

# **SAN JUAN WATER DISTRICT**

Board of Director's Board Meeting Minutes

December 13, 2023 – 6:00 p.m.

## **BOARD OF DIRECTORS**

Dan Rich	President
Manuel Zamorano	Vice President
Ted Costa	Director
Ken Miller	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
Ryan Jones	General Counsel
Elizabeth Ewens	Water Counsel

## **OTHER ATTENDEES**

Anonymous	
Bill Van Duker	
Habib Isaac	
Hunter M	
J Smith	
Jodi Ash	
Mike Nishimura	
Stacy Helliker	
Thomas	
User 1	
Al Johnson	Citrus Heights Water District
Josh Nelson	Citrus Heights Water District
Ray Riehle	Citrus Heights Water District
Michael McRae	Fair Oaks Water District
Chris Petersen	Fair Oaks Water District
Tom Gray	Fair Oaks Water District
Mark Hildebrand	Hildebrand Consulting
Craig Locke	Sacramento Suburban Water District
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. Adjourn

President Rich called the meeting to order at 6:03 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.

President Rich informed the Board that he would like to move Agenda Item IV-1, 2024 Board Officers, to just prior to Agenda Item VII - Directors' Reports.

***Director Costa moved to move Agenda Item IV-1, 2024 Board Officers, to just prior to Agenda Item VII - Directors' Reports. Director Tobin seconded the motion and it carried unanimously.***

The meeting minutes will remain in the original agenda order.

### 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, November 8, 2023 (W & R)

*Recommendation: Approve draft minutes*

#### 2. Bacon Pump Station Facility Generator Replacement Project (R)

*Recommendation: To authorize and approve Amendment No. 1 for professional services to Inferred Construction Management Group, Inc. for the Bacon Pump Station Facility Generator Replacement Project*

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

#### **IV. NEW BUSINESS**

##### **1. 2024 Board Officers (W & R)**

President Rich announced that the Board needed to nominate a new President and Vice President.

***President Rich moved to elect Manuel Zamorano as Board President and Ted Costa as Vice President. Director Tobin seconded the motion and it carried unanimously.***

Director Rich passed the gavel to President Zamorano right before Agenda Item VII.

##### **2. RWA and Groundwater Banking (W & R)**

Director Costa reported that he asked that this item be placed on the agenda so that the Board can evaluate the District's membership in RWA, specifically the cost versus results. The Board directed the General Manager to invite RWA to a future Board meeting. President Rich requested that the staff report for this item include the membership costs. Mr. Tom Gray commented that Fair Oaks Water District conducted a cost analysis showing the cost for RWA and how much grant funds were received. Ms. Silva commented that the District has received grant funds as well and will provide that information for the staff report.

#### **V. OLD BUSINESS**

##### **1. Wholesale Financial Plan and Water Rate Study (W)**

Ms. Silva reviewed a staff report which was included in the Board packet and conducted a brief presentation. A copy of the presentation slides will be attached to the meeting minutes. She commented that staff does not recommend further reductions to the fixed cost determination of 83%, and setting the fixed rate lower than fixed costs could jeopardize the financial stability of the District.

President Rich opened the floor for public comments.

Mr. Josh Nelson, CHWD General Counsel, addressed the Board and mentioned the submission of the comment letter and of a Public Records Act request for background information on the proposed Wholesale Financial Plan. He voiced concern regarding the proposed rates and requested that the Board delay adoption of the proposed rates.

Mr. Ray Riehle, CHWD Board President, addressed the Board and requested that the Board work with the Wholesale Customer Agencies to arrive at the wholesale rates and not approve the proposed rates tonight.

Mr. Tom Gray, FOWD General Manager, addressed the Board and voiced concern regarding the operational problem with the proposed rate structure, including the disincentive to pump groundwater. He referenced the 2007 Wholesale Master Plan regarding groundwater wells. He requested that the Board wait to approve the rate schedule and work together to revise the proposed rate schedule.

Mr. Mike McRae, FOWD Board President, addressed the Board and voiced concern that the wholesale fixed costs are too high, regardless of the methodology to arrive at the fixed cost. He requested that the Board delay the vote regarding this item and suggested that the three boards meet to discuss this topic.

