

**President**  
Stacy Doolittle

**VP**  
Tomas Short

**Directors**  
Tom Floen  
Jane Jarlsberg  
David Fick

**General  
Manager**  
Sarah Johnson

**Legal Counsel**  
Jeff Hoskinson



## **SPECIAL MEETING AGENDA OF THE BOARD OF DIRECTORS** **Thursday, March 19, 2026, at 9:00 a.m.**

MEETINGS ARE HELD IN PERSON AT 61750 CHOLLITA RD., JOSHUA TREE, CA 92252

REMOTE ACCESS IS AVAILABLE FOR THE CONVENIENCE OF THE PUBLIC

CLICK TO JOIN VIRTUALLY: [ZOOM LINK](#)

CALL TO JOIN BY PHONE: (669) 444-9171

MEETING ID: 864 4800 3304

PASSCODE: 61750

### **MISSION, VISION, AND VALUES**

#### **Mission Statement**

To provide, protect, and maintain Joshua Tree's water - our vital community resource.

#### **Vision Statement**

To achieve excellence in all District endeavors.

#### **Values**

The community of Joshua Tree has entrusted the Board of Directors and employees of Joshua Basin Water District with its most valuable natural resource, its groundwater. As stewards of the community water supply, we oversee this critical natural resource to ensure current and future water reliability. Dedicated to this purpose, we embrace these important values:

- **Integrity** – To consistently earn our customers’ trust by prioritizing the needs of the community... doing the right thing for the right reason.
- **Transparency** – To openly and honestly share information about our operations with the public.
- **Respect** – To treat the residents of Joshua Tree, and all those contacted in the course of business, with high esteem and regard.
- **Fiscal Responsibility** – To manage all resources as if they were our own, whether revenues, assets, or water supply, in a conscientious and appropriate manner.
- **Accountability** – To take responsibility for our decisions and actions in managing this essential resource.

### **1. CALL TO ORDER / PLEDGE OF ALLEGIANCE**

### **2. DETERMINATION OF A QUORUM**

Consideration of Board Member requests for remote participation.

### **3. APPROVAL OF AGENDA**

### **4. PUBLIC COMMENT**

This is the time set aside for public comment on any District related matter, whether appearing on the agenda or not. Pursuant to the Brown Act, the Board is prohibited from taking action on items not listed on the agenda. At the discretion of the Board President comments on a particular Agenized item may be deferred until that item is heard. Please state your name and limit your comments to 3 minutes. For members of the public attending the meeting on-line, please use the “Raise Hand” reaction feature in your toolbar on Zoom to signal your desire to comment and be recognized by the Board.

**5. CONSENT CALENDAR**

Consent calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time, without discussion. If a board member would like an item to be handled separately, it will be removed from the Consent Agenda for separate action.

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**A. DRAFT MINUTES – 03.04.26**

**6. ITEM(S) PULLED FROM CONSENT CALENDAR FOR DISCUSSION**

**7. DISCUSSION ITEMS**

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**A. WORKSHOP PART ONE: HEXAVALENT CHROMIUM (CHROMIUM-6) TREATMENT PROJECT**

PRESENTED BY: SARAH JOHNSON, GENERAL MANAGER; AUSTIN THOMPSON-SPAIN, U.S. WATER ALLIANCE; RAY KOLISZ, INTERIM DIRECTOR OF OPERATIONS; AND KYLE MCCARTY, PRINCIPAL ENGINEER, WEST COAST CIVIL.

RECOMMENDED ACTION: RECEIVE PRESENTATIONS AND PARTICIPATE IN THE WORKSHOP DISCUSSION REGARDING THE CHROMIUM-6 TREATMENT PROJECT AND FUNDING.

**WORKSHOP PART TWO: FINANCIAL PLANNING**

PRESENTED BY: ANNE ROMAN, DIRECTOR OF FINANCE; DMITRY SEMENOV, RIDGELINE MUNICIPAL STRATEGIES; AND DISTRICT STAFF

RECOMMENDED ACTION: RECEIVE PRESENTATIONS AND PARTICIPATE IN THE WORKSHOP DISCUSSION REGARDING THE CHROMIUM-6 TREATMENT PROJECT AND FUNDING.

**8. DIRECTOR REPORTS/COMMENTS**

This time is reserved for Director reports and comments on matters within the District’s jurisdiction, for informational purposes only, on subjects not covered by the agenda; the opinions expressed by individual Directors do not necessarily reflect those of the Board as a whole or District staff, and no action shall be taken.

**9. MANAGERS’ REPORT**

For informational purposes only on subjects not covered by the agenda. No action is to be taken.

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**10. AGENDA ITEMS REQUESTED BY THE BOARD**

Directors may request items be placed on future agendas. These requests will be recorded on the “Future Agenda Items” list, located on the page following the agenda, and scheduled as time permits. Items will be brought back for Board discussion as requested—no additional staff work will be initiated in advance. The Director making the request is responsible for being prepared to discuss the topic for initial consideration. The full Board will then vote to determine whether the item moves forward for staff involvement.

**11. CLOSED SESSION –**

**A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Govt. Code § 54956.9(d)(1))**

Name of Case: *Scully v. Grace Budka et. al.* (San Bernardino County Superior Ct. Case No. CIV2532231)

**B. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION (Govt. Code § 54956.9(d)(4))**

Number of Cases: 1

**12. ADJOURNMENT**

**MEETING INFORMATION**

The public is invited to comment on any item on the agenda during the discussion of that item.

