SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes
November 19, 2025 – 6:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Mike McRae	Vice President
George Machado	Director
Pam Tobin	Director
Manuel Zamorano	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Adam Larsen	General Manager
Donna Silva	Director of Finance & Human Resources
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Greg Zlotnick	Director of Water Resources & Strategic Affairs
Devon Barrett	Customer Service Manager
Mike Spencer	Water Treatment Plant Manager
Teri Grant	Clerk of the Board/Executive Assistant
Ryan Jones	General Counsel

OTHER ATTENDEES

Devin	
DD	
Guest	
Michael	
User 1	
Meera Deshmane	Retail Rate Payer
Sandy Harris	Retail Rate Payer
Stephen Kenning	Retail Rate Payer
Craig Locke	Sacramento Suburban Water District
Entela Fallstead	SJWD Employee
Jed Thorne	SJWD Employee
Mark Hargrove	SJWD Employee
Ashley Casey	Water Forum

AGENDA ITEMS

I. Call to Order
II. Pledge of Allegiance
III. Roll Call
IV. Public Forum and Comments
V. Appoint Clerk of the Board and Administer Oath of Office
VI. Consent Calendar
VII. Presentation
VIII. Discussion and Action Items
IX. Information Items
X. Directors' Reports
XI. Future Agenda Items
XII. Committee Meetings

XIII. Upcoming Events
XIV. Closed Session
XV. Open Session
XVI. Adjourn

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

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

IV. PUBLIC FORUM

There were no public comments.

V. APPOINT CLERK OF THE BOARD and ADMINISTER OATH OF OFFICE

President Costa announced that the Board needed to re-appoint Teri Grant as Clerk of the Board and administer the Oath of Office.

Director Tobin moved to appoint Teri Grant as Clerk of the Board to the San Juan Water District Board of Directors. Director Zamorano seconded the motion and it carried unanimously.

President Costa administered to the Oath of Office to Ms. Grant.

VI. 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, October 22, 2025 (W & R)**
   Recommendation: Approve draft minutes

2. **Treasurer's Report – Quarter Ending September 30, 2025 (W & R)**
   Recommendation: Receive and file

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

VII. PRESENTATION

1. **Big Impact on a Small Budget: Grant Strategies for Resource-Strapped Agencies**
   GM Larsen conducted a brief presentation summarizing a previous presentation on grant funding that Director Tobin had requested the Board receive. A copy of the

summary presentation will be attached to the meeting minutes. He informed the Board that he will be meeting with Nick Schneider, who provided the original presentation at a recent webinar.

VIII. DISCUSSION AND ACTION ITEMS

1. Retail Rate Structure Analysis (R)

Vice President McRae reported that the Finance Committee received a presentation from Ms. Meera Deshmane which was included in the Board packet. In addition, he informed the Board that she will provide a presentation at the January 14th workshop and he will also provide a presentation, which he plans to bring to the next Finance Committee meeting.

Vice President McRae suggested that he reach out to some consultants who have already been through the process of setting tiered rates and have them join the workshop to provide a quick overview of their projects along with answering questions from the Board. Director Tobin agreed with the suggestion and would like to see how consultants would approach this and provide insight for the best business practice for this situation. The Board discussed having a consultant and agreed that if one can be available to provide more information to the Board that Vice President McRae should schedule them to attend.

GM Larsen voiced concern that should the Board decide to adjust rates then a second Prop. 218 process will have to be instigated which might be confusing to customers. He pointed out that the Prop. 218 experts have confirmed that the District's retail rates are justifiable and reasonable. In addition, he reminded the Board that the new conservation regulations will be coming down, in about 3 years, and, more than likely, the District will need to change the rate structure at that point; therefore, he recommends that the Board wait until then to change the rate structure.