Mr. Chris Peterson, FOWD Vice President, addressed the Board and stated that he was pleased with the 2x2 meetings between FOWD and SJWD regarding discussions on conjunctive use between the agencies. He requested that the Board not vote on this item at this time and instead work with the Wholesale Customer Agencies to arrive at a common understanding and a decision that will encourage the agencies to come together for conjunctive use. In addition, he would like to see groundwater transfers addressed.

Ms. Jodi Ash, resident of Citrus Heights, addressed the Board and voiced concern regarding rate increases and requested that the Board delay their vote on this item.

Mr. Mike Nishimura, resident of Citrus Heights, addressed the Board and voiced concern that the SJWD Board is not taking CHWD customers into consideration with the proposed rates and requested that the Board think this over and take this into account.

Mr. Bill Van Duker, resident of Citrus Heights, addressed the Board and voiced concern regarding the cost allocation plan, the SJWD responses, and the overall fairness to all the agencies.

Mr. Al Johnson, CHWD consultant, addressed the Board and voiced concern regarding agencies being charged only their fair share and objects to the shifting of costs from one service provider to another. In addition, he voiced concern that the recent recommendation for revising the rate study does not demonstrate a reasonable cost of service. He stated that the major concerns with the study are 1) Use more standard splits of cost allocation of staff time, 2) Increasing the fixed cost to 83% is too high, 3) The Wholesale Rate Schedule should use the 5-year rolling average, and 4) CHWD needs a 30-day window to notify customers of any pass-through rate increase. He, therefore, requested that the Board delay the vote on this item and stated that FOWD and CHWD are available to meet at any time to work through these issues.

Mr. McRae addressed President Rich's comment regarding FOWD's fixed charge percentage and stated that those who use the water should pay for the water.

In response to President Rich's question, GM Helliker stated that the cost of services analysis has not changed and in July the fixed charges were decreased to 83% and the Wholesale Financial Plan was updated to reflect that change. In addition, he stated that, after discussions with the Wholesale Customer Agencies, staff recommended changing from the 10-year Peak analysis to the 10-year Average analysis for determining the Wholesale Rate Schedule. Furthermore, he stated that switching to the 5-year Rolling Average resulted in the relative proportion of costs to FOWD and CHWD decreased while that skewed the cost to be paid more by San

Juan Retail for the last four years, so now changing to the 10-year Average reverses that action.

In response to President Rich's question, Ms. Silva explained that the amount paid per acre foot depends upon how much water is taken; therefore, under the proposed 10-year Average Schedule, San Juan Retail pays the highest per acre for fixed costs, then CHWD, then FOWD, then Orange Vale and lastly City of Folsom. She explained that when the variable cost is added, then that scenario could change.

Mr. McRae suggested that the three boards meet to discuss this topic. In response to President Rich's question, Ms. Silva informed the Board that she does not recommend delaying approval of the rate schedule for too long since inflation has increased, and rates have not been adjusted for three years. She explained that it is necessary to implement rate adjustments to keep up with inflation and the longer it is postponed, the greater the rate increases will need to be. In addition, she explained that the rates would become effective January 1, 2024, and the fixed quarterly charges are assessed for the 3 months going forward (January-March), and the water usage is billed in arrears. She informed the Board that they could adopt the rate schedule tonight, then have discussions with the other boards and amend the rates at a later date, subject to a 150-day notification period.

Director Miller voiced concern that on December 7<sup>th</sup> an 8-page comment letter, with 500+ attachments, was received essentially three working days prior to the Board meeting, followed by a request to push out the Board's decision after a six-month comment period was already in effect. He voiced his disappointment in the lack of communication and that two San Juan Board members were pointed out in reference to approval of the 2007 Master Plan regarding wells being constructed at FOWD.

Director Costa commented that he would be willing to have a joint board meeting to discuss this topic if the Wholesale Customer Agencies wanted to set one up. In addition, he mentioned that banking water should be discussed.

Director Tobin commented that a joint board meeting should be held in a workshop format to discuss this topic and come to an agreement.

Vice President Zamorano commented that the rate schedule should be voted on tonight then continue to be discussed with the Wholesale Customer Agencies. President Rich commented that the Wholesale Customer Agencies want to review the background information on the rate study which will take time, and he does not expect that to be completed within a month.

