

Board of Directors Workshop Summary
 San Juan Water District
 March 9, 2015



This summary was prepared by the facilitation team from written notes taken during the workshop.

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Action Items

1. Debt refinancing should be agendized for a future meeting, and made a separate goal or objective.
2. The board should develop a water bond wish list regarding storage.
3. The March 19 workshop should include a review of drought planning and preparedness activities to date.
4. A future board meeting should include an update on SGMA issues.
5. Investigate ways to encourage the use of recycled water.
6. The District should track the effectiveness and value of the RWA legislation committee.
7. The District should invite Sac Metro’s executive director to brief the board on his vision (or perhaps visit him). Secondly, the District should invite the Citrus Heights and Folsom Chambers of Commerce to do the same.
8. For each goal and/or objective, the final director’s workshop should show activities to date and historical results (e.g., cost of annual membership, value of grants obtained, etc.), the costs and expected outcomes and anticipated staffing of different proposed activities, chances for success and risks, and an overall assessment of whether the effort is worthwhile.
9. Investigate legal capacity to develop groundwater within SJWD wholesale service area.

10. The Capitol-to-Capitol visit should include conversation with Congressional representatives on Folsom operations in relation to fish flows.
11. The Sacramento Water Forum should be added to the list of state (not federal) activities.
12. Draft a letter to the wholesale customer agencies to provide clarity on the relationship with SJWD.
13. Work with the County Assessor's Office to obtain a list of federal properties upstream of Folsom Lake, for the purpose of potential storage.
14. Determine if Placer County Water Agency provides any flexibility in when they release the SJWD water stored in their reservoir.

1. Welcome and Agenda Review

San Juan Water District (SJWD) Board President Ted Costa called the meeting to order. Dorian Fougères, facilitator, Center for Collaborative Policy, CSUS, reviewed the agenda and guidelines for discussion. This included affirming general goals for the year, and providing strategic direction to staff regarding whether to initiate, continue, augment, or conclude specific activities in support of the goals.

2. Summary of Last Year's Workshops

Illustrating her points with a powerpoint slide presentation, General Manager Shauna Lorance confirmed that upcoming workshops would address additional topics of interest identified by directors. A future Staffing and HR Plan workshop would be held after all the goals for 2015 have been identified, as well as to cover staff retirements and succession. Some issues like staffing might come up at multiple meetings.

Ms. Lorance reviewed topics covered during the previous years, and with Assistant General Manager Keith Durkin answered questions.

3. Affirmation of 2015 Goals

Ms. Lorance noted that last year's workshop worked through a list of issues. To start this workshop, the facilitator shared a draft set of 2015 District Goals drawn from meeting materials and interviews with each director before the workshop. During discussion and refinement of the straw proposal, directors made several remarks.

- The District should consider refinancing its debt.
 - **ACTION ITEM:** Debt refinancing should be agendized for a future meeting, and made a separate goal or objective.
- The goal of providing regional and statewide leadership in water policy is derivative of ensuring water supply reliability.

- **ACTION ITEM:** The board should develop a water bond wish list regarding storage.
- There was a discussion on the need to increase staff morale after the negative press during the recession and the difficult decisions made by the Board during the past few years.

Director Miller voiced his view that it is difficult for directors to influence morale. Staff should inform directors when they should voice their appreciations for staff.

Based on this discussion, the facilitator provided the following revised draft goals after the meeting:

1. Maintain highest quality customer service, both in terms of customer relations and the delivery of a reliable water supply of the highest quality at reasonable and equitable costs.
2. Ensure water supply reliability in context of both near-term drought response and long-term drought persistence.
 - a. This includes planning for future increased surface and groundwater storage (e.g., groundwater injection) and bond support.
 - b. Tactically, this involves providing regional and statewide leadership in water policy.
 - c. Tactically, seeking bond support may require development of a “wish list”.
3. Ensure system maintenance and timely replacement.
4. Maintain high quality staff.
 - a. This includes staff succession planning.
 - b. This includes staff raising concerns they have with management and the board.
 - c. This includes directors supporting staff morale and sense of value, even though it may be difficult to identify specific actions and to measure performance.
5. Maintain financial stability, transparency, and accountability.
 - a. This includes reducing the overall debt service through refinancing.
6. Maintain strong communication and relationships with wholesale customer agencies.
 - a. This includes clarifying the responsibilities of the District as the wholesaler.
 - b. This includes identifying where Directors can act directly to support this goal.

