SAN JUAN WATER DISTRICT

Board of Director's Special Board Meeting Minutes
May 28, 2026 – 6:00 p.m.

BOARD OF DIRECTORS

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

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Adam Larsen	General Manager
Donna Silva	Director of Finance
Andrew Pierson	Director of Engineering & Retail Operations
Greg Zlotnick	Director of Water Resources & Strategic Affairs
Devon Barrett	Customer Service Manager
Teri Grant	Clerk of the Board/Executive Assistant
Scott Drexler	General Counsel

OTHER ATTENDEES

DG	
Participant	
Solomon Samoylovich & Family	Poster Contest Winner
Isabella LoCoco & Family	Poster Contest Winner
Fateh Sidhu & Family	Poster Contest Winner
Elishia Sorensen	SJWD Employee
Entela Fallstead	SJWD Employee
Jed Thorne	SJWD Employee
Mark Hargrove	SJWD Employee

AGENDA ITEMS

I. Call to Order
II. Roll Call
III. Pledge of Allegiance
IV. Presentation
V. Public Forum and Comments
VI. Consent Calendar
VII. Budget Workshop
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. ROLL CALL

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

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATION

President Costa and Mr. Devon Barrett presented the Poster Contest awards to student winners in attendance: Solomon Samoylovich, Isabella LoCoco and Fateh Sidhu. The Poster Contest winners for SJWD are as follows:

Grand Prize & 1st Place:	Solomon Samoylovich – Mrs. Ashby's 6th grade class
2nd Place:	Isabella LoCoco – Mrs. Gish's 5th grade class
3rd Place:	Fateh Sidhu – Mrs. Tuttle's 4^{th} grade class

V. PUBLIC FORUM

There were no public comments.

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 or staff requested a specific item be removed. Consent Calendar item documents are available for review in the Board packet.

1. **Minutes of the Board of Directors Meeting, April 15, 2026 (W & R)**
   Recommendation: Approve draft minutes

2. **Minutes of the Board of Directors Special Meeting, April 20, 2026 (W & R)**
   Recommendation: Approve draft minutes

3. **Minutes of the Board of Directors Special Meeting, April 27, 2026 (W & R)**
   Recommendation: Approve draft minutes

4. **Minutes of the Board of Directors Special Meeting, May 18, 2026 (W & R)**
   Recommendation: Approve draft minutes

5. **Treasurer's Report – Quarter Ending March 31, 2026 (W & R)**
   Recommendation: Receive and file

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

VII. BUDGET WORKSHOP

1. Review FY 2026-27 Proposed Wholesale and Retail Budget (W & R)

Ms. Silva conducted a presentation on the FY 2026-27 Proposed Wholesale and Retail Budget. A copy of the presentation will be attached to the Board packet.

Ms. Silva reviewed the budgets for the District's four funds: Wholesale Operations, Wholesale Capital, Retail Operations, and Retail Capital. She stated that the District, as a whole, has budgeted revenues of $36.8 million and expenses of $58.2 million, with projected year-end reserves of $43.6 million. She explained that, because the District operates on a pay-as-you-go basis, expenses may exceed revenues in certain years, including FY 2026-27, and indicated that this is anticipated and not a cause for concern.

Ms. Silva reviewed projected wholesale and retail water deliveries and related water sales revenue. She noted that revenue from water sales to SSWD is currently budgeted based on an executed agreement and established delivery schedule. She also reviewed projected property tax revenue and budgeted expenditures for salaries and benefits, wholesale water supply costs, and capital spending. Ms. Silva noted that the salaries and benefits budget does not reflect the organizational changes proposed by the General Manager, which were scheduled for discussion later in the meeting. She also presented a new graph separating salary and benefit costs.

Ms. Silva explained that the decrease in benefit costs in FY 2017-18 and FY 2018-19 resulted from the Board's efforts to reduce the District's unfunded pension liability. She also noted that the Board directed staff to make additional annual discretionary payments of $200,000. Ms. Silva reported that she contacted CalPERS to determine the timeframe for reaching a 95% funded status with the additional $200,000 annual payments and was informed that it would take approximately three years. She further stated that increasing the payment to $400,000 annually for two years would result in greater savings.

Ms. Silva reviewed water supply costs and explained that the increase is attributable to the purchase of CVP water to establish historical use, thereby preserving the District's access to that supply during drought years.

Ms. Silva stated that capital spending will represent the District's largest expenditure in the coming fiscal year. She noted that 40 wholesale projects and 34 retail projects are currently planned for next year.

Ms. Silva explained that the proposed Operations Plan is incorporated into the budget and updated annually based on the Strategic Plan. She also noted that the Quarterly Report Card, which tracks the District's performance measures, is driven by the Operations Plan and will be included in the annual budget.

Ms. Silva reviewed the Wholesale Operating Fund budget, which reflects revenues of $13.2 million, expenses of $12.7 million, and an ending reserve of $3.4 million. She noted that projected water sales to SSWD are included in the revenue estimate.