***President Rich moved to approve the Five-Year Wholesale Water Rate Schedule based on a 10-year average. Director Costa seconded the motion and it carried with 5 Aye votes and 1 No vote (Director Tobin).***

Mr. Hildebrand commented that FOWD paying more per acre foot amounts to them being in transition from using more surface water to pumping more water. He explained that they are fundamentally changing how they use water, and it will take five to ten years before the average reflects that change. Ms. Silva commented that

if CHWD and FOWD continue to use groundwater on a long-term basis, then there could be a significant long-term impact to San Juan Retail.

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

GM Helliker reported that the 2x2 Ad Hoc committee with CHWD met on September 5<sup>th</sup> and groundwater banking was not addressed, and there are no future meetings scheduled. In addition, he reported that the 2x2 Ad Hoc committee with FOWD met on October 24<sup>th</sup> and directed Mr. Gray and him to set up a meeting of the general managers – that meeting has not been scheduled yet.

**3. 2023 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.

GM Helliker reviewed the drought forecast, which showed this region to be in normal conditions. He informed the Board that Folsom Reservoir is projected to be at 406,000 acre feet by the end of December.

**4. Fiscal Year 2022-2023 Results of Operations – Budget to Actual (W & R)**

Ms. Silva provided a staff report which was included in the Board packet. She informed the Board that the independent audit is complete and she expects the auditors to meet with the Finance Committee in January. 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, 2023:

Wholesale Operations	Revenues higher than budget and mid-year estimate Expenses lower than budget but higher than the mid-year estimate
Wholesale Capital	Revenues lower than budget (due to funding on the Hinkle Project being delayed to FY 2023-24) Expenses lower than budget and mid-year estimate
Retail Operations	Revenues higher than budget and mid-year estimate Expenses lower than budget and mid-year estimate
Retail Capital	Revenues lower than budget (due to funding on the Eureka Road Pipeline Project being delayed to FY 2023-24) Expenses lower than budget and mid-year estimate

Ms. Silva reported that she had to adjust the allocation from the 2009 COPs that funded the Solar Field Project, along with the cost of the project, to reflect the wholesale and retail benefit.

## **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 November which was included in the Board packet.

#### **1.2 Miscellaneous District Issues and Correspondence**

GM Helliker reported that the State Water Board held three hearings on the proposed Water Quality Control Plan, and he testified at the December 1<sup>st</sup> hearing. He anticipates a few workshops to be scheduled in the Spring. He stated that the consensus is that a strong case was made for the Voluntary Agreements and he expects that they should be approved.

GM Helliker reported that the State Water Board released their proposed Conservation Standards Regulations in October, have created workgroups, which he is part of, and will be responding to the over 400 comments that they received.

GM Helliker reported that RWA held some scoping meetings regarding the Environmental Impact Report on the water bank. He informed the Board that there is no clear definition of the project other than getting Reclamation's federal acknowledgement of the water bank. In addition, he informed the Board that there is a SGA meeting tomorrow and the water accounting framework will be discussed.

### **2. DIRECTOR OF FINANCE'S REPORT**

#### **2.1 Miscellaneous District Issues and Correspondence**

No report.

### **3. DIRECTOR OF OPERATIONS' REPORT**

#### **3.1 Miscellaneous District Issues and Correspondence**

No report.

### **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)**

Director Costa reported that SGA meets tomorrow.

**2. REGIONAL WATER AUTHORITY (RWA)**

Director Rich reported that RWA representatives attended the last 2x2 Ad Hoc Committee meeting with Fair Oaks Water District.

**3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)**

**3.1 ACWA - Pam Tobin**

Director Tobin reported that she provided some materials which were incorporated into the Board packet. She reported that there were 1,771 attendees at the ACWA Fall Conference. In addition, the ACWA Foundation awarded \$50,000 in scholarships.

**3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin**

Director Tobin informed the Board that the ACWA JPIA Liability Program has 646 members and will have a 10% rate increase for 23-24; the Property Program has 288 members and will have a 20% rate increase for 23-24; and the Workers' Compensation Program has 208 members and has a flat rate renewal for 23-24 with a two-year rate guarantee.

**3.3 Energy Committee - Ted Costa**

Director Costa is no longer on the committee and requested that this agenda item be removed from the Board agendas.

**4. CVP WATER USERS ASSOCIATION**

Director Costa reported that CVP Water Users Association met December 7, 2023. They discussed hiring a new Executive Director as the current one is leaving.

