

SAN JUAN WATER DISTRICT

Board of Director's Workshop Minutes

February 4, 2025 –5:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Mike McRae	Vice President
Dan Rich	Director
Pam Tobin	Director via videoconference
Manuel Zamorano	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance and Human Resources
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Devon Barrett	Customer Service Manager
Greg Zlotnick	Water Resources Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel

OTHER ATTENDEES

Cheryl Berkema	
Sandy Harris	
Bob N.	
Mark Hildebrand	Hildebrand Consulting
Craig Locke	Sacramento Suburban Water District
Mark Hargrove	SJWD Employee
Mike Spencer	SJWD Employee

AGENDA ITEMS

- I. Roll Call**
- II. Workshop**
- III. Adjourn**

President Costa called the meeting to order at 5:00 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, Mike McRae, Dan Rich (late), and Manuel Zamorano. Director Pam Tobin attended via videoconference (late) due to illness, as a Brown Act "just cause" exception.

President Costa called for a moment of silence for Director Tobin's loss.

GM Helliker apologized to the Board for the Board packet not being mailed. Director Tobin voiced concern that the public was not informed of the workshop. GM Helliker informed the Board that the agenda was posted on the two bulletin boards and on the District website as required. The Board Secretary confirmed that the Board agenda email was sent to the distribution list as required as well.

II. CAPITAL IMPROVEMENT PROGRAM REVIEW WORKSHOP

GM Helliker informed the Board that Mr. Tony Barela would be conducting a presentation on the Retail Master Plan which was completed in 2020 and is the foundation for the Capital Improvement Program (CIP), and Mr. Andrew Pierson would be reviewing the projects in the CIP in detail.

Mr. Barela conducted a presentation on the Retail Master Plan. A copy of the presentation will be attached to the meeting minutes. He reviewed the background of the master plan which included a pipeline evaluation and an appurtenance evaluation; System Piping and Hydraulic Connectivity; Service Lateral Replacements; Condition Assessments; Air Release Valves; Hydrant Maintenance & Replacement; Fire Flow Requirements; Valve Maintenance & Replacement; Meter Replacements; and the Administration Building.

In response to Vice President McRae's comment, Mr. Barela confirmed that the plan is considered preventative maintenance and not corrective/reactionary maintenance. Mr. Barela explained that evaluation of the system factored into the plan to determine the amount and which appurtenances to replace/maintain each year. GM Helliker commented that there are regulatory requirements to meet regarding water loss. In response to President Costa's question, Ms. Silva explained that when repairs are completed reactively, there may be emergency rates added to the cost to repair, unplanned water outages to customers, and interruptions to staff's planned projects. Mr. Pierson stated that it has been his experience that being proactive is more cost effective as you can plan to have a contractor work on a project that includes more than just one pipeline or service lateral so they only have to mobilize once and other costs may be less as seen when a contractor bids on a project that includes more items (economy of scale).

Mr. Pierson reviewed the CIP list along with showing some locations of various projects on the District's GIS software. The Board and staff discussed the projects in detail.

The Board discussed the Groundwater Production Facilities Project and GM Helliker reminded the Board that they directed staff, at the last Board meeting, to continue to pursue partnerships, and not to pursue our own well at this time. GM Helliker informed the Board that staff has been meeting with SSWD and are close to an agreement through which the District may secure dedicated capacity of groundwater production. In addition, GM Helliker informed the Board that he reached out to CHWD and FOWD and has not received a response to date regarding partnership opportunities. President Costa requested that the next Board agenda include a topic to discuss sending a letter to CHWD and FOWD boards from the San Juan Board to meet to discuss groundwater banking.

Vice President McRae commented that he spoke with staff and was informed that this is an opportunity for the Board to change anything on the list, such as remove, delay, change or expedite a project. In addition, he suggested that the list be prioritized as he suggested at the December Board meeting. President Costa stated that they have a prioritized list, which is kind of informal since it needs to be flexible. Director Rich commented that there is a prioritization already but might not be the way Vice President McRae is used to seeing it. Director Rich commented that the District has been accruing reserves to be able to implement this program, so the CIP projects do not really impact the rates significantly, and the proposed rates are mostly inflationary.

Director Tobin agreed that prioritization is crucial and agrees with Vice President McRae regarding the plan. GM Helliker stated that there is a 10-year plan that is staged to be able to manage the projects, with priorities categorized by drivers such as meeting regulatory requirements or risk mitigation. Vice President McRae suggested that the prioritized list shows every project in a ranking order based on urgency/priority to the District, with the most important projects being paid with revenue, then show which projects would need to be debt financed. President Costa commented that the plan needs to be flexible so if it is economically advantageous to move a project then staff could move the project. Vice President McRae agreed as something like that would move the priority of that project up. Vice President McRae suggested that the current list be prioritized adding how projects are currently slated to be funded.

Vice President McRae moved to have the Finance Committee work with staff to create a prioritized CIP project list with the current mode of financing before bringing the list back to the Board for approval. Director Tobin seconded the motion.

Mr. Mark Hildebrand informed the Board that debt is usually issued on larger projects as administratively it would make it very difficult to issue debt for smaller projects; however, the District could use the list to identify which smaller projects are driving the need for the debt. Vice President McRae voiced concern that the Board is being requested to approve a list of projects and a budget but has not approved the actual debt financing; therefore, his other concern is that, if the District spends all their revenue on lower priority projects and a higher priority project is needed, then the Board has to borrow money to cover the higher priority project. GM Helliker commented that is why staff is proposing that the two large projects (Kokila Tank and Cavitt Stallman Pipeline) be debt financed. Vice President McRae commented that what he proposed was that the prioritized list identify each project with its current mode of funding.

Director Rich commented that the Board reviewed in detail the entire CIP list and there is a proposed finance plan that can fund every single project with the suggested rate increase of 4%, 4%, 4% and 3%, but he did not hear from anyone that they want to remove a project. He stated that the goal is not to reduce projects, but to do all the projects, minimize additional debt and to prioritize the projects by the regulatory or risk mitigation ones first and the others later. In addition, he commented that the District

collected money from customers and if the projects are not going to be completed then the money should be returned to the customers.

GM Helliker stated that there are approximately \$23.4 million in reserves, over the 10-year period, and staff estimates that there is \$22.7 million of available funding from the District's revenue stream that would not be used for operating expenses; therefore, staff is anticipating \$46.1 million in available funding. He pointed out that the 10-year CIP anticipates expenses at \$77 million; therefore, with no rate increases, all the CIP projects could not be completed. Ms. Silva explained that the projects get funded from a combination of savings (reserves) and the excess of revenues minus operating expenses. She pointed out that inflation is projected from 3-5% so if rates are not increased by a commensurate amount, then every year the excess funds that would go to the capital fund are reduced until eventually there is no excess revenue to transfer into the capital fund.

In response to Director Rich's question, Ms. Silva explained that staff will be looking for direction from the Board at the February Board meeting to issue the Prop. 218 notice – the Prop. 218 notice is sent to every property owner in the retail service area and notifies them of the maximum rate increase that the Board will be considering. In addition, she explained the timing of the notice, the hearing, and when the Board will adopt the 4-year rate schedule and stated that if the Board gives direction to staff at the February meeting, then any rate increase would be implemented on July 1, 2025.

The motion carried with the following roll call vote:

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

Vice President McRae asked the Board if there were any projects that any member wanted to take off the list. No Board member requested that any item be taken off the CIP list.

During and after the presentation, members of the public posed questions which were answered by the presenters and/or the Board members.

III. ADJOURN

The meeting was adjourned at 8:35 p.m.