Ms. Silva explained that the Wholesale Operating Fund will transfer $420,800 to the capital fund and reviewed the major increases and decreases across budget categories.

Ms. Silva reviewed the Retail Operating Fund budget, which reflects revenues of $19.1 million and expenses of $16.5 million. She discussed the principal increases and decreases across various categories and noted that the Retail Operating Fund will transfer $2.4 million to its capital fund while maintaining reserves of $3.4 million.

Ms. Silva reviewed the budgets for the wholesale and retail capital outlay funds. She reported that the Wholesale Capital Fund budget includes revenues of $2.5 million, expenses of $9.4 million, and an ending reserve of $25.3 million. She further reported that the Retail Capital Fund budget includes revenues of $1.9 million, expenses of $19.6 million, and an ending reserve of $11.3 million. Ms. Silva also noted that the budget document contains detailed listings of the wholesale and retail projects included in the FY 2026-27 budget.

Ms. Silva informed the Board that the budget would be revised to reflect feedback received during the workshop. She noted that the public hearing on the budget is scheduled for June 17 and stated that staff would identify the revisions made at that time, after which the Board would consider adoption of the budget.

VIII. DISCUSSION AND ACTION ITEMS

1. Potential Public Records Act Request Related to CHWD (W)

President Costa stated that he had requested this item be placed on the agenda for the Board meeting. He informed the Board that Citrus Heights Water District (CHWD) had recently submitted a records request similar to a prior request, and that a portion of the requested information pertains to pending litigation. He further reported that he had received a call from CHWD Director Ray Riehle requesting that the District defer responding to the request while the general managers work collaboratively to resolve the litigation matters. President Costa directed staff to continue this item to the June Board meeting.

2. District Organization (W & R)

GM Larsen referenced the written staff report included in the Board packet and stated that he was presenting for Board consideration the organizational changes previously discussed during the Board Workshop held earlier this month. He advised the Board that preliminary results from the Compensation Study had been received; however, the study will need to be updated to incorporate the new information. He also reviewed the related financial impacts and indicated that, following the transition period, the overall effect is expected to be net neutral.

Vice President Tobin moved to approve the proposed organizational changes as presented contingent on a final review of the compensation study and budget impact analysis.

GM Larsen stated that he would present the Compensation Study, together with the proposed organizational changes, at a future Board workshop. Ms. Silva indicated that she would like to review and analyze the information prior to Board consideration and the Board agreed. GM Larsen further confirmed that, following the workshop, the budget would be updated to reflect the financial information from the revised Compensation Study, at which time the Board would have an opportunity to consider the proposed changes as part of the budget adoption process.

Director Zamorano seconded the motion, and it carried unanimously.

3. **Conjunctive Use and Groundwater Banking Activities Update (W & R)**
Mr. Pierson reported that he met with a separate consultant regarding groundwater banking. President Costa reported that he, along with Director Zamorano, GM Larsen and Mr. Pierson, met with a developer who may be interested in developing the land, around 60 acres. Mr. Pierson mentioned that he is working with the consultant on this to determine if it's feasible or if there are other options to make it more beneficial for the District.

Mr. Zlotnick reported that the Regional Groundwater Bank Program Committee met and are waiting for the Environmental Impact Report which is expected next year. In addition, they will be meeting separately to discuss the federal acknowledgement issue. Mr. Zlotnick informed the Board that the program will be asking for more funding and once the information is received then he will update the Board. Mr. Zlotnick explained that we need the federal acknowledgement as it will allow the District to move CVP water supply outside of the District's service area for banking purposes.

Mr. Zlotnick reported that the federal administration recently issued new NEPA guidelines and that he requested the District's consultant, The Ferguson Group, review the guidance to determine whether it includes language that could help accelerate progress toward federal acknowledgment. President Costa also reported that he met with Representative Kevin Kiley and plans to meet with Representative Tom McClintock to discuss the matter and its potential benefits.

IX. INFORMATION ITEMS

1. **GENERAL MANAGER'S REPORT**

1.1 General Manager's Monthly Report (W & R)
GM Larsen reported that operations are stable with no compliance issues. A written report for April was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence
GM Larsen reported that May was an especially active month, marked by the ACWA Spring Conference, a Board workshop on proposed organizational changes, meetings regarding potential groundwater banking, budget development efforts, regional collaboration initiatives, the Water Forum 2050 Signing Celebration, the Historical Society's quarterly presentation on "History of Water in Citrus Heights," and ethics training for Board Members and the management team.

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

2.1 Hydrology Report (W & R)

Mr. Zlotnick presented graphs depicting Folsom Reservoir levels and noted that current storage is well above average. He anticipates the levels dropping since there is no additional runoff expected. He reported that Reclamation's forecast for December storage went from 291 thousand-acre-feet (TAF) down to 266 TAF due to Delta compliance. The graphs are available in the online Board packet.