4. External Focus Areas

Ms. Lorance reviewed each of the main activities for the coming year, including ideas for how to accomplish them. The facilitator asked directors to keep in mind the goals just developed when assessing the importance of activities and providing direction to staff. Discussion followed.

- The current assumption is that the drought will continue into the fall. It's not clear whether the Bureau of Reclamation would reduce the flow out of Folsom. If it does not rain, a lot more discussion will occur, including regarding State Water Resources Control Board regulations, a pump back system, and more. Today's workshop is focused on the bigger picture of activities; March 19 will get into more drought details.
 - **ACTION ITEM:** The March 19 workshop should include a review of drought planning and preparedness activities to date.
- With regard to carry over storage, can the District require action of the Bureau?
- The groundwater well discussion should include groundwater injection wells, as well as an analysis of how the Sustainable Groundwater Management Act (SGMA) might affect District options (e.g., pumping restrictions based on surface water-groundwater interaction). Merging with SSWD would also affect groundwater access.
 - **ACTION ITEM:** A future board meeting should include an update on SGMA issues.
- Other water districts in the area could impact our water rights. This is a primary concern regarding water supply reliability on paper.
- To increase the use of recycled water, can the use of purple pipes be required for future developments? The City of Folsom appears to be relying on conservation efforts to obtain their water for new developments. This will require coordinating with county planning agencies who permit developments, and (broadly speaking) the building industry.
 - **ACTION ITEM:** Investigate ways to encourage the use of recycled water.

5. How to Accomplish Outcomes

Ms. Lorance reviewed the overall strategy for accomplishing the Districts goals. These structured subsequent agenda topics. Discussion followed.

- There are two types of leadership: leadership by example and leadership by direction. The District needs to clearly defend its contractual duties and maintain its legal options.
- The board will likely revisit the issue of active leadership in the final workshop of the 2015 workshop series as part of the human resources planning.

6. Regional Activities

Ms. Lorance reviewed her slide on regional activities. Discussion followed.

- The Regional Water Authority is involved in legislation, lobbying, and water use efficiency on behalf of member agencies. Their state legislation committee is forming and will track bills, track the State Board deliberations, take positions, and work with staff. Their united voice has a

significant impact. They also work with the Association of California Water Agencies and have written grants that benefitted the District.

- SJWD no longer has a seat on the Executive Committee, which sets the policy direction for RWA, and other members compete with SJWD's interests. Returning to the Executive Committee could have high value and require some active campaigning prior to the next elections.
- The board should not determine whether to get back on the RWA Executive Committee without the context of other goals and objectives. It also remains unclear: do they have any authority over the District? What have they accomplished or obtained? Is their regional, collective voice more effective when compared with the District representing itself?
 - The impact of their legislation committee remains unproven, while their reports just repeat the Legislative Counsel's Digest and provide no direction. They should brief key staff like done successful in the past, and work the back halls of the Legislature. It's not necessary to be on their Executive Committee if we are active in small meetings with legislators and other conversations at the Capitol.
 - The lobbying reports could be more useful.
- The board is divided about whether to work to get on the Executive Committee.
 - **ACTION ITEM:** The District should track the effectiveness and value of the RWA legislation committee.
- The Sacramento Groundwater Authority currently focuses on supply reliability, coordinates groundwater contamination meetings but does not model groundwater contamination movement, and is tracking SGMA, including the designation of groundwater basin boundaries along county lines. Participation provides an opportunity to influence policy. SJWD may have groundwater wells in the future and is working on groundwater interties.
 - SJWD should continue participating at the current level.
- The District needs to revive and strengthen its relationship with the Sacramento Metro Chamber of Commerce (Sac Metro).
 - **ACTION ITEM:** The District should invite Sac Metro's executive director to brief the board on his vision (or perhaps visit him). Secondly, the District should invite the Citrus Heights and Folsom Chambers of Commerce to do the same.
- Fundamentally, could the time and membership money spent on RWA and SGA be put to better use to hire our own lobbyist?
 - **ACTION ITEM:** For each goal and/or objective, the final director's workshop should show activities to date and historical results (e.g., cost of annual membership, value of

grants obtained, etc), the costs and expected outcomes and anticipated staffing of different proposed activities, chances for success and risks, and an overall assessment of whether the effort is worthwhile.

- Staffing needs to be included. The District's required activities are growing too large to require Ms. Lorance to do everything, so other staff should also be identified for specific purposes, as well as directors.