ATTEST:

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

TERI GRANT, Board Secretary

BOARD WORKSHOP CAPITAL IMPROVEMENT PLAN REVIEW

San Juan Water District
February 4, 2025

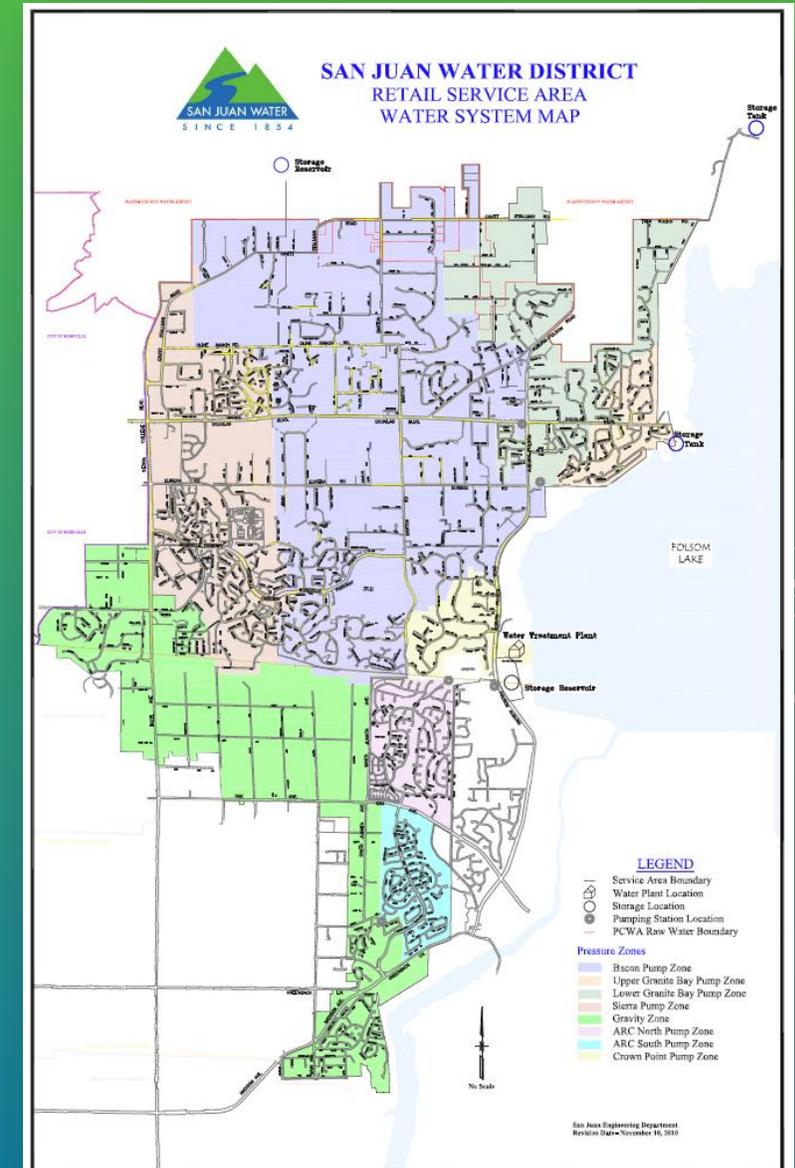


Mission

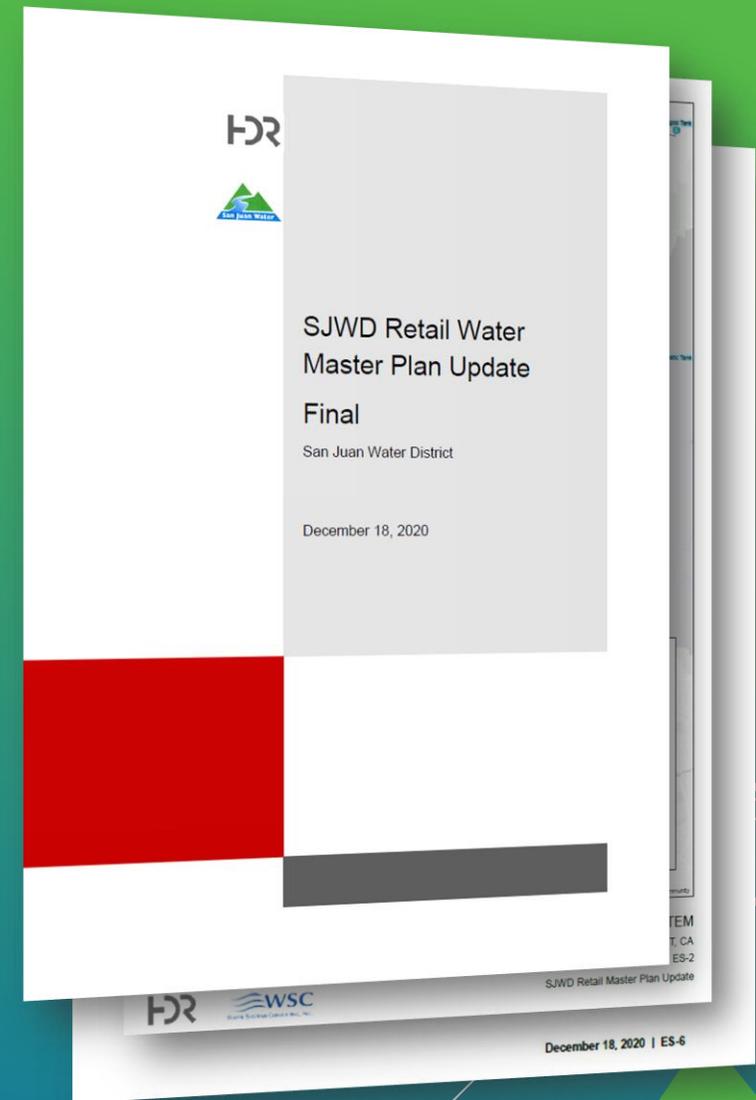
Our mission is to ensure the delivery of a reliable water supply of the highest quality at the lowest reasonable price.

Vision

To be a recognized industry leader in the treatment and distribution of a reliable supply of safe and clean drinking water, while protecting and retaining the district's water rights and supply



- ▶ Retail Maser Plan Update
 - ▶ Completed December 18, 2020
 - ▶ 10 Year Cycle
- ▶ Update Retail Hydraulic Model Update
- ▶ Pipeline Evaluation
 - ▶ Age
 - ▶ Leak History
- ▶ Appurtenance Evaluation
 - ▶ Service Laterals
 - ▶ Air Release Valves



BACKGROUND



- ▶ 10+ Year Steel Main Replacement Program
- ▶ One Pipeline Replacement - Leak Criteria
- ▶ Five Pipeline Replacements – Hydraulic Connectivity
- ▶ Main Breaks:
 - ▶ 10X Better than National Avg.
 - ▶ 5X Better than State Avg.

