

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes
September 17, 2025 – 6:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Mike McRae	Vice President
George Machado	Director (after agenda item IV-1)
Pam Tobin	Director
Manuel Zamorano	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Adam Larsen	General Manager
Donna Silva	Director of Finance
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Devon Barrett	Customer Service Manager
Greg Zlotnick	Water Resources Manager
Mike Spencer	Water Treatment Plant Manager
Chris von Collenberg	Information Technology Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel

OTHER ATTENDEES

Adam Vasquez	
DD	
Denise Machado	
George Machado	
Meera Deshmane	
Tiffani Larsen	
Tom Gray	Fair Oaks Water District
Alan Parks	MGT Consultant
Patrick Dyer	MGT Consultant
Entela Fallstead	SJWD Employee
Jed Thorne	SJWD Employee
Mark Hargrove	SJWD Employee
Rachel Paulson	SJWD Employee
Sophanra Castanar	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. Adjourn

President Costa called for a moment of silence in recognition of the death of Charlie Kirk. In addition, he requested that the Pledge of Allegiance be a standing item on the Board agendas.

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, Pam Tobin, and Manuel Zamorano. After Agenda Item IV-1, Director George Machado was present in the Boardroom.

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, August 14, 2025 (W & R)

Recommendation: Approve draft minutes

2. Minutes of the Board of Directors Special Meeting, August 22, 2025 (W & R)

Recommendation: Approve draft minutes

Director Tobin moved to approve the Consent Calendar. Director Zamorano seconded the motion, and it carried with 4 Aye votes.

IV. DISCUSSION AND ACTION ITEMS

1. Board of Directors Division 1 Vacancy (W & R)

President Costa reported that there is a vacancy for the Division 1 Board seat and confirmed with the Board Secretary that only one application was received which was included in the Board packet. In response to Director Tobin's question, Mr. George Machado confirmed that he would accept the nomination to the Board position.

Director Tobin moved to nominate George Machado to fill the Division 1 Board vacancy. Vice President McRae seconded the motion.

Vice President McRae stated that even though there was only one applicant, Mr. Machado by no means was the Board's last resort and provided George's background which included previous employment with the District which allows him extensive knowledge of how the District works. Mr. Machado thanked the Board and provided more information about himself.

The motion carried with 4 Aye votes.

The Board Secretary administered the oath of office for Director Machado and he took a seat at the dais.

Mr. Tom Gray, Fair Oaks Water District General Manager, congratulated Director Machado and GM Larsen on behalf of the Fair Oaks Water District, and stated that they are looking forward to working with the District.

2. Amendment to Minutes of the Board of Directors Meeting, June 12, 2025 (W & R)

GM Larsen provided a staff report which was included in the Board packet. The Board Secretary informed the Board that Director Tobin requested that the motion in the June 12th Board meeting minutes be revised to reflect the word “study” instead of “schedule”. Therefore, the Board Secretary relistened to the recording and confirmed that Director Tobin did say “study”.

Director Tobin moved to amend the June 12, 2025, Board of Directors meeting minutes to reflect a change on page 9 under agenda item VI-1 pertaining to Director Tobin’s motion related to retail rates. Director Zamorano seconded the motion, and it carried unanimously.

3. Water Services Replacement Project Construction Contract (R)

Mr. Pierson reviewed the staff report which was included in the Board packet. He commended the District’s Senior Engineer, Mark Hargrove, for his work on the design and bid process. Mr. Pierson reported that two projects were identified for service replacements – Hidden Lakes Subdivision 1 & 2 and the Granite Bay Shopping Center. Mr. Pierson informed the Board that the contract should be in place in 2-3 weeks, with the project starting soon after that.

In response to Vice President McRae’s question, Legal Counsel Jones confirmed that the District’s standard contract, which will be used for this project, includes a termination clause, with a 20 or 30-day termination notice period. Legal Counsel Jones informed the Board that should the District cancel a contract, any work that has been performed would need to be paid.

Director Machado moved to authorize the Director of Engineering Services to approve a construction contract with Flowline Contractors, Inc. for the Water Services Replacement Project, Hidden Lakes Subdivisions 1 & 2 and Granite Bay Shopping Center. Director Tobin seconded the motion, and it carried unanimously.

