

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes

October 16, 2024 – 6:00 p.m.

BOARD OF DIRECTORS

Manuel Zamorano	President
Ted Costa	Vice President
Ken Miller	Director
Dan Rich	Director
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Director of Operations
Andrew Pierson	Director of Engineering
Devon Barrett	Customer Service Manager
Adam Larsen	Field Services Manager
Greg Turner	Water Treatment Manager
Greg Zlotnick	Water Resources Manager
Teri Grant	Board Secretary/Administrative Assistant
Nancy Ashjian	General Counsel
Elizabeth Ewens	Water Counsel

OTHER ATTENDEES

Craig	
Guest	
Jena	
Krista MacNevin Jee	
Stacy Helliker	
Roger Canfield	Customer
Kenny Jahn	SJWD Employee
Mark Hargrove	SJWD Employee
Mike Spencer	SJWD Employee

AGENDA ITEMS

- I. Roll Call**
- II. Public Forum and Comments**
- III. Consent Calendar**
- IV. New Business**
- V. Old Business**
- VI. Information Items**
- VII. Directors' Reports**
- VIII. Committee Meetings**
- IX. Upcoming Events**
- X. Closed Session**
- XI. Open Session**
- XII. Adjourn**

President Zamorano called the meeting to order at 6:00 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, Ken Miller, Dan Rich, Pam Tobin and Manuel Zamorano.

GM Helliker requested that Consent Calendar Item 2 be removed from the agenda so that some changes can be made to the policy. Vice President Costa requested that Consent Calendar Item 3 be removed for discussion. President Zamorano agreed to the requests.

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, September 18, 2024 (W & R)

Recommendation: Approve draft minutes

2. Cash in Lieu of Healthcare Benefits (W & R)

Recommendation: Approve an amendment to section 6.1.15 of Board Policy HR-6.1 Employee Compensation and Benefits

3. Water Treatment Plant Filter Backwash Hood Facilities Rehabilitation Project (W)

Recommendation: Authorize the Director of Engineering Services to sign a construction contract with NMI Industrial Holdings, Inc. for the Water Treatment Plant Filter Backwash Hood Facilities Rehabilitation Project

4. Water Treatment Plant Filter Backwash Hood Facilities Rehabilitation Project (W)

Recommendation: Authorize the Director of Engineering Services to sign a Professional Services Agreement with Alpha CM, Inc. to provide construction management and inspection services for the Water Treatment Plant Filter Backwash Hood Facilities Rehabilitation Project

5. ACWA JPIA's Commitment to Excellence Certification (W & R)

Recommendation: Approve the signing of the ACWA Joint Power Insurance Authority's (JPIA) Commitment to Excellence (C2E) certification denoting San Juan Water District's (SJWD) commitment to safety and operational "best practices" to enhance the District's existing loss reduction programs

Vice President Costa moved to approve Consent Calendar Items 1, 4 and 5. President Zamorano seconded the motion, and it carried unanimously.

Vice President Costa voiced concern that Consent Calendar Item 3 had a large dollar amount that did not go to the Finance Committee for review. GM Helliker informed the Board that the item was reviewed by the Engineering Committee since it is an engineering project. Director Rich reported that the Engineering Committee addressed Vice President Costa's concerns regarding the cost difference between the two bidders and the engineer's estimate and recommended awarding the contract. Ms. Silva commented that she attended the Engineering Committee meeting and provided information on the budget.

Vice President Costa moved to approve Consent Calendar Items 3. Director Miller seconded the motion, and it carried unanimously.

IV. NEW BUSINESS

1. Hydropower Potential Update (W)

Mr. Barela conducted a brief presentation which was provided in the Board packet. He reviewed the wholesale water system, what is needed for hydropower, and limitations on CTP generators. GM Helliker reiterated that Mr. Barela was showing the Board that there is no place in the gravity system where you can effectively install a hydropower system.