Ms. Silva pointed out that the District's current "postage stamp" rate structure and your fixed vs. variable rate adjustments have been very effective at providing the District financial stability; however, it does not incentivize conservation and there are significant conservation requirements that the District may see in 3 years. She stated that the District will need to find a way to achieve compliance with the water reduction that will be required by the new laws. She commented that there are about 7 different rate structures that are being utilized and the Board should be educated on the pros and cons of each of those rate methodologies. Mr. Zlotnick pointed out that there is another issue which is the litigation that the District is a lead plaintiff on and if the litigation is successful then it is anticipated that the impact will be much lower with respect to required reductions in water use. Vice President McRae expressed his desire not to wait since there are customers who have presented the Board with their arguments about unjust water bills.

Ms. Deshmane addressed the Board and believes there is a common theme of fear of change and she encouraged the Board to have a consultant provide their opinion of the rates. In addition, she disagreed with a statement previously made regarding similarly situated customers and their rates.

A member of the public addressed the Board and suggested that the Board have regulatory costs be shared by everybody, but specific projects in areas that benefit those in a specific area, then those costs should be not be shared by everyone.

A member of the public addressed the Board and is concerned about the fixed rate being too high.

A member of the public addressed the Board and asked why the Board was not moving forward with a rate review when they voted for it earlier this year. President Costa responded that the Board is in the process of conducting the rate review. Vice President McRae commented that the public outreach workshop is being held on January 14th and the information from that meeting will be used to create a scoping/roadmap document which would then be presented to the Board.

Mr. Steve Kenning addressed the Board and stated that conservation is driven by regulations and not by the utility. He commented that there is a base infrastructure that must be maintained and everybody should be paying for it.

In response to a public member's question, Ms. Silva explained that the District has fixed rates and variable rates and since the District's cost of water is so low, it does not cost that much money to use and distribute the water. She explained that most of the District's costs are in maintaining the system so when a customer turns on the faucet, water is readily available. She added that the District incurs the costs whether a customer uses the water or not; therefore, the base (fixed) cost is high relative to the variable rate. She commented that the District maintains the system so that customers have access to the asset. In addition, she explained that comparing one agency to another does not make much sense because there are a lot of variables such as topography and miles of pipeline per connection. The public member voiced concern that the fixed to variable ratio is too high and does not encourage conservation.

Director Zamorano moved to wait until the regulations are released before analyzing the retail rates. The motion failed with no second.

Director Machado suggested that after the January 14th workshop that the Board figure out where this is taking the District – the cost, everything – and with conservation regulations coming out in three years it might be better to wait instead of spending rate payer money on something that might need to be redone in three years.

2. Water Forum Agreement 2050 (W & R)

Mr. Zlotnick provided a staff report, which was included in the Board packet. He informed the Board that no action was being requested at this time, and this item will be brought back for consideration of approval at the December Board meeting. In addition, he informed the Board that Ashlee Casey, the Water Forum's Executive Director, will attend the Board's December meeting to make a short presentation and answer any questions the Board may have.

In response to Vice President McRae's comment, Mr. Zlotnick informed the Board that the $106,000 commitment is allocated in the wholesale budget. In addition, Mr. Zlotnick explained that the District's wholesale entity gets improved reliability of water supplies because the Water Forum helps ensure that operations at Folsom Reservoir and the State and Federal water projects take less water to meet their regulatory obligations by increasing habitat in the river. Furthermore, they coordinate with Reclamation on operations at Folsom (e.g., the flow management standard) to help minimize the amount of water necessary to meet the regulatory standards.

The Board discussed the Purveyor Specific Agreement and voiced concern and discussed the District's financial commitment. In response to Director Zamorano's question about not funding the Water Forum, Mr. Zlotnick explained that the other agencies would have to cover the District's portion, but it could harm the District in terms of the position of San Juan in the region and relationships with other agencies, including with Reclamation since he attends weekly and monthly Water Forum meetings where Reclamation staff attend and relationships are built.