4. Kokila Reservoir Replacement Project – Installment Sale Agreement (R)

Ms. Silva reviewed the staff report which was included in the Board packet. She informed the Board that she received the final loan agreement a few weeks ago; however, upon review of the loan agreement, she noticed that the construction start date was incorrect. Therefore, she requested an updated loan agreement but did not receive it prior to the Board meeting. Ms. Silva informed the Board that she does

have the loan terms, which are included in the staff report, and when she receives the final loan agreement from SRF, she will verify that it includes the exact terms.

In response to Mr. Zlotnick's question, Ms. Silva informed the Board that the SRF loan interest rate is not directly linked to the Federal Reserve interest rate. She explained that the SRF interest rate is linked to the interest rate of the last debt issuance by the State of California in the previous calendar year, and it is 50% of that rate.

Director Tobin moved to adopt Resolution 25-11 authorizing the District to execute an Installment Sale Agreement with the California State Water Resources Control Board to provide funding for the Kokila Reservoir Replacement Project. Director Zamorano seconded the motion, and it carried unanimously.

5. Fees, Charges and Deposits – Results of the User Fee Study Update and Proposed Changes to Schedule of Fees, Charges and Deposits (W & R)

Ms. Silva reviewed the staff report which was included in the Board packet. She explained that there are four studies that the District utilizes to set fees: the Wholesale Financial Plan, the Retail Financial Plan, the Capital Facility Fees Study, and the User Fee Study. In addition, she explained that user fees are charged to individual customers for services that only benefit them. She introduced Mr. Patrick Dyer, the consultant from MGT who performed the District's User Fee Study.

Mr. Dyer introduced his associate, Mr. Alan Parks, and provided a brief background of MGT. Mr. Dyer conducted a brief presentation which was included in the Board packet along with the study.

Director Tobin moved to adopt Resolution 25-14 to update the Schedule of Fees, Charges and Deposits based on the 2025 User Fee Study. Vice President McRae seconded the motion.

In response to Vice President McRae's question regarding duplication of staff costs, Ms. Silva explained that the Retail Rate Study assumes that 100% of retail staff time is used to provide benefit to 100% of retail rate payers; however, when one of the activities covered by the user fees occurs, it takes staff away from doing the projects that benefit the entire retail service area. Therefore, you charge the user fees for that time and it creates cost recovery revenue that increases reserves and puts downward pressure on retail rates.

In response to Vice President McRae's question, GM Larsen explained that the customer is not charged a meter test fee when District staff completes field tests and has determined that the meter may be faulty; however, if the customer insists on a meter test when staff has no reason to believe that the meter is faulty, then the customer would be charged that fee.

In response to Ms. Meera Deshmane's questions, Ms. Silva explained that salary costs are not double charged, the user fee is reimbursing the rate payers that are

not benefiting from the service. Ms. Silva offered to discuss this topic at another time with Ms. Deshmane. In addition, GM Larsen explained that the \$50 and \$60 charge that Fair Oaks Water District and Citrus Heights Water District charge, respectively, for meter testing, is the same service that San Juan offers at no charge.

The motion carried unanimously.

Mr. Gray thanked the Customer Service Manager for his help showing the Fair Oaks Water District staff how to process liens through the property tax rolls.

Mr. Devon Barrett informed that Board that Ordinances 18000.01 and 18000.03 need to be revised to reflect the changes that were just approved for the Schedule of Fees, Charges and Deposits.

Director Tobin moved to waive the First Reading of Ordinance No. 25-01 – An Ordinance of the Board of Directors of the San Juan Water District Amending Ordinances 18000.01 and 18000.03. President Costa seconded the motion.

In response to Vice President McRae's questions, Mr. Barrett confirmed that before a lien is placed on a customer's account, the property owner is notified twice per bill and twice with a mailed lien notice. Ms. Silva confirmed that staff reach out to the wholesale customers to help avoid the 10% penalty.

The motion carried unanimously.

6. Big Impact on a Small Budget: Grant Strategies for Resource-Strapped Agencies (W & R)

Director Tobin informed the Board that she would like to postpone this item since the video was not received; however, the slides were provided in the Board packet. President Costa tabled this item.

7. Employee Compensation (W & R)

GM Larsen provided a staff report which was included in the Board packet. Director Zamorano suggested that an ad hoc committee be created to review this item. President Costa appointed Directors Zamorano and Machado to the Ad Hoc Committee on Employee Compensation.