Mr. Barela informed the Board that, in 2012, SSWD conducted a study which concluded that it would take about 20 years to pay off the debt, and there were a few criteria needed in order to be successful.

Mr. Barela reported that he contacted SMUD and they are currently offering \$0.074/kWh, as opposed to \$0.10/kWh in 2010. In addition, he estimates that the cost to construct the system will be nearly double. GM Helliker explained that the system would need to be installed in a location that has or needs a pressure differential that can be isolated from the rest of the system, and the only location in the current system that meets that requirement is at the Antelope Pressure Reducing Station. Vice President Costa disagreed with staff's analysis of the possibility to install a hydropower system and requested that the District keep looking at this project, possibly contracting with a consultant. Director Miller stated that there were two studies completed – one by SSWD and one by staff – and both indicate that it is not feasible to install a hydropower system; however, if the Board wants to revisit this in a few years, then they can make that directive. Mr. Barela informed the Board that the 2012 SSWD report was very clear that it doesn't work; therefore, he did not perform a deep analysis of hydropower and instead evaluated our system, had conversations with the engineers who completed the 2012 report, discussed with SSWD what they saw as viable, and discussed with CHWD their consideration of hydropower to reduce pressure in their system. He stated that CHWD came to the same conclusion that it wasn't cost effective.

Director Miller called for a point of order that it was time to move forward to the next agenda item. President Zamorano asked for clarification from Vice President Costa on his intent regarding this agenda topic. Vice President Costa stated that he will contact the consultant that he knows to discuss the topic.

2. Evaluation of Potential Groundwater Well Sites (W & R)

Mr. Zlotnick provided a staff report which was included in the Board packet. He explained that the staff report contains detailed information regarding the Board's desire to pursue a groundwater well. He stated that for the reasons stated in the report, staff does not feel that this is the time to pursue a District groundwater well, particularly with the ongoing discussions with SSWD regarding a merger. He explained that if a merger does occur then there would be plenty of wells available at that point and if a merger does not occur then there are still other options that make more sense regarding partnering. In addition, he informed that Board that SSWD is in the process of providing the District with a proposal regarding potential options and the financial arrangements that would be related to each of the options.

Mr. Zlotnick informed the Board that the cost to construct and maintain a District groundwater well does not pencil out and explained that this will be a long process. He stated that there are potential opportunities with SSWD, CHWD, FOWD and OVWC that could probably be completed faster than the schedule for pursuing our own well. He also stated that the report includes sources of revenue to fund a potential groundwater well.

The Board discussed grant funding that has been used for groundwater wells in the area. Mr. Zlotnick explained that there needs to be a project prior to applying for grant funding, and he spoke with The Ferguson Group regarding this type of funding which they stated could be done in a few years. The Board also discussed other agency wells that are under construction and partnerships that are available. Mr. Zlotnick informed the Board that he will follow-up with The Ferguson Group regarding what funding is available, but his concern is that there is no identified project even for planning funds.

President Zamorano moved to contact The Ferguson Group to see what kind of planning money the District could get to start the plan.

Director Rich moved to amend the motion to develop a project description in order to present for grant funding.

[neither motion went to a vote]

Ms. Silva pointed out that the funding information and list of tasks are in the staff report. In response to President Zamorano's question, Ms. Silva stated that there is no allocation in the budget for this, however, the Board could always do a budget amendment. She informed the Board that the Retail Financial Plan is being worked on and once a project is determined by the Board, then that could be incorporated into the plan. In addition, she explained that adding a non-budgeted item to the budget may result in a delay in another project or a rate increase for customers.

Director Miller stated that staff provided a plan, with off-ramps, and he suggested that the Board wait a few months until the consultant's report is provided regarding the merger between the District and SSWD. GM Helliker reiterated staff's recommendation to wait as suggested by Director Miller since there would be 75 wells available to the District after a merger, and in the meantime staff could continue working on and finalizing a partnership with SSWD and look at options to partner with OVWC, CHWD and/or FOWD, and if those options do not work then, and only then, the District could start the process to identify properties and look into a District-owned well. GM Helliker noted that

to obtain additional support funding, a property needs to be identified and test wells need to be drilled to determine the design. Mr. Zlotnick suggested that the Board identify the purpose and need for a District-owned well.