2.2 Miscellaneous District Issues and Correspondence

Mr. Zlotnick reviewed three documents included in the Board packet. He noted that the District signed onto two of them: one supporting a $25 million allocation to the Department of Water Resources for agreements related to Healthy Rivers and Landscapes, and another supporting SB 1153, which would require urban retail water suppliers serving high-risk areas to incorporate wildfire response procedures into their existing emergency response plans to strengthen wildfire preparedness. The third document was an op-ed regarding the Clean Fleet regulation update.

Mr. Zlotnick reported that the public draft of the Urban Water Management Plan (UWMP) will be presented to the Urban Water Management/Water Transfer Committee on June 3rd, and the document is available on the District's website. The UWMP will be presented for approval during a Public Hearing at the June 17th Board meeting.

3. DIRECTOR OF FINANCE'S REPORT

3.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the FY 2025-26 audit commenced today with a formal meeting with the auditors. She advised the Board that Vice President Tobin received a questionnaire from the auditors that will require completion. Ms. Silva also noted that this is the final year of the current auditor contract and that she will be issuing a request for proposals.

4. DIRECTOR OF OPERATIONS' REPORT

4.1 Miscellaneous District Issues and Correspondence

This item was combined with the Director of Engineering Services' Report.

5. DIRECTOR OF ENGINEERING SERVICES' REPORT

5.1 Miscellaneous District Issues and Correspondence

Mr. Pierson introduced Mr. Jed Thorne, WTP Chief Operator, who was attending the meeting in the absence of Mr. Michael Spencer, WTP Manager, who is on vacation.

Mr. Pierson reported that repairs to the failed shaft and track on the WTP South Filter Basin Backwash Hood Project had been completed and that the basin was back online. He commended WTP staff for their efforts and extended special recognition to Mr. Joel Lefohn for his additional work outside regular hours to assist with filter filling and backwashing. He also noted that the repairs were covered by the contractor under warranty.

Mr. Pierson reported that WTP staff are drying solids to achieve "clean certified" status, reducing disposal costs from $60 per ton to $6 per ton and generating annual savings of approximately $50,000. He noted that residuals disposal was handled in the same manner last year. He also commended Mr. Mike Heasley, Distribution Lead Worker, for training WTP staff on the operation of a rented loader.

Mr. Pierson provided an update on the Kokila Reservoir Replacement Project, reporting that grading has been completed and formwork for the tank base is currently being installed.

Mr. Pierson shared information regarding the Lawrence Drive Project, a major leak repair initiative, and referenced a website developed to highlight the team's work and promote public transparency. He recognized Kurt Corothers, Meter Technician, who is studying GIS, for developing the site and applying his knowledge of GIS capabilities. Mr. Pierson also noted that Mr. Corothers has created GIS dashboards (interactive mapping tools) to document activities such as valve exercising, backflow testing, and hydrant flushing. Mr. Pierson indicated that the District's website will be updated to include a link to the website mentioned above.

Mr. Pierson reported that the temporary tanks have been removed and the task was completed in one week instead of three weeks.

6. LEGAL COUNSEL'S REPORT

6.1 Legal Matters
No report.

X. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)
No report.

2. REGIONAL WATER AUTHORITY (RWA)
President Costa reported that he attended the RWA meeting, where grant funding expected to become available early next year was discussed, and he encouraged staff to submit project applications. He also noted that RWA President Michael Saunders is considering a candidacy for ACWA Vice President.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin
Vice President Tobin reviewed a written report which is included in the Board packet.

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin
Vice President Tobin reviewed a written report which is included in the Board packet.

4. **OTHER REPORTS, CORRESPONDENCE, COMMENTS, IDEAS AND SUGGESTIONS**
Vice President Tobin suggested that the billing insert subject headlines avoid PG&E-like phrasing and suggested that future inserts address this.

XI. FUTURE AGENDA ITEMS

1. **Requests by Board Members for Agenda Items**
There were no requests for agenda items.

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

XII. COMMITTEE MEETINGS

1. **Finance Committee – May 12, 2026**
The committee meeting minutes were included in the Board packet.

XIII. UPCOMING EVENTS

1. **2026 ACWA Fall Conference**
December 1-3, 2026
Anaheim, CA

At 8:49 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 – EXISTING LITIGATION**
(Section 54956.9) Citrus Heights Water District, et al. vs. San Juan Water District, Case Number: 26WM000117, Sacramento County Superior Court

3. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
(Section 54954.5(b))
Property: Assessor’s Parcel Number 227-0250-001
Agency negotiator: Donna Silva
Negotiating parties: Verizon Wireless
Under negotiation: Price

XV. OPEN SESSION

There was no reportable action.

XVI. ADJOURN

The meeting was adjourned at 9:25 p.m.

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

ATTEST:_______________________________
TERI GRANT, Clerk of the Board