8. Board Committees, RWA Board Representatives and SGA Alternate Representative (W & R)

President Costa appointed Director Machado to Chair of the Engineering Committee, and will fill the other positions, which were left vacant when Director Rich resigned, at a later date.

President Costa informed the Board that the SGA alternate position needs to be filled and the information needs to be sent to the Sacramento County Board of Supervisors for ratification, which can take a while. He mentioned that SSWD appointed all of their directors as alternates so that any of them could attend a meeting if needed.

Director Machado moved to designate each director as SGA Alternate Representatives. Director Tobin seconded the motion.

President Costa informed the Board that he will talk to each director then provide a list of Alternate 1 through 4 to the Board Secretary for submission to SGA, and he confirmed that he is still the SGA Representative.

The motion carried unanimously.

President Costa reported that the District notified RWA of changes to representation on the RWA Board in August. The Board Secretary explained that Board policy requires the appointment of representatives to RWA, since they are joint power authorities, to be approved by the Board.

President Costa moved to appoint Director Ted Costa as the Regional Water Authority (RWA) Board Representative, Adam Larsen as the RWA Management Representative and Greg Zlotnick as the RWA Alternate Management Representative. Director Zamorano seconded the motion, and it carried unanimously.

Mr. Gray informed the Board that RWA is holding a reception on September 25 to welcome GM Larsen and other general managers on their promotions.

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

Mr. Zlotnick reported that the Sacramento Regional Water Bank Program Committee meeting was held today. He informed the Board that they voted to approve, at the request of the groundwater agencies that have previously banked water balances, a starting balance for the groundwater bank that is 47% less than the water that they have accumulated over the years.

Mr. Zlotnick reported that the bigger issue discussed was the possibility of severing, for sequencing purposes, the federal NEPA process that is required to get federal acknowledgment of the groundwater bank. He explained that the District has been engaged with this since that acknowledgement would allow the District to bank CVP water outside of the service area.

Mr. Zlotnick reported that staff has been working with Sacramento Suburban Water District (SSWD) on a backup supply agreement and SSWD is reviewing the agreement.

9.1 Discuss practicality of having a standard water contract for banking

President Costa initiated discussion on the District having a standard water contract for groundwater banking, which could help streamline the process. Director Tobin suggested that the District look to see if other agencies, such as PCWA, have standard contracts which San Juan could use. President Costa requested that this agenda item be on the next meeting agenda for discussion. In response to Mr. Zlotnick's question, President Costa stated

that a standard agreement could be used with any agency in the basin that wants to bank water and has an ASR well.

Mr. Gray addressed the Board and suggested that the Executive Committee, which included San Juan and the wholesale customer agencies, be reinitiated.

V. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

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

A written report for August was included in the Board packet.

1.2 Hydrology and Operations Update (W & R)

GM Larsen reported that Folsom Reservoir is at 47% of capacity, which is slightly below average. He stated that there is no threat of drought at this time, and staff continue to monitor conditions. Mr. Zlotnick pointed out that the water levels for all the reservoirs in California are above average.

GM Larsen informed the Board that he has made some temporary operational changes, which includes moving the Field Services department under the Director of Engineering. He explained that this allows for one staff director and one manager to be located in each building.

GM Larsen reported that there are two positions – the Field Services Manager and the Utility Maintenance Worker – that are open and offer letters have been given to prospective candidates, so the positions should be filled shortly. In addition, he reported that our Customer Service Technician, Megan Anderson, will be moving back to Pennsylvania.

GM Larsen reported that, for his first month, there have been a lot of meetings, including one on one meetings with staff and meetings with general managers and heads of different organizations within the region.

GM Larsen reported that overall, the District is strong operationally and staff has been great during this transition. Vice President McRae thanked staff for working with the new general manager and commented that GM Larsen's success is everybody's success including the customers.

1.3 Miscellaneous District Issues and Correspondence

GM Larsen provided some correspondence in the Board packet from Mr. Greg Zlotnick. Mr. Zlotnick informed the Board that the District signed on with the ACWA letters that were in the packet. Mr. Zlotnick reported that the Governor signed the Proposition 4 legislation, and the State Water Board withdrew its proposal and will re-issue an updated proposal on the Healthy Rivers and Landscape Program early next year, which will delay the program for at least a year.