SYSTEM PIPING AND HYDRAULIC CONNECTIVITY

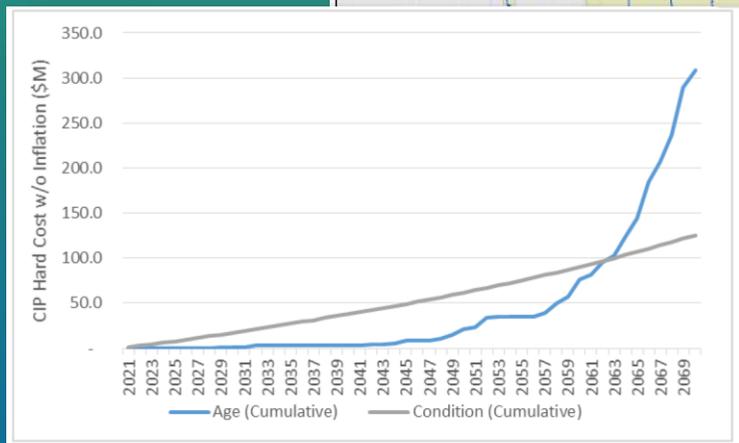
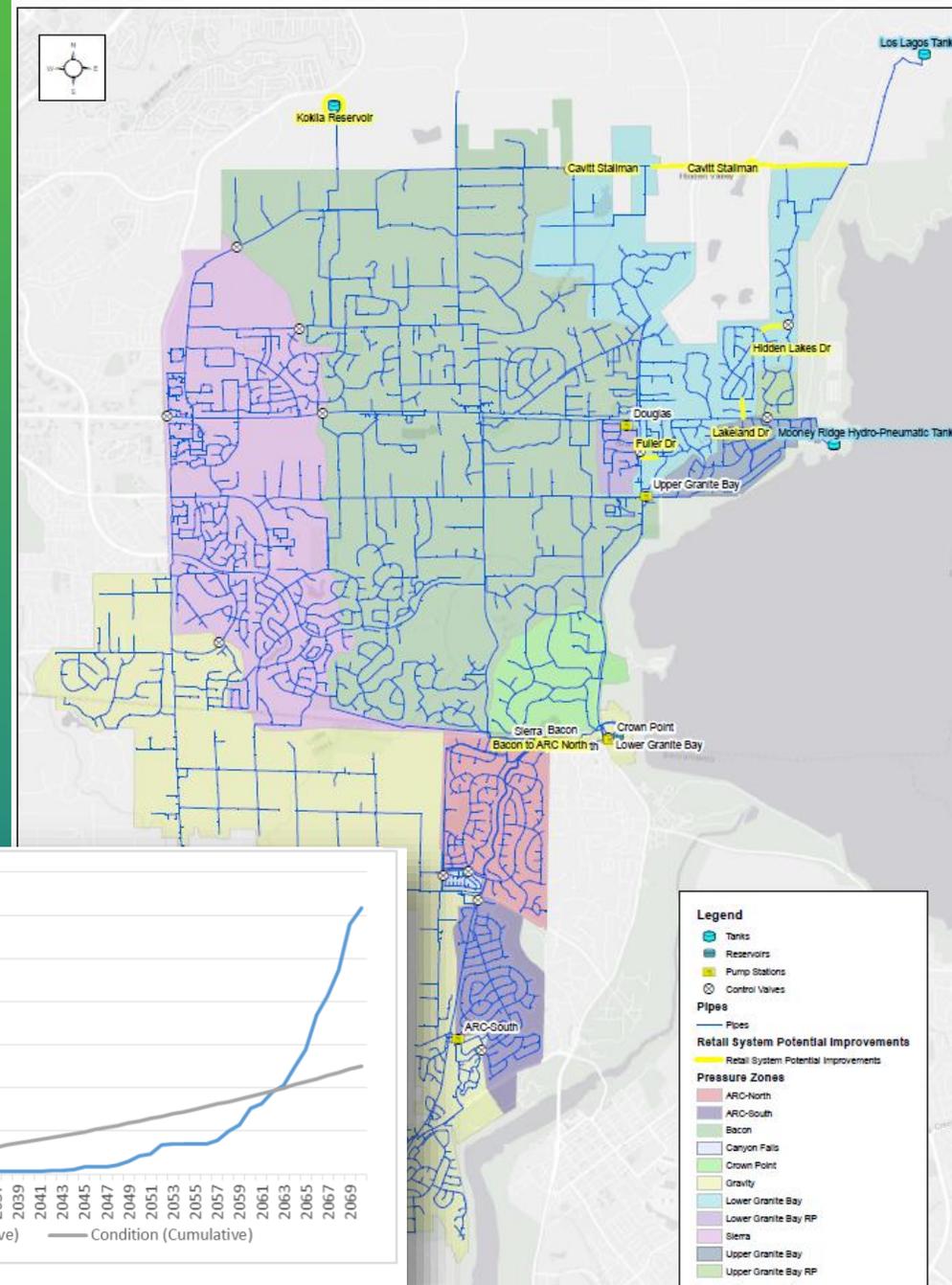
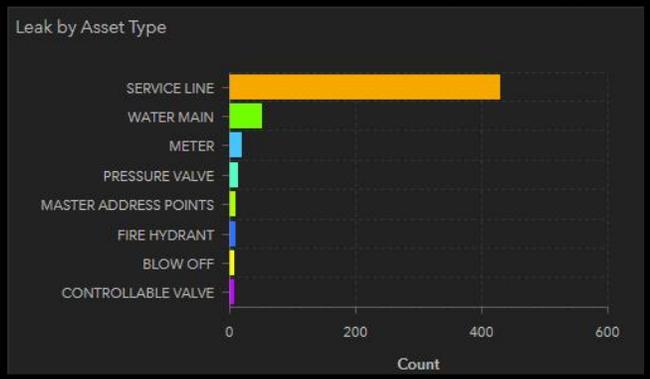
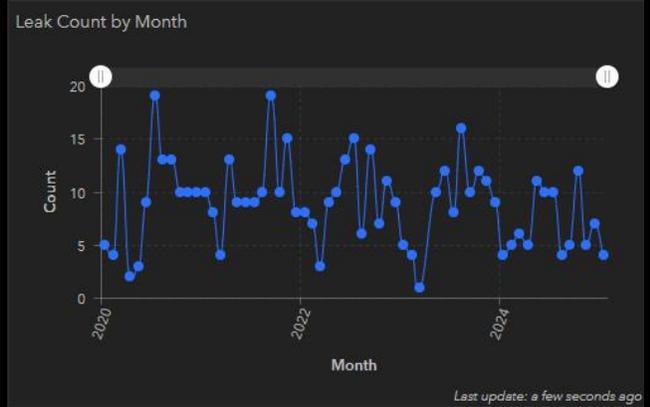
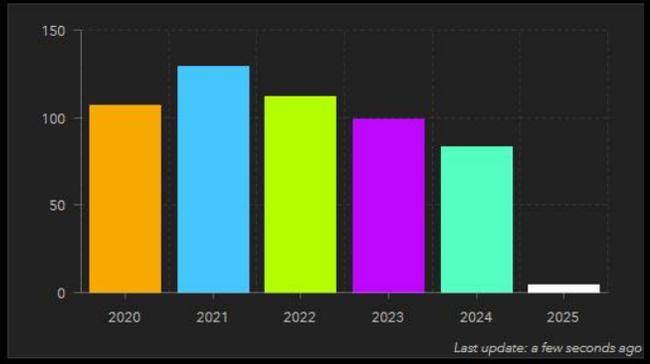
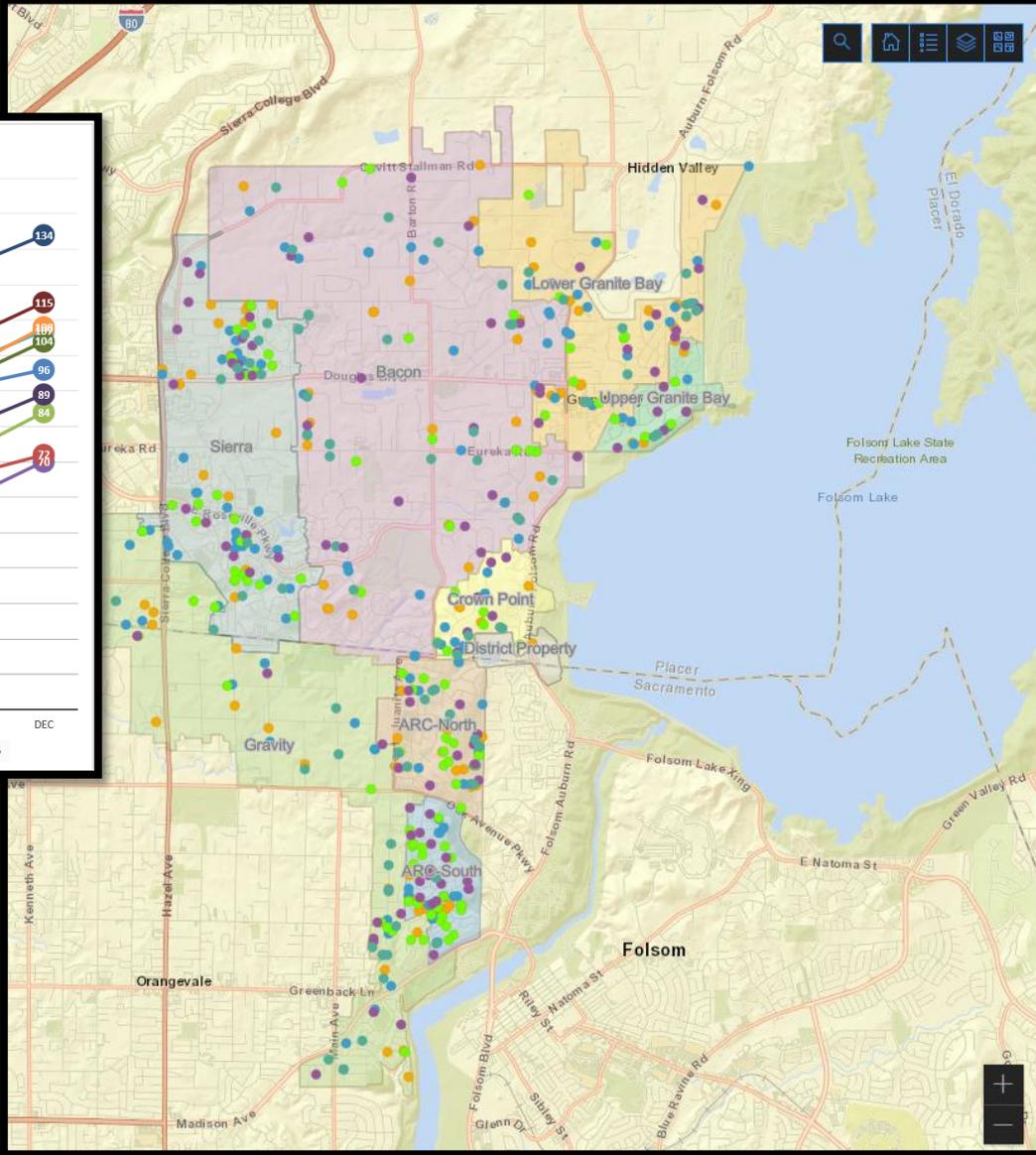
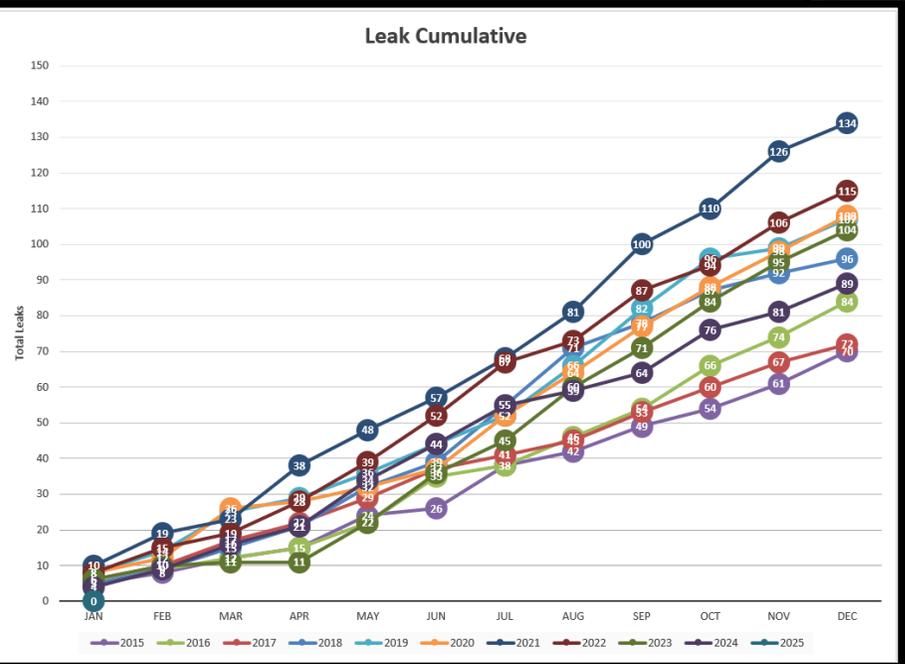