3. Fiscal Year 2024-2025 Results of Operations – Budget to Actual (W & R)

Ms. Silva reviewed a staff report which was included in the Board packet. She informed the Board that the independent audit is substantially complete, and she expects the auditors to meet with the Finance Committee in December. She informed the Board that the Annual Comprehensive Financial Report is being worked on as well. She reported the following information for the fiscal year ending June 30, 2025:

Wholesale Operations	Revenues higher than budget and mid-year estimate Expenses lower than budget and mid-year estimate Transferred $1,499,860 into the Capital Reserve
Wholesale Capital	Revenues higher than budget Expenses lower than budget Capital Reserve at $28,611,397 as of June 30, 2025
Retail Operations	Revenues higher than budget and mid-year estimate Expenses lower than budget and mid-year estimate Transferred $4,842,545 into the Capital Reserve
Retail Capital	Revenues lower than budget (due to funding delays on the Kokila Reservoir Replacement Project) Expenses lower than budget and mid-year estimate Capital Reserve at $27,439,012 as of June 30, 2025

In response to Vice President McRae's question, Ms. Silva and Mr. Pierson explained that the Backwash Hoods Rehab Project had significant issues and the bids came in higher than the Engineer's Estimate. Mr. Pierson informed the Board that the original anticipated costs for the project was $2.1 million, with about $300,000 spent in FY 23/24 for design work and $900,000 budgeted for two fiscal years after that. In addition, Mr. Pierson reported that the actual bid for construction, that was approved, was for $3.3 million, and another $450,000 for construction management costs.

Ms. Deshmane voiced concern regarding over-estimating expenses in the budget which leads to rates that are higher than they need to be to cover the expenses. Ms. Silva explained that the primary driver of the rate schedule is the capital improvement program, so it is more efficient to do a multi-year rate schedule then adjust the next rate schedule accordingly.

Vice President McRae suggested that the Board look into reducing the 2% retail rate increase that goes into effect in January based on the savings that was reported. Ms. Silva suggested that the Board be provided with information regarding what the actual savings was as some of the "savings" is allocated for projects that were not completed last year. Vice President McRae requested that the December Board agenda include an item to review the retail rate increase and requested that staff provide a list of expenses that were deferred and the actual savings. Ms. Silva confirmed the agenda will include an item for consideration of a change in the previously approved Retail rate increase effective January 1st.

4. Conjunctive Use and Groundwater Banking Activities Update (W & R)
President Costa reported that he had a discussion at the RWA meeting and Mr. Trevor Joseph indicated that they are interested in discussing the proposal that the District made to RWA regarding getting credit for extra surface water that is allowed flow down the river.

Mr. Zlotnick reported that he attended the water bank meeting today and received updates but water bank staff were not prepared to discuss a number of items such as the strategy to secure federal acknowledgment and the budget situation.

IX. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 General Manager's Monthly Report (W & R)
A written report for October was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence
GM Larsen reported that there is currently a 40% decrease in water production and Folsom Reservoir is 5% higher than average. In addition, he reported that the water quality is excellent with no failed sampling.

Mr. Larsen informed the Board that he will email his 90-day update and offered to meet with any Board members who would like to discuss it. In response to GM Larsen's request for Board direction on the Retail Rate Structure Analysis project, the Board discussed and directed staff to post the workshop for January 14th to include wording to allow for a motion, if needed, while including a presentation from Ms. Deshmane and one from Vice President McRae. In addition, staff will provide a presentation in response to the multiple presentations made by Meera Deshmane and to address the variety of concerns raised regarding retail water rates.

2. DIRECTOR OF WATER RESOURCES & STRATEGIC AFFAIRS' REPORT (W & R)

2.1 Hydrology Report (W & R)

Mr. Zlotnick reported that he provided the graphs for the Folsom Reservoir levels and the statewide reservoirs levels.