In response to President Zamorano's comment about next steps, GM Helliker informed the Board the staff can identify what it would take to move forward with a \$250,000 consultant contract provided there is Board direction to do so. Director Rich suggested that the projects run parallel since grant funding can take a long time to obtain. Mr. Zlotnick informed the Board that he will follow-up with the District's advocate to obtain more specificity of what planning grants are available. Ms. Silva pointed out that, from a financial perspective, the Board wants the steps and timeline laid out in order to know how long this will take and which budgets will be affected. Mr. Zlotnick stated that completing a property survey does not mean that the District would necessarily go to the next step.

Director Rich commented that he feels that the Board's frustration is due to not being able to rely on others to complete this to the best interest of the District. Vice President Costa suggested that the District not buy property but instead look into 10-year or other options on property to construct a test well. In response to Director Tobin's comments on funding, Mr. Zlotnick informed the Board that his staff report covers the funding programs that Director Tobin mentions.

GM Helliker reiterated that staff proposed the steps that are laid out in the staff report and if the Board wants to go a different direction, then the first step would be to issue an RFP for real estate and hydrogeology once the budget is determined, and a Board motion would be required to proceed, which was not on the agenda tonight. President Zamorano requested that the November Board agenda include an action item for the Board to consider issuing an RFP. GM Helliker stated that staff will refine the consultant estimate with budget information and place the item on the November Board agenda. Director Tobin requested that staff also provide a detailed step list/plan – President Zamorano suggested that this wait until staff provides the information at the November Board meeting.

3. Proposition 4 (W & R)

GM Helliker reviewed the staff report which was provided in the Board packet. The Board discussed the pros and cons of the proposition.

President Zamorano moved to support Proposition 4. Director Tobin seconded the motion, and it failed with 2 Aye votes and 3 No votes (Costa, Miller and Rich)

V. OLD BUSINESS

1. Low Income Rate Assistance Program (R)

Ms. Silva reviewed the staff report which was provided in the Board packet. She explained that the San Juan Retail Service area has only one low-income census tract which is comprised of 5 homes. She estimates that 1% or fewer of the retail customers (approximately 110 customers) would participate in a Low Income Rate Assistance Program, which would equate to a rate increase of less than 1%.

The Board discussed the program. Director Rich requested that staff track customer requests for assistance and report back to the Board every six months. Vice President Costa suggested that staff also research if the 1978 Property Tax revenue required specific use of funds.

2. FY 2024-25 Operations Plan Report Card (W & R)

GM Helliker reviewed the 1st quarter progress on the FY 2024-25 Operations Plan Report Card. He reviewed a couple of upcoming items, noted a few delays in the plan which are shown in the report card, and reported that most items are on track.

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

No report.

4. 2024 Hydrology and Operations Update (W & R)

GM Helliker reviewed data which included the current reservoir storage levels across the state, data on releases, temperature and precipitation outlooks, and storage levels and projections at Folsom Reservoir.

VI. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

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

GM Helliker provided the Board with a written report for September which was included in the Board packet.

1.2 Miscellaneous District Issues and Correspondence

GM Helliker reported that the Water Bank Program Committee met today and discussed the additional funds that RWA is requesting. He explained that he suggested that two of the items be removed from the workplan; however, his request did not get accepted by the committee and will result in an additional \$150,000 cost for the project. The fee to the District would be approximately \$33,000. Unless the Board has any objections, he plans to have the District participate in the Phase 3 program.

GM Helliker reported that the Water Forum draft agreement is targeted to be completed in December. In addition, there will be negotiations regarding the allocation of extra fees due to the County of Sacramento reducing their contribution of \$800,000 to the Water Forum.