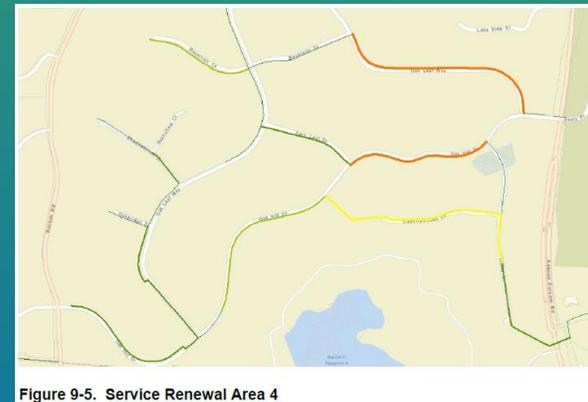
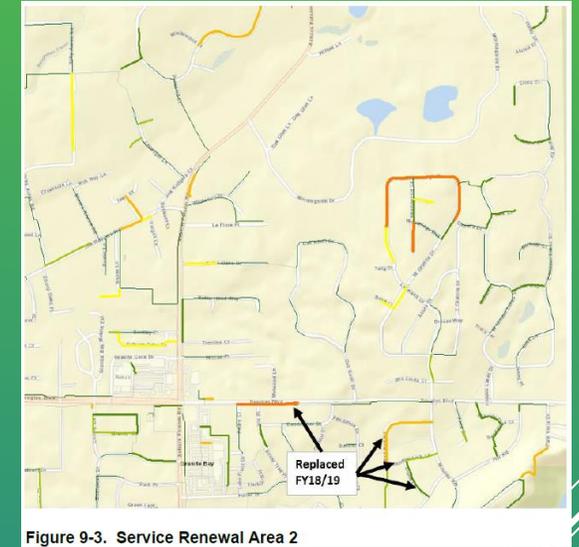
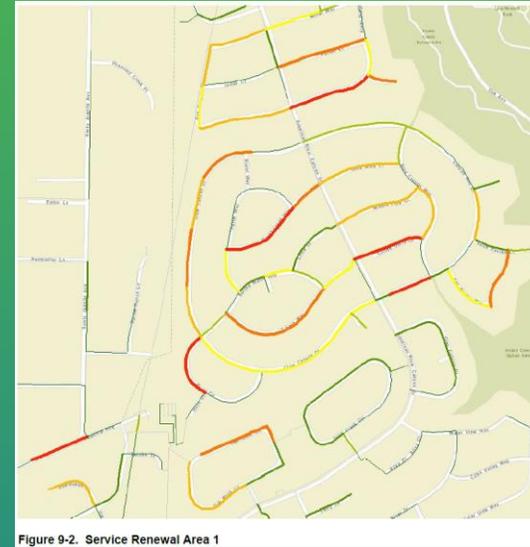
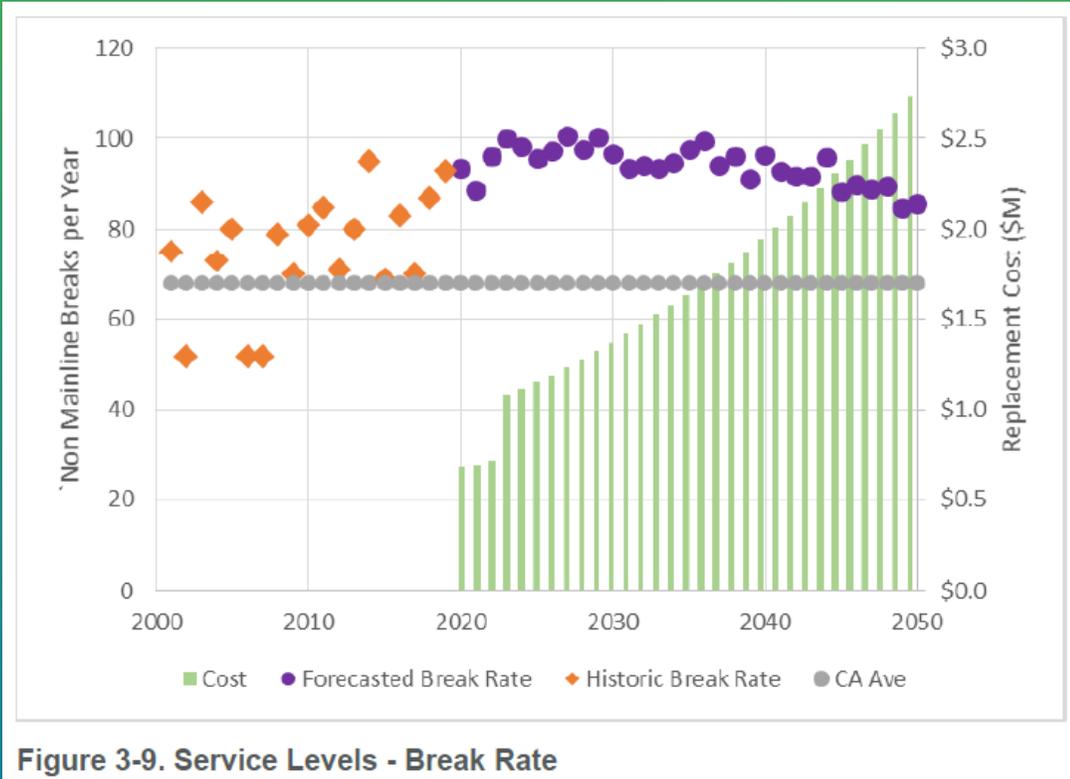
Figure 8-3. Savings by Evolving from an Age-based to Performance-based Program