2.2 Miscellaneous District Issues and Correspondence

Mr. Zlotnick informed the Board that the consultant is starting on the Urban Water Management Plan (UWMP) since the state released its guidance documents yesterday. He reported that there will be a scoping meeting in mid-January in response to the environmental caucus of the Water Forum requesting to have an opportunity to discuss the development of the UWMP. In addition, he mentioned that it incorporates the water shortage contingency plan development which is part of the purveyor specific agreement and should be brought to the Board by June.

3. DIRECTOR OF FINANCE AND HUMAN RESOURCES' REPORT

3.1 Miscellaneous District Issues and Correspondence

Director Machado and the Board commended Ms. Silva and staff for the Treasurer's Report.

4. DIRECTOR OF OPERATIONS' REPORT

4.1 Miscellaneous District Issues and Correspondence

Mr. Barela reported that the WTP staff has been working on WTP Residual Management which is the portion of processing the water which removes the residuals from the water then removes the material offsite. He informed the Board that staff has developed a way to process the material which will now save the District $23,400 annually since they have achieved a rating of "Clean Certified Dirt" for the residual material. He commended the WTP staff for their work on this and stated that he is hopeful that the rating will be maintained with an extended contract with the landfill company.

Mr. Barela reported that Chlorine System Maintenance is performed annually due to the aggressive nature of the Chlorine gas. He explained that the equipment involved in conveying and dosing, for process disinfection, is rebuilt annually. This rebuild is a 2-3 week process and performed in-house by the maintenance staff with operations assisting. He commended the Maintenance and WTP staff for their expert work on this project.

GM Larsen commended Mr. Barela for identifying a state contract that saved the District money on the removal of the redwood trees and the fire breaks near the perimeter fencing.

5. DIRECTOR OF ENGINEERING SERVICES' REPORT

5.1 Miscellaneous District Issues and Correspondence

Mr. Pierson reported that District staff completed the task of upgrading all of the District's intermediate meters (1.5"-2" meters). He explained that the project started in the summer of 2022 with 195 meters needing upgrading. He commended staff for altering their work schedules to accommodate businesses by working during off hours in order to shut water off, replace the

meters, and not interrupt businesses. In addition, they standardized the meters so that future replacements are easier since the meter box is not replaced, only the internal parts which are installed with 4 bolts. He also reported that, at the same time, staff also replaced all meters with radio-read meters so that all District meters can be read in about four hours.

President Costa commended the Engineering Department for their work with few employees while other districts have more staff.

6. LEGAL COUNSEL'S REPORT

6.1 Legal Matters
No report.

X. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)
President Costa reported that the RWA/SGA Holiday Social is on December 11th. In addition, at the ACWA Fall Conference, there will be a Member Mixer on December 2nd in the evening.

2. REGIONAL WATER AUTHORITY (RWA)
President Costa reported that RWA met in November and updates were provided under a previous agenda item.

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.

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.

XI. FUTURE AGENDA ITEMS

1. Requests by Board Members for Agenda Items
President Costa requested that GM Larsen work with staff and make a recommendation at the January 14th workshop.

2. Meeting Date Changes and Board Attendance
There were no requests to consider.

XII. COMMITTEE MEETINGS

1. Finance Committee – November 12, 2025
The committee meeting minutes were included in the Board packet.

XIII. UPCOMING EVENTS

1. **2025 ACWA Fall Conference**
   December 2-4, 2025
   San Diego, CA

At 8:55 p.m., President Costa announced that the Board was adjourning to Closed Session and there were no public comments.

XIV. 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)

XV. OPEN SESSION

There was no reportable action.

XVI. ADJOURN

The meeting was adjourned at 9:20 p.m.