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

Director Tobin reported that San Juan Water District received the Top Outreach Agency Award for ACWA's Region 4 and the award should be received at the office.

**VIII. COMMITTEE MEETINGS**

**1. Finance Committee – November 5, 2023**

The committee meeting minutes were included in the Board packet.

At 8:18 p.m., President Zamorano announced that the Board was adjourning to Closed Session.

**IX. 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: 23WM000080, 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

**X. OPEN SESSION**

There was no reportable action.

**XI. ADJOURN**

**The meeting was adjourned at 8:36 p.m.**

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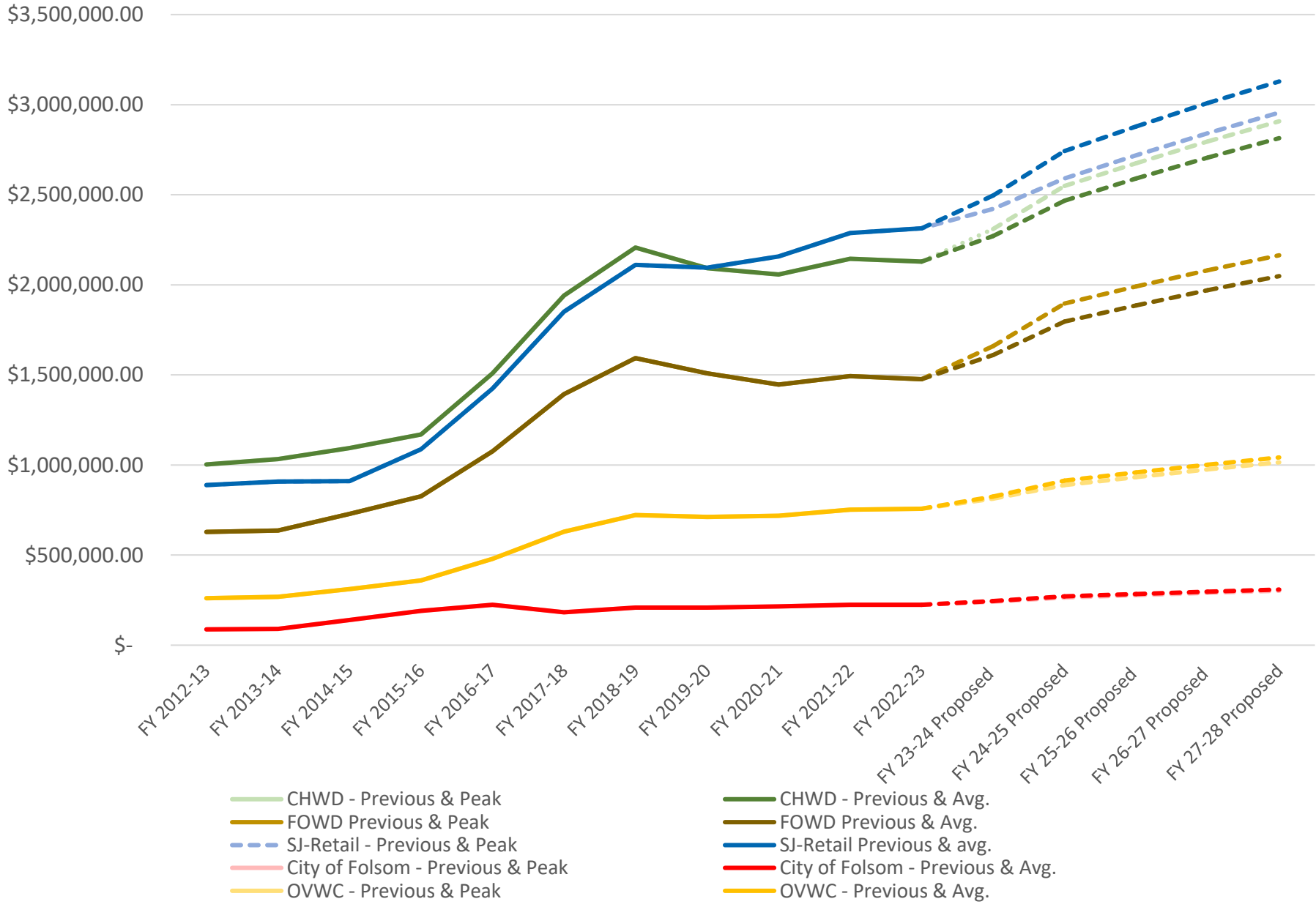
MANUEL ZAMORANO, President  
Board of Directors  
San Juan Water District