7. Statewide Activities

Ms. Lorance reviewed her slides on statewide activities. Discussion followed.

- Regarding the Association of California Water Agencies (ACWA), SJWD chairs the Business Development Committee as it allows SJWD to have a seat on the ACWA Board of Directors and help guide ACWA policy. SJWD represents Region 4 as a member on the ACWA water storage task force which will provide policy recommendations on the use of storage funds from the water bond.
- The State Water Resources Control Board oversees water rights and the flow standard for the American River, as well as species protection and regulatory changes needed to adapt to climate change. Staff comments on draft regulations applicable to the District's responsibilities. Engagement has increased greatly in recent years because of legislative changes, the drought, and groundwater.
 - Staying involved with groundwater is important, regardless of a merger with Sac Suburban and involvement in SGA.
 - **ACTION ITEM:** Investigate legal capacity to development groundwater within wholesale service area.
- The District and regional partners have led multiple tours of Folsom Reservoir for statewide legislatures, SWRCB, and others to increase awareness of the unique aspect of water supply in this region.

8. Federal Activities

Ms. Lorance reviewed her slide on federal activities. Discussion followed.

- Yuba County will spend millions of dollars on trucking fish around a dam on the Feather River. There is currently a similar requirement in the environmental documents related to the American River and Folsom Dam, which would be a significant cost and raise the issue of "taking" endangered species if they become entrained in the M&I intake.

- The National Marine Fisheries Service is responsible for the final approval to modify the lower American River flows. USBR has been working hard to balance the uses of Water Supply and has pressed hard to maintain storage in Folsom Reservoir.
- If USBR is not able to maintain storage at Folsom Reservoir at a high enough level to provide water supply reliability, the board should look at different strategies for negotiating Folsom operations.
- **ACTION ITEM:** The Capitol-to-Capitol visit should include conversation with Congressional representatives on Folsom operations in relation to fish flows.
- Other activities include participation in water caucus, plenary, and technical meetings of the Sacramento Water Forum.
 - **ACTION ITEM:** The Sacramento Water Forum should be added to the list of state (not federal) activities.

9. Wholesale Customer Agencies

Ms. Lorance reviewed her slide on and discussion followed.

- Recognizing that historically the District focused on surface water, the directors agreed that SJWD should use whatever sources available – surface water, groundwater, recycled water, or others – to achieve water supply reliability.
 - The District should write a statement of responsibility that reiterates SJWD’s duty to provide water, clarifies surface water reliability, and clarifies corresponding storage needs. The District should then let customer agencies know that SJWD will meet this responsibility however the board deems necessary.
 - In the same letter, the District should define the relationship between SJWD wholesale and the customer agencies as a business relationship, not a “family.” The relationship has matured and changed over time. Clarity on the relationship and how decisions will be made going forward will help everyone involved.
 - It will be important to demonstrate the beneficial use of water in Folsom. Wholesale customer agencies share this responsibility. The letter should reiterate the need to demonstrate beneficial use and lay out the District’s prioritization of water use.
 - **ACTION ITEM:** The Water Supply and Reliability Committee should draft a letter to the wholesale customer agencies to provide clarity on the relationship with SJWD when they determine the time is appropriate.

- The development of groundwater should be agendized for the board’s Water Supply Reliability Committee to assess options and feasibility, including the pump back, injection wells, a transmission pipeline, well drilling, and conjunctive use in general.
- Upstream storage, including the possibility of building a smaller facility at the Auburn Dam location, should be agendized for a future board meeting.
 - It might be possible to purchase additional water, and/or reschedule the delivery of the existing water stored with Placer County Water Agency (PCWA).
 - **ACTION ITEM:** Work with the County Assessor’s Office to obtain a list of federal properties upstream of Folsom Lake, for the purpose of potential storage.
 - **ACTION ITEM:** Determine if Placer County Water Agency provides any flexibility in when they release the SJWD water stored in their reservoir.

Ms. Lorance thanked directors for their participation, and Mr. Costa closed the meeting.

10. Attendance

1. Ted Costa, Director
2. Keith Durkin, Assistant General Manager
3. Dorian Fougères, CCP, CSUS
4. Stephanie Horii, CCP, CSUS
5. Shauna Lorance, General Manager
6. Ken Miller, Director
7. Kate Motonaga, Finance Manager
8. Dan Rich, Director
9. Pam Tobin, Director
10. Bob Walters, Director