director Zamorano's question, Legal Counsel Jones explained that to table the item is not the correct term as it means to talk about it in the future, and to terminate or cancel the censure would mean to state that from this point forward it is no longer in existence which would end the impacts of the censure.

President Costa withdrew his motion.

Director Zamorano moved to terminate the censure effective immediately. Vice President McRae seconded the motion and it carried unanimously.

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

GM Helliker reported that he and Mr. Zlotnick have been continuing to pursue partnerships with CHWD, FOWD and SSWD, as the Board directed. He reported that there is a meeting scheduled in April to discuss the Wholesale Rate litigation with CHWD and FOWD. He informed the Board that Del Paso Water District was dissolved recently and is now merged with SSWD, so discussions with SSWD were put on hold during this time and he expects to start discussions again.

Vice President McRae commented that there are lots of opportunities with different capabilities and inquired if staff had a list of the different types of agreements that may be possible. GM Helliker informed the Board that staff had prepared a document that described the various alternatives that staff was looking at – buy part of a well, buy capacity in a system, or buy water – and this has been the foundation of the various discussions. GM Helliker informed the Board that another document was created regarding the District's capacity needs, and he will send it to the Board. President Costa asked if GM Helliker and Mr. Zlotnick could provide a one-page report on the groundwater banking activities that they do each month, and GM Helliker will provide that document.

Mr. Gray addressed the Board and informed the Board that the FOWD Board met on Monday and discussed the letter that was received from the SJWD Board President Costa. Mr. Gray stated that the letter was well received and thanked the SJWD Board for giving FOWD a forum to have these discussions and to make progress.

5. 2025 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. He informed the Board that water transfers are likely not an option this year since water allocations are higher.

VII. 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 February which was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence

GM Helliker reported that the Water Forum agreement is close to being ready for final approval in May. He informed the Board that the cost is increasing since Sacramento County is reducing their contribution. The total amount for San Juan wholesale is approximately \$250,000 per year; however, FOWD and CHWD have requested to pay their share separately so the remaining amount of \$106,000 will be paid by San Juan to cover the costs for San Juan Retail, Orange Vale Water Company and City of Folsom (Ashland). In addition, he explained that the Healthy Rivers and Landscape funding was not included in this and the amount that the District will fund is likely to increase.

In response to President Costa's comment on funding with the Voluntary Agreement, GM Helliker explained that the District is not getting paid from the Voluntary Agreement. GM Helliker informed the Board that the Voluntary Agreement is composed of flows that are offered which are composed partly of groundwater substitution transfers in the amount of 30,000 acre-feet (af) in dry or critical years.

GM Helliker explained that the District will be partnering with SSWD to provide 4,000 af, with Orange Vale Water Company for 460 af, FOWD agreed to 1,374 af and CHWD agreed to 1,963 af. He explained that these agencies will need to pump that much extra groundwater during dry or critical years; however, prior to a dry or critical year, they will have to lower their groundwater pumping so that they can have a baseline that is low enough so that they can actually pump that much groundwater. Therefore, during the prior years the agencies should be buying more surface water from the District which is where the District should have a revenue increase.

2. DIRECTOR OF FINANCE AND HUMAN RESOURCES' REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the sale of the investment in the California-Oregon Transmission Pipeline was completed and the transaction closed at the offer amount of \$150,000.

3. DIRECTOR OF OPERATIONS' REPORT

3.1 Miscellaneous District Issues and Correspondence

Mr. Barela informed the Board that the District received ACWA-JPIA's Risk Control Grant in the amount of \$10,000. ACWA-JPIA selected San Juan Water District and stated that the District has a solid risk mitigation plan, but it also provides a clear road map on how it can be replicated. Mr. Barela commended

Sophanra Castanar and staff on their work on this and all safety related projects. Director Tobin suggested that the Board President compose a letter thanking the team for the great job that they did to help the District receive the grant.

4. DIRECTOR OF ENGINEERING SERVICES' REPORT

4.1 Miscellaneous District Issues and Correspondence

No report.

5. LEGAL COUNSEL'S REPORT

5.1 Legal Matters

Legal Counsel Jones reported that a meeting is scheduled for April 23, 2025, with Citrus Heights and Fair Oaks Water Districts to discuss the Wholesale Rate litigation.

President Costa would like GM Helliker and Legal Counsel Jones to meet and discuss the District's potential liability regarding delivery of water to the wholesale customer agencies, water pressure, and any water pipe breaks that may occur.

VIII. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)

No report.

2. REGIONAL WATER AUTHORITY (RWA)

President Costa reported that he attended the last RWA meeting. GM Helliker reported that RWA discussed the American River Climate Adaptation Project which the Water Forum staff and environmental caucus created. GM Helliker explained that the project would look at providing additional flows, aside from the flows from the Voluntary Agreement, in the American River. In addition, GM Helliker reported that there is concern regarding the funding of \$55 million for the Artesian Agreement since it has to be spent by the end of this year.

President Costa reported that the Form 700 now needs to be filed electronically for RWA/SGA. The Board Secretary confirmed that the Form 700 for the District is not filed electronically because the District is bi-county and the form is filed with her.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

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

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin

Director Tobin reported that the ACWA-JPIA Spring Membership Summit will be held on May 12-13, 2025, in Monterey prior to the ACWA Spring Conference.

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

Director Tobin reported that she is creating a community committee to meet with the rate payers who have been contacting her, and she plans to discuss various topics as it relates to the District. In addition, she encouraged the other Board members to participate. GM Helliker informed the Board that workshops will be held for the public regarding the retail rates.

IX. FUTURE AGENDA ITEMS

1. Requests by Board Members for Agenda Items

President Costa asked for any agenda items for the next meeting – there were none.

2. Meeting Date Changes and Board Attendance

GM Helliker confirmed that the June meetings will be held on June 11th for the Prop. 218 public hearing on the retail rates and on June 25th for the Board to consider adoption of the retail rates.

X. COMMITTEE MEETINGS

1. Finance Committee – March 4, 2025

The committee meeting minutes were included in the Board packet.

2. Finance Committee – March 11, 2025

The committee meeting minutes were included in the Board packet.

XI. UPCOMING EVENTS

1. 2025 ACWA Legislative Symposium

March 26, 2025
Sacramento

2. 2025 ACWA Spring Conference

May 13-15, 2025
Monterey, CA

XII. ADJOURN

The meeting was adjourned at 7:48 p.m.

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

ATTEST: _____
TERI GRANT, Board Secretary