ATTEST: \_\_\_\_\_  
TERI GRANT, Board Secretary

10-Year Peak vs. 10-Year Average Allocation %'s					
Member Agency	10-Year Peak		10-Year Average		Change in Allocation %
	Mehodology	Alloc. %	Methodology	Alloc. %	
SJWD-R	14,743	31.86%	11,950	33.76%	1.90%
CHWD	14,327	30.96%	10,600	29.94%	-1.02%
FOWD	10,676	23.07%	7,720	21.81%	-1.26%
OVWC	5,023	10.85%	3,950	11.16%	0.30%
City of Folsom	1,507	3.26%	1,180	3.33%	0.08%
	46,276	100.00%	35,400	100.00%	0.00%

Quarterly Fixed Charge				
Member Agency	10-Year		difference	% Difference
	10-Year Peak Mehodology	Average Methodology		
SJWD-R	\$ 631,775	\$ 668,900	\$ 37,125.00	5.88%
CHWD	\$ 621,575	\$ 601,675	\$ (19,900.00)	-3.20%
FOWD	\$ 462,675	\$ 438,000	\$ (24,675.00)	-5.33%
OVWC	\$ 216,775	\$ 222,725	\$ 5,950.00	2.74%
City of Folsom	\$ 64,550	\$ 66,050	\$ 1,500.00	2.32%
	\$ 1,997,350	\$ 1,997,350	\$ -	

# Wholesale Fixed Charges by Customer - Historical & Proposed - Peak vs. 10 Yr. Avg. Methodology



	Current Rates	Proposed Rates (effective January 1st)				
		CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
<b>San Juan Water District - Retail</b>						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$578,808.35	\$645,275.00	\$702,345.00	\$737,462.25	\$766,960.74	\$797,639.17
Hinkle Reservoir Debt Charge <sup>1</sup>	\$133,920.00	\$23,625.00	----- (see footnote 1) -----			
<b>Citrus Heights Water District</b>						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$533,570.81	\$580,725.00	\$631,758.75	\$663,346.69	\$689,880.56	\$717,475.78
Hinkle Reservoir Debt Charge <sup>1</sup>	\$125,550.00	\$20,950.00	----- (see footnote 1) -----			
<b>Fair Oaks Water District</b>						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$366,991.51	\$422,725.00	\$459,900.00	\$482,895.00	\$502,210.80	\$522,299.23
Hinkle Reservoir Debt Charge <sup>1</sup>	\$96,255.00	\$15,275.00	----- (see footnote 1) -----			
<b>Orange Vale Water Company</b>						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Quarterly O, M, R, & D Service Charges	\$189,735.00	\$214,925.00	\$233,861.25	\$245,554.31	\$255,376.48	\$265,591.54
Quarterly Hinkle Reservoir Debt Charge <sup>1</sup>	\$46,035.00	\$7,800.00	----- (see footnote 1) -----			
Quarterly Capital Facilities Charge <sup>2</sup>	\$0.00	\$66,000.00	\$66,000.00	\$66,000.00	\$66,000.00	\$66,000.00
<b>City of Folsom</b>						
Water Usage Rate (\$/AF)	\$81.14	\$52.96	\$55.61	\$58.39	\$60.73	\$63.16
Hinkle Pump Station Surcharge (\$/AF) <sup>4</sup>	\$102.00	\$79.10	----- (to be determined <sup>5</sup> ) -----			
Quarterly O, M, R, & D Service Charges	\$56,139.74	\$63,725.00	\$69,352.50	\$72,820.12	\$75,732.92	\$78,762.23
Quarterly Hinkle Reservoir Debt Charge <sup>1</sup>	\$12,555.00	\$2,325.00	----- (see footnote 1) -----			
Direct Portion of 2022 Debt <sup>3</sup>	\$18,476.96	\$19,725.00	\$19,750.00	\$19,775.00	\$19,700.00	\$19,675.00
<b>Sacramento Suburban Water District</b>						
Treat and Wheel Rate (\$/AF) <sup>4</sup>	\$220.16	\$265.74	\$279.03	\$292.98	\$304.70	\$316.89

**Notes:**

<sup>1</sup> The existing charge associated with the debt service for the Hinkle Reservoir Rehabilitation Project has not yet been assessed to Member Agencies. For illustrative purposes, the revised debt charge has been shown separately for CY 2024. Starting in CY 2025, the Hinkle Reservoir Debt Charge is combined with the Quarterly Fixed Charge.