- ▶ Failure Rate 35% worse than national average
- ▶ Modeled Lateral Failure



SERVICE LATERAL REPLACEMENTS

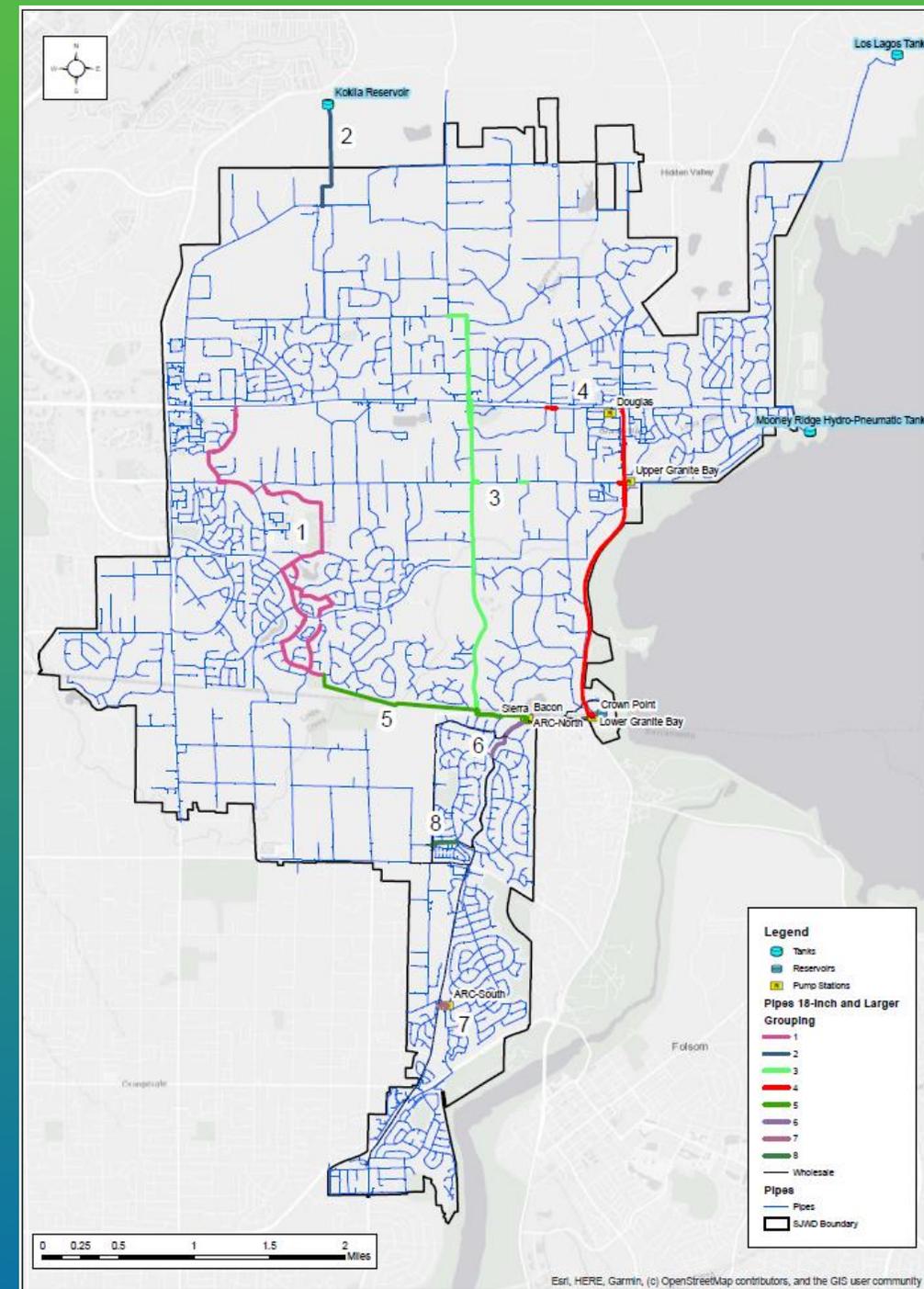
- ▶ Replacement Strategy: 85 Per Year
- ▶ Water Loss Issue



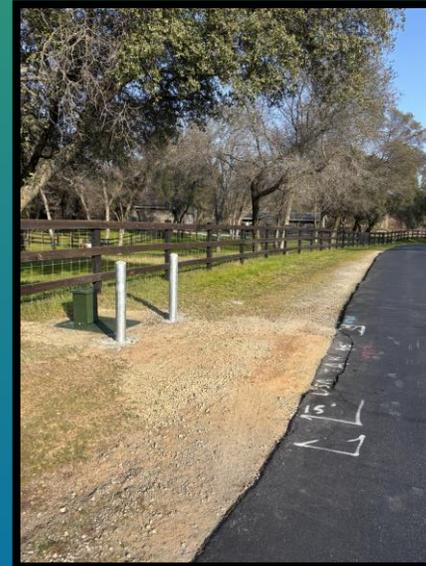
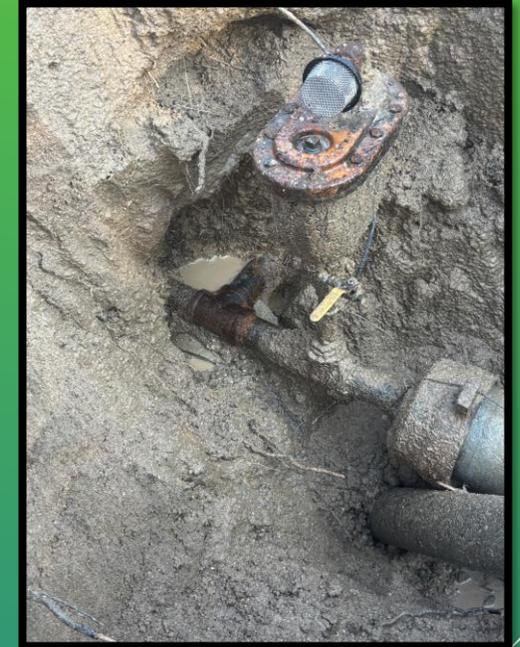
SERVICE LATERAL REPLACEMENTS