GM Helliker informed the Board that he and Mr. Zlotnick participated in a discussion last Friday regarding the purveyor specific agreements. At that meeting, there was a presentation regarding the River Arc project and discussion about the water bank. With regard to the water bank presentation by RWA, GM Helliker had requested, prior to the meeting that a couple slides be removed regarding an environmental block of water since agencies cannot store water in Folsom Reservoir; however, the slides remained in the presentation and GM Helliker then had to explain the problems with this concept.

2. DIRECTOR OF FINANCE AND HUMAN RESOURCES' REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the annual audit is in progress over the next two weeks, and she anticipates providing preliminary results on fiscal year 2023-24 at the November Board meeting. In addition, she expects the auditors to report to the Board in December or January, depending on their schedule.

3. DIRECTOR OF OPERATIONS' REPORT

3.1 Miscellaneous District Issues and Correspondence

Mr. Barela reported that the Board had previously approved staff to replace all the end-points on the meters with radio-read end-points. He explained that by doing this District staff can now drive through neighborhoods and collect data without having to physically touch each meter. He reported that this project is now complete, and the retail service area meters are now all radio-read meters, which will help the District transition to AMI or monthly billing in the future.

Mr. Barela reported that the Lead and Copper Rule survey was completed. It was submitted and accepted by the State. He reported that there are no lead piping or fittings in the water system. He commended staff for their effort in completing these two projects.

In response to Vice President Costa's question regarding the main break on Fair Oaks pipeline, Mr. Barela informed the Board that he hired a consultant to review his calculations and run their own analysis to confirm that the District did not do anything to cause a failure in a sound pipeline.

4. DIRECTOR OF ENGINEERING SERVICES' REPORT

4.1 Miscellaneous District Issues and Correspondence

No report.

5. LEGAL COUNSEL'S REPORT

5.1 Legal Matters

No report.

VII. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)

Vice President Costa reported that SGA met October 10th.

2. REGIONAL WATER AUTHORITY (RWA)

No report.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

Director Tobin reported that she attended a webinar on the State Board's Making Conservation a Way of Life. She announced that Bette Boatman, former ACWA Board President, passed away on September 20th and she attended the funeral last week. In addition, she provided updates on the State's Drought Response, the California Water Leaders Program, expansion of the Salton Sea Restoration Project, state funding availability, and the 2024 ACWA DC conference.

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin

No report.

4. CVP WATER USERS ASSOCIATION

Vice President Costa reported that CVP Water Users Association will meet at the ACWA Fall Conference; however, he will not be attending the event and asked if someone else could attend the meeting in his place. Mr. Zlotnick or Director Tobin may be able to attend the meeting.

5. OTHER REPORTS, CORRESPONDENCE, COMMENTS, IDEAS AND SUGGESTIONS

Director Miller thanked staff for repairing the leak at the Bank of America location in Granite Bay.

President Zamorano inquired if the District provides employees with 457 or 401(k) plans and would like to add this topic to a future Board meeting agenda. Ms. Silva informed the Board that the District currently offers employees a 457(b) plan. President Zamorano requested that Ms. Silva provide information regarding employer matching contribution options and plans at the November Board meeting.

VIII. COMMITTEE MEETINGS

1. Personnel Committee – October 1, 2024

The committee meeting minutes were included in the Board packet.

2. Finance Committee – October 8, 2024

The committee meeting minutes were included in the Board packet.

3. Engineering Committee – October 9, 2024

The committee meeting minutes were included in the Board packet.

IX. UPCOMING EVENTS

1. 2024 ACWA Fall Conference

December 3-5, 2024
Palm Desert, CA

At 7:56 p.m., President Zamorano announced that the Board was adjourning to Closed Session and called for public comment. There was no public comment.

X. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2) (one case)

XI. OPEN SESSION

There was no reportable action.

XII. ADJOURN

The meeting was adjourned at 8:42 p.m.

MANUEL ZAMORANO, President
Board of Directors
San Juan Water District

ATTEST: _____
TERI GRANT, Board Secretary