<sup>2</sup> This charge only applies to Orange Vale Water Company for the Hazel Ave. 12 inch transmission main replacement.

<sup>3</sup> Unique charge to City of Folsom for debt that was formerly the 2012 bond.

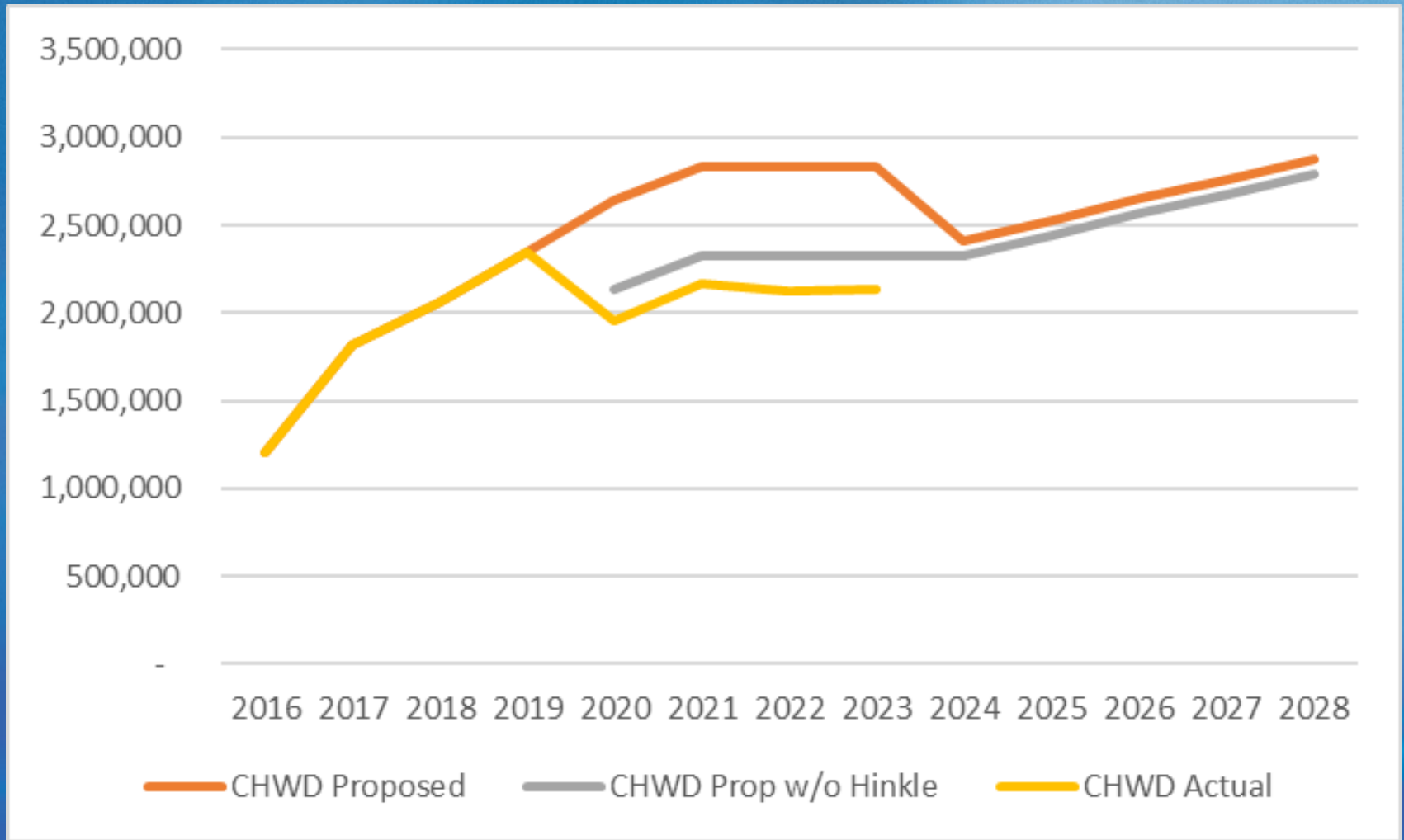
<sup>4</sup> Per negotiated agreements.