CONDITION ASSESSMENTS

- ▶ Condition Assessment
 - ▶ 18" and Greater
 - ▶ Manway/Access Point Improvements Required for Assessment
 - ▶ Projects to be divided for affordability



- ▶ Air Release/Vacuum Valve Replacements
 - ▶ Valves Under Pavement
 - ▶ Cross Contamination Issue
 - ▶ 958 Existing ARVs
 - ▶ Replacement: 45 Valves per year for ± 17 Years
- ▶ Title 22, §64576. Air-Release, Air Vacuum, and Combination Valves.
 - ▶ *Each new air-release, air vacuum, or combination valve, and any such valve installed to replace an existing valve shall be:*
 - ▶ *Installed such that its vent opening is above grade, above the calculated 100-year flood water level*
 - ▶ *Constructed and designed to prevent exposure to rainwater or runoff, vandalism, and birds, insects, rodents, or other animals*

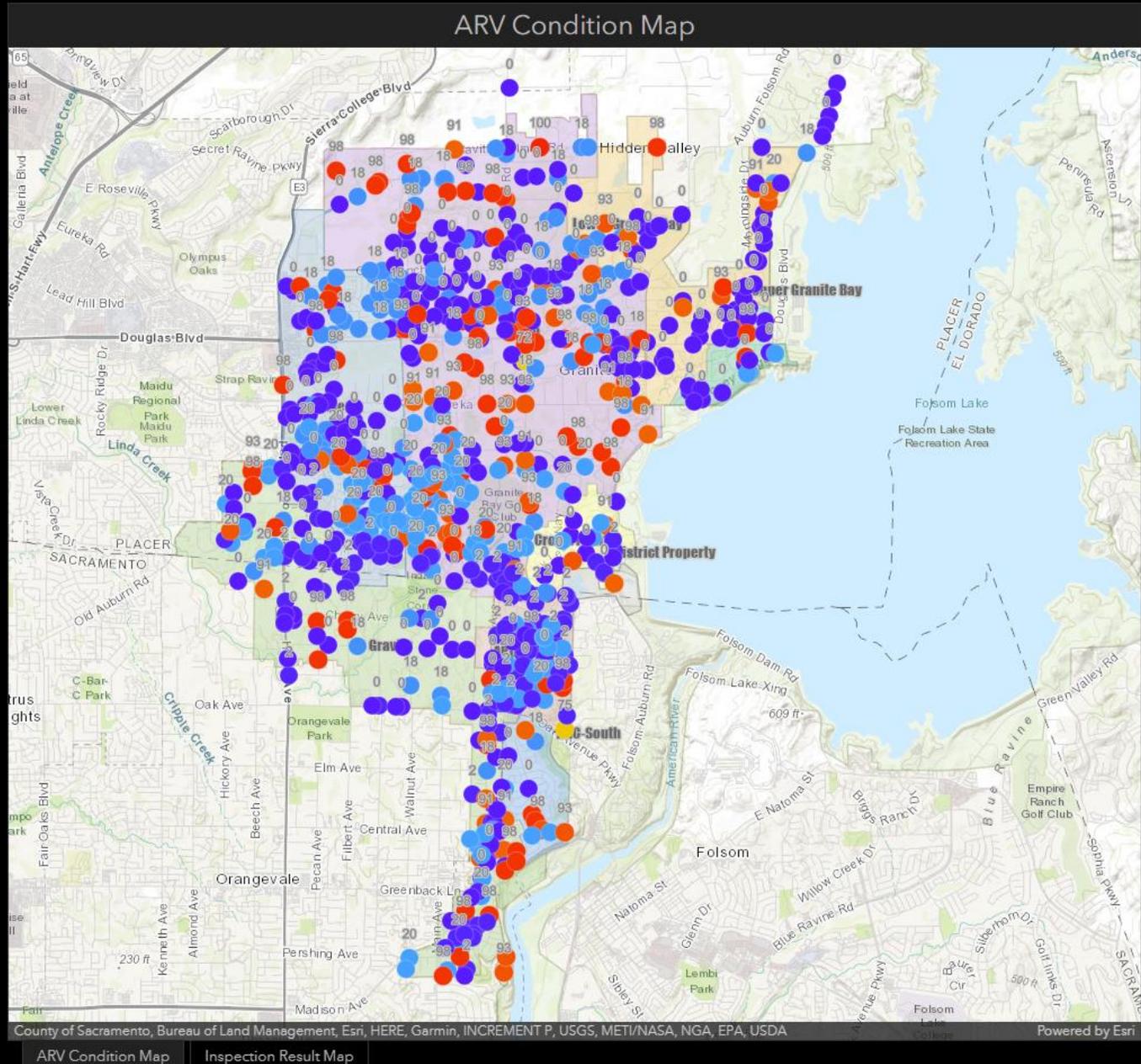
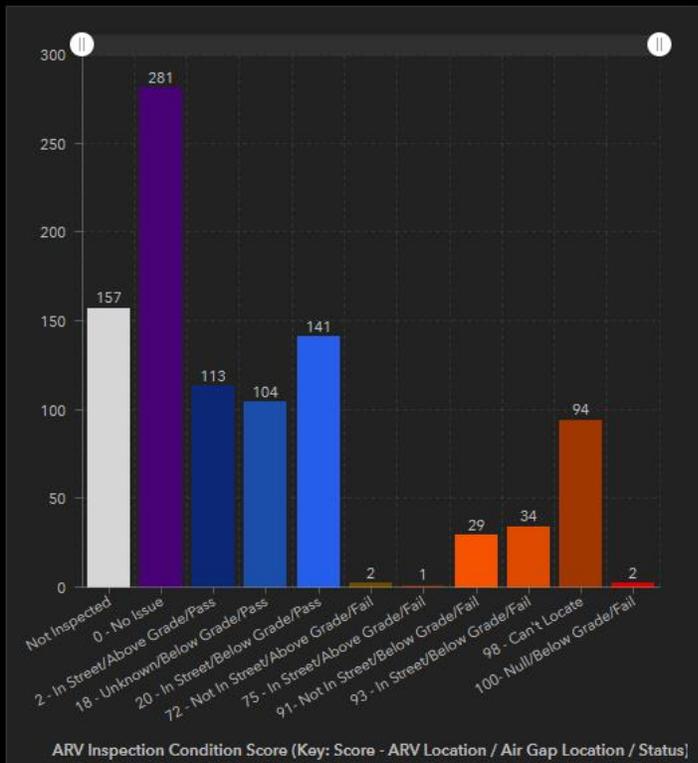


AIR RELEASE VALVES

ARV Count

958

Last update: 10 minutes ago



High Priority ARVs with Issues

162

Condition Score > 50

- ### Inspection Information
- Inspection #: 3881**
Problem: No drain plugs to test or flush
Solution:
 Asset ID: ARV-A10-002
 Condition Score: 100
 - Inspection #: 46714**
Problem: Galvanize maintenance bolts rusted in
Solution: Needs upgrade
 Asset ID: ARV-G08-001
 Condition Score: 100
 - Inspection #: 46718**
Problem: Can't find
Solution: Needs more time to look
 Asset ID: ARV-H10-023
 Condition Score: 98
 - Inspection #: 46704**
Problem: Could not locate
Solution: Need to go back out and spend some time with metal detecting
 Asset ID: ARV-H05-004
 Condition Score: 98
 - Inspection #: 46708**
Problem: Corps must be off no water?
Solution:
 Asset ID: ARV-H10-015
 Condition Score: 98
 - Inspection #: 46728**
Problem: 1" ARV broke below gate valve off at corps valve
Solution: Marked out with a USA Mike Healy is going to schedule replace and upgrade soon
 Asset ID: ARV-H09-004
 Condition Score: 98
- Last update: a few seconds ago

- ▶ All Hydrants Maintenance on a 5-Year Cycle
- ▶ Replacement Plan: 20 Hydrants Annually
- ▶ 4" Wharf Hydrants are the Priority
- ▶ Upgrading based on Inspection and Age