2. DIRECTOR OF FINANCE AND HUMAN RESOURCES' REPORT

2.1 Miscellaneous District Issues and Correspondence

No report.

3. DIRECTOR OF OPERATIONS' REPORT

3.1 Miscellaneous District Issues and Correspondence

Mr. Barela reported that Mr. Jed Thorne was promoted to WTP Chief Operator and Zach Mason was promoted to WTP Operator.

Mr. Barela informed the Board that the south Filter Basin Backwash Hood project was completed this year, and the north Filter Basin work will begin in December and should be completed by May. In addition, he reported that the first annual cleaning of the Hinkle Reservoir cover was completed earlier this year.

Mr. Barela reported that staff has been trying to locate a buyer for the Hinkle Temporary Tanks; however, the cost to dismantle and reassemble the tanks is almost as much as buying new tanks. Therefore, Mr. Barela contacted salvage and demo companies and the cost to remove the tanks is approximately \$25-35,000. In response to Director Tobin's question about keeping the tanks, Mr. Barela explained that they take up a lot of space and they are sitting on top of the Ashland pipeline that goes to Folsom. Director Tobin suggested that the tanks be offered to disadvantaged communities and she stated that she will reach out to some agencies through ACWA.

4. DIRECTOR OF ENGINEERING SERVICES' REPORT

4.1 Miscellaneous District Issues and Correspondence

Mr. Pierson reported that work on the Administration Building Deck has begun and should be completed in about 6 weeks versus the 150-day requirement that was in the contract.

Mr. Pierson reported that construction for Kokila Reservoir Replacement Project has begun. He anticipates that the project will take approximately two years to complete. In addition, he will be scheduling a groundbreaking ceremony for the project and anticipates having Kevin Kiley in attendance. In response to Vice President McRae's question, Mr. Pierson explained that with the reservoir out of service for two years, the Bacon Pump Station, which provides water to the Kokila Reservoir, will be ran at a set pressure. When the Kokila Reservoir is in service, water is pumped to Kokila during off-peak times then water is gravity fed into the distribution system; however, with Kokila Reservoir offline, the water will be delivered via the pump station with no emergency storage during this project.

5. LEGAL COUNSEL'S REPORT

5.1 Legal Matters

No report.

VI. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)

No report.

2. REGIONAL WATER AUTHORITY (RWA)

President Costa reported that RWA met last week and the Executive Director was evaluated and received a 6.5% raise which is comprised of previous increases in the year. In addition, there was an extensive discussion on water banking and water loss.

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. In response to President Costa's question, Director Tobin informed the Board that the number of applications for the 13 ACWA committees is low, so she added three additional committees to her list for submission to ACWA. The Board discussed the committees, and the Board Secretary will finalize the submission form and submit it to ACWA by the September 19th deadline.

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

Director Tobin reported that LAFCo meets September 27, 2025.

VII. FUTURE AGENDA ITEMS

1. Requests by Board Members for Agenda Items

Vice President McRae mentioned that the Retail Rate study needs to be placed on a future meeting once GM Larsen and staff are ready to proceed. GM Larsen suggested that a Board workshop be set up to create a Board-supported scope of work.

2. Meeting Date Changes and Board Attendance

Director Machado will not be able to attend the October 15th meeting, so President Costa suggested that the meeting be moved. The Board discussed various dates to move the meeting to.

President Costa moved to reschedule the Regular Board meeting from October 15th to October 22nd. Director Machado seconded the motion, and it carried unanimously.

The Board Secretary pointed out that the November Finance Committee meeting falls on a District Holiday. Vice President McRae suggested moving the meeting to November 12th at 1:00 pm.

GM Larsen suggested that a Personnel Committee meeting be scheduled prior to the October Board meeting. Vice President McRae and Director Tobin agreed to schedule the meeting on October 8th at 2:00 pm. In addition, GM Larsen will get the Ad Hoc Committee on Employee Compensation scheduled with Directors Machado and Zamorano.

VIII. COMMITTEE MEETINGS

1. Finance Committee – September 9, 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

X. ADJOURN

The meeting was adjourned at 8:32 p.m.

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

ATTEST: _____
TERI GRANT, Board Secretary