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

ATTEST:_____
TERI GRANT, Board Secretary

Big Impact on a Small Budget: Grant Strategies for Resource-Strapped Agencies

Subject: Summary of ACWA Region 3 Webinar on Strategic Funding & Grant Readiness

Prepared by: Adam Larsen

Date: November 19, 2025

SAN JUAN WATER
SINCE 1854

Purpose of Report

- This report provides the San Juan Water District Board of Directors with a comprehensive summary of the recent ACWA Region 3 virtual program, which focused on strategic approaches for water agencies, particularly those with limited staffing or financial capacity, to effectively identify, apply for, and manage grant funding.
- The session included practical guidance on capital planning, grant strategy, partnership development, and long-term funding alignment. The information is relevant to the District as we continue to pursue outside funding that supports infrastructure resilience, water supply reliability, and long-term financial stability.

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Program Overview

The webinar was moderated by ACWA Region 3 leadership and included panelists from utility districts, engineering firms, and ACWA's federal relations team. The overarching goal was to help agencies build internal capacity to successfully compete for federal and state funding.

Program Focus:

- Strategies for resource-strapped agencies to maximize outcomes.
- Practical methods for finding grants, building partnerships, and strengthening organizational readiness.
- Long-term integration of grants into capital and financial planning.

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Key Strategic Recommendations

Develop a Multi-Year Capital Plan

- Prioritize the agency's top projects based on need, readiness, and funding potential.
- Align capital improvements with known grant cycles and eligibility criteria.
- Ensure shovel-ready design and permitting where possible to improve competitiveness.

Craft an Organizational Story

- Develop a clear narrative that defines the District's challenges, community benefits, regulatory drivers, and long-term goals.
- Use this narrative consistently across applications and legislative engagement.

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Key Strategic Recommendations

Establish a Grant Tracking System

- Monitor federal, state, and local funding programs (e.g., SRF, Bureau of Reclamation, wildfire defense grants).

Grant Writing Best Practices

- Use previous successful applications, internally or borrowed from peers, as templates.
- Tailor each project description to match the specific grant's goals and language.
- Use strategic project titles incorporating terms such as resilience, infrastructure, and fire protection.

Grant Administration Capacity

- Post-award reporting and compliance are often more burdensome than the initial application.
- The program emphasized that grants are not "free money." Administration costs time and staff capacity.

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Key Strategic Recommendations

Financial Planning Considerations

- Grants should supplement, not dictate, project selection or prioritization.
- Integrate grant strategy into long-term financial and capital plans.
- Plan proactively for local match requirements and communicate the need for flexible reserves.

Strengthen Relationships & Advocacy

- Engage early with legislators, appropriations staff, and agency grant managers.
- Pursue bipartisan relationships to maximize support for federal earmarks.
- Host facility tours, participate in regional water coalitions, and partner with other districts to amplify the District's visibility.

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Federal & State Funding Insights

Federal Earmarks (Congressionally Directed Spending)

- Available to water districts and nonprofits.
- Typically, one-year funding with significant transparency, audit, and compliance obligations.
- May trigger Buy America requirements and potential NEPA review.
- Internal deadlines for congressional offices are often in March, making early preparation essential.

State Revolving Fund (SRF)

- California's largest source of water infrastructure funding.
- Prioritizes disadvantaged communities, but other agencies remain competitive with well-justified projects.
- Offers both loans and grants depending on program guidelines.

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Panel Takeaways Relevant to SJWD

- Be strategic, not opportunistic: Chasing every grant can dilute staff resources and reduce competitiveness.
- Readiness matters: Agencies with completed designs, permits, and well-developed metrics score higher.
- Partnerships multiply effectiveness: Regional collaboration improves funding success and reduces administrative burden.
- Communication counts: Thank-you notes, follow-ups, and consistent communication build credibility.
- Persistence is essential: Funding cycles are lengthy; preparation must begin well before application windows open.

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Recommendation

- It is recommended that the Board receive and file this report.
- District staff is already implementing most of the recommended practices outlined in the webinar and will continue to refine and enhance these efforts wherever beneficial to support future funding opportunities and advance the District's strategic priorities.

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