HYDRANT MAINTENANCE & REPLACEMENT

▶ Fire Districts Referenced:

- ▶ City of Folsom, the City of Roseville, the South Placer Fire District, and the Sacramento Metropolitan Fire District (Metro Fire)

▶ Uniform/California Fire Code (UFC/CFC) Table A-111-A-1

- ▶ *Minimum Required Fire Flow and Flow Duration for Buildings*

▶ System to Capabilities: Max Day Plus Fire Flow

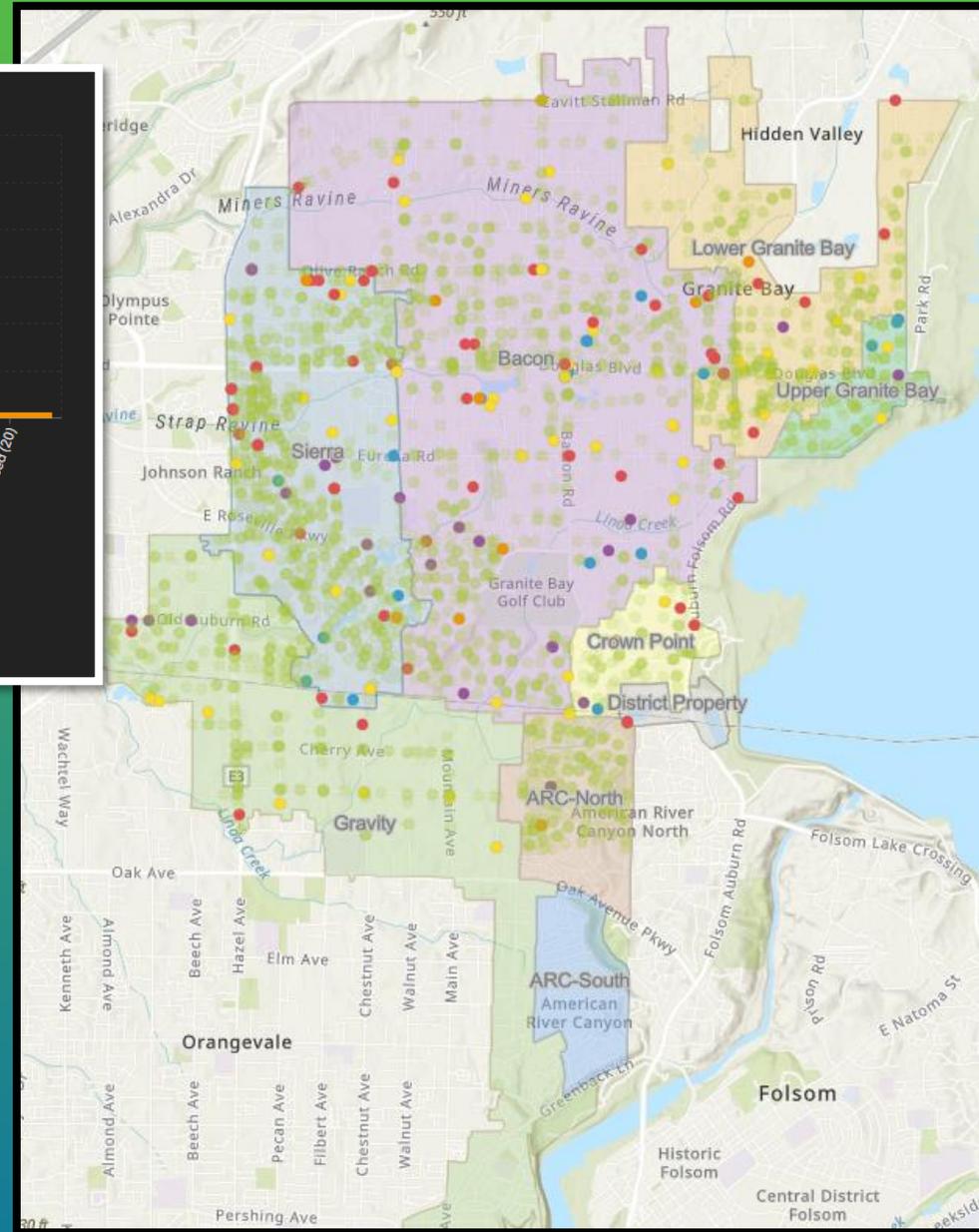
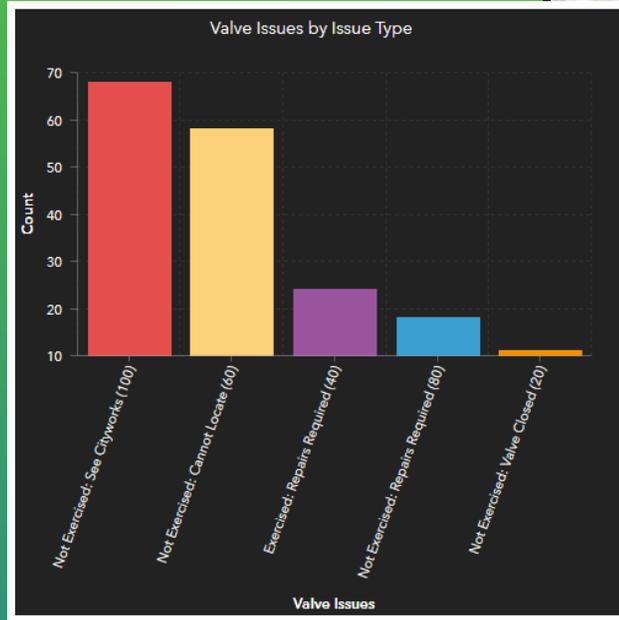
Table 3-2. Fire Flow Requirements^(a,b)

Land Use	Future Criteria ^(c)	
	Fire Flow, gpm	Duration, hours
Single-Family Residential	1,500	2
Multi-Family Residential	2,500	2
Commercial	3,000	3
Institutional	4,000	4
Industrial/Business Park	4,000	4
School	4,000	4