<sup>5</sup> The District may elect to increase the Hinkle Pump Station Surcharge based on inflation indices.

San Juan Board of Directors directs staff to implement the Orangevale Water Company Quarterly Capital Facilities Charge in January of the year in which design is budgeted to commence. The final payment, in the final year shall be adjusted to reflect actual costs incurred.

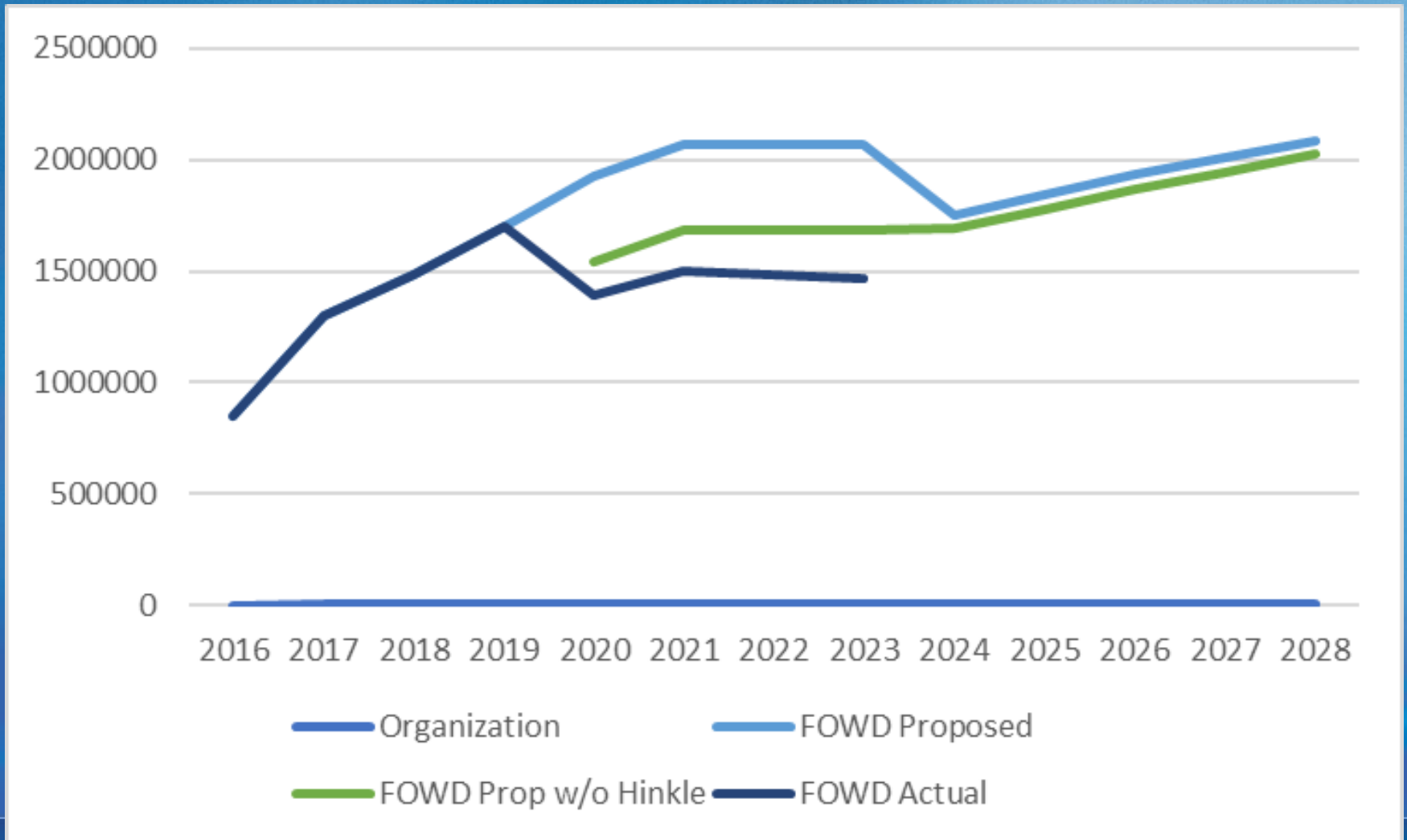


# CHWD Fixed Charges (\$)



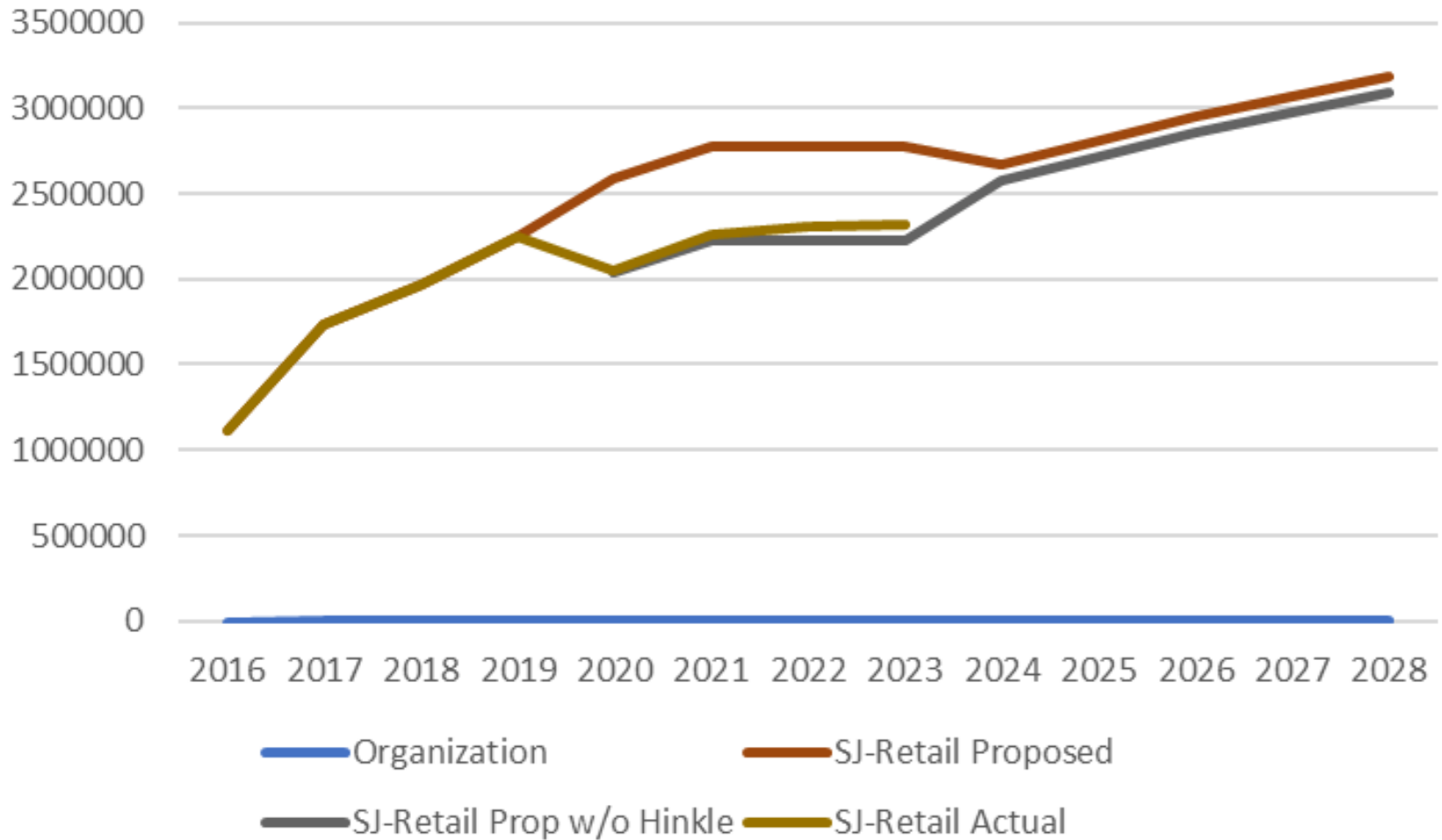


# FOWD Fixed Charges (\$)





# San Juan Retail Fixed Charges (\$)





# Actual and Proposed Fixed Charges (\$)