FIRE FLOW REQUIREMENTS

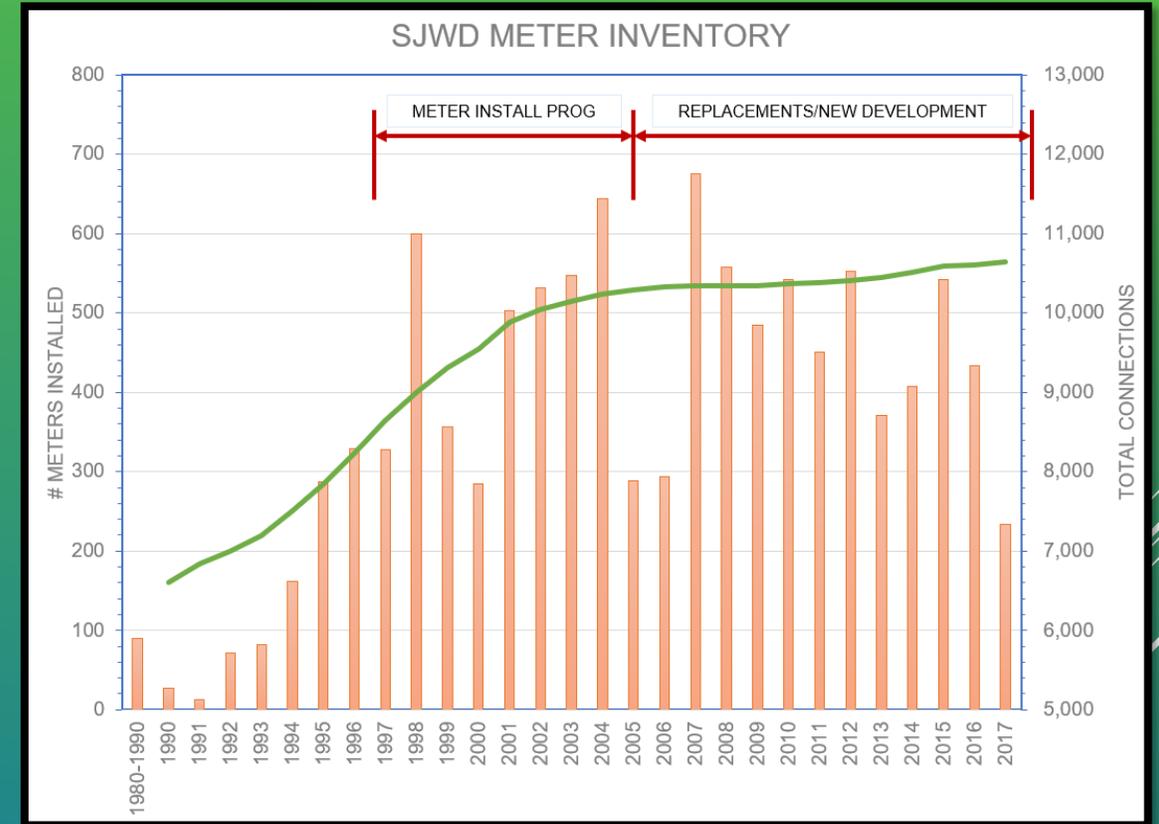


- ▶ All Valves Exercised on a 5-Year Exercise Cycle
- ▶ Upgrading based on Inspection and Age
- ▶ 144/3,222 Needing Repairs or to be Found
- ▶ 2,400 still to be Inspected



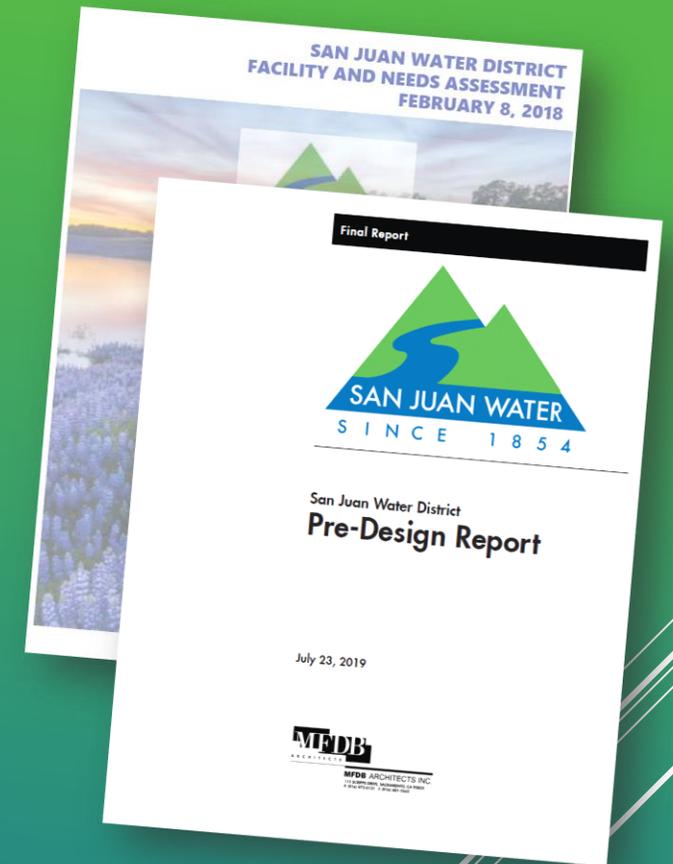
VALVE MAINTENANCE & REPLACEMENT

- ▶ Meters installed 1997-2004
- ▶ Meter Consortium Project
- ▶ Evaluated Options for Meter Replacements
- ▶ Good Water Quality – Longer Lasting Meters
- ▶ Current Program: 515 Meters/Year



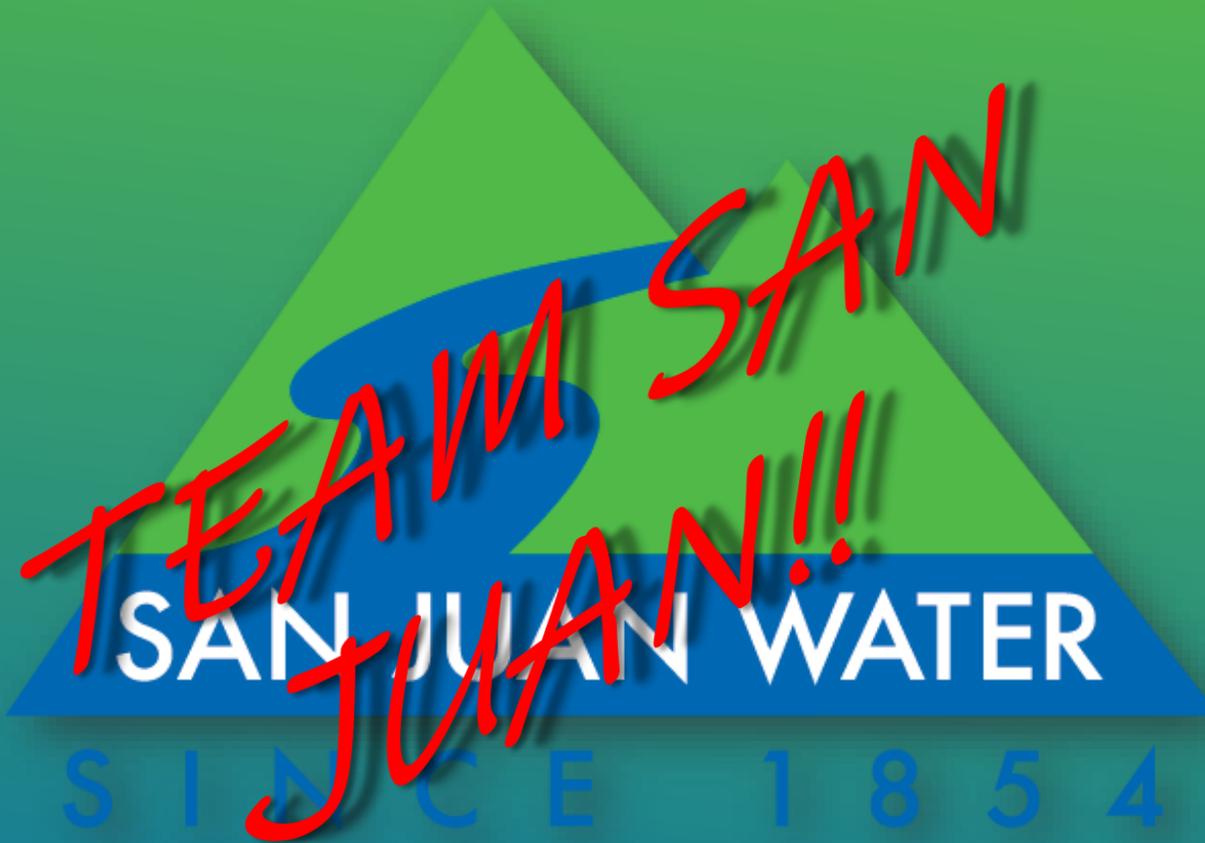
METER REPLACEMENTS

- ▶ Two Evaluations Completed, 2017 & 2019
- ▶ Maintenance/Engineering Bldg ADA Issues
 - ▶ “In fact, we don’t even know it would be possible at any cost.”
 - ▶ 2020 SJWD Pre-Design Report, Addendum 1
- ▶ Multiple Options Evaluated
 - ▶ Remodeling Maintenance Building
 - ▶ Expanding Admin & Relocating Engineering
 - ▶ Building New Maintenance/Engineering Building
 - ▶ Modular Units for Maintenance/Engineering
 - ▶ New Admin Building and Relocating Maintenance/Engineering
- ▶ Goal: Permanent solution to meet current and future goals
 - ▶ ADA Compliance
 - ▶ Site/Staff Security
 - ▶ Fleet Electrification
 - ▶ Long Term Operations



ADMINISTRATION BUILDING





SAFETY FIRST!!