Availability of agenda materials: Materials related to any item on this Agenda submitted to the District Board of Directors or Committee Members after distribution of the agenda packet are available for public inspection at the District’s office, 61750 Chollita Road, Joshua Tree, CA 92252, during normal business hours. All documents supporting this agenda are available on the District website [www.jbwd.com](http://www.jbwd.com), subject to the staff’s availability to post the documents before the meeting.

Reasonable Accommodation: Any person with a disability who requires accommodation to view the agenda or to participate in the public comment portion of the Board meeting, should direct such requests to Lisa Thompson, Executive Assistant, at 760-366-8438. Please allow three business days for your request to be processed. Requests must be received at least seventy-two (72) hours before the scheduled meeting.

Disruptive Conduct: If any meeting of the District is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, a meeting may be recessed or the person or persons willfully disrupting the meeting may be ordered to leave the meeting. Disruptive individuals attending on-line may be removed from the meeting and banned for the remainder of such session. Disruptive conduct includes addressing the Board or Committee without first being recognized, not addressing the subject before the Board or Committee, repetitively addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board or Committee from conducting its meeting in an orderly manner. Your cooperation is appreciated.



## FUTURE DIRECTOR MEETINGS - CALENDAR REMINDER

Informed, well-connected, and educated Directors are able to provide the best decision-making on behalf of JBWD ratepayers. Training and educational conferences provide an invaluable opportunity for Directors to become and stay educated about issues of significance to JBWD. Networking with various representatives, whether local, state, or federal officials, provides an opportunity for JBWD to have a seat at the table, and affords perspective, insight, and occasion for JBWD to collaborate on similar issues, learn about grant opportunities or gain an understanding of upcoming legislation. Director attendance at various meetings is critical for ensuring that JBWD’s concerns, needs, or interests are appropriately shared and represented at many levels of government. Directors serve as the official face of JBWD and their attendance at JBWD-sponsored events such as Water Education Day, JBWD tours, retirements, or celebrations, signifies the importance and value of such events. JBWD belongs to various industry associations and Director attendance at their meetings demonstrates our interest and willingness to be part of the solution.

MEETING	DATE	TIME	ATTENDEES
MWA - Board Meeting	03.26.26	9:30 AM	Short
JBWD - GM Meeting	03.26.26	10:00 AM	Doolittle
JBWD - Special Meeting	04.01.26	9:00 AM	All

# MEETING MINUTES



## REGULAR MEETING OF THE BOARD OF DIRECTORS MARCH 4, 2026, 5:00 PM

### 1. ALL TO ORDER

President Doolittle called the meeting to order at 5:00 p.m.

### 2. DETERMINATION OF A QUORUM & ATTENDANCE

**Board Members Present:** President Doolittle, Vice President Short, Director Jarlsberg, Director Fick

**Board Members Absent:** Tom Floen

**Staff Present:** General Manager Johnson, Director of Finance Roman, Director of Administration Shook, Executive Assistant Thompson

**Consultant(s) Present:** Legal Counsel, Nicole Falcis, Public Outreach Consultant, Kathleen Radnich

**Citizens Advisory Council Member(s) Present:** David Carrillo

### 3. APPROVAL OF THE AGENDA

Director Fick moved to approve the agenda, and Director Jarlsberg seconded the motion. Motion approved by the following vote:

1 <sup>st</sup> / 2 <sup>nd</sup>	Fick/Jarlsberg
Ayes:	Doolittle, Short, Jarlsberg, Fick
Noes:	None
Abstain:	None
Absent:	Floen

### 4. PUBLIC COMMENT - None

### 5. CONSENT CALENDAR

#### A. DRAFT MINUTES – 02.18.26

Vice President Short made a motion to approve the Consent Calendar 02.18.26 draft minutes and seconded by Director Jarlsberg approved by the following vote:

1st/ 2nd	Short/Jarlsberg
Ayes:	Doolittle, Short, Jarlsberg, Fick
Noes:	None
Abstain:	None
Absent:	Floen

### 6. ITEMS PULLED FROM CONSENT CALENDAR FOR DISCUSSION - None

## 7. DISCUSSION/ACTION CALENDAR

### A. PUBLIC OUTREACH REPORT

PRESENTED BY: PUBLIC OUTREACH CONSULTANT, KATHLEEN RADNICH

RECOMMENDED ACTION: FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS TO BE TAKEN.

Public Outreach Consultant Kathleen Radnich provided a report on recent outreach activities and upcoming events.

#### **Recent Activities**

- On January 23, Radnich held a volunteer and docent meeting to assess plant growth and preparations for the upcoming March plant sale.
- On January 26, Radnich attended the Alliance for Water Awareness and Conservation (AWAC) Annual Meeting at Mojave Water Agency, where presentations were given on Volunteer Organizations Active in Disasters (VOAD) and Community Organizations Active in Disasters (COAD).
- On January 30, Radnich attended a Native Plant Workshop at Joshua Tree National Park. Participants transplanted seedlings into larger pots in preparation for the upcoming plant sale.
- On February 18, Radnich attended the Morongo Basin First Responders meeting in Yucca Valley with Director of Administration David Shook.
- On February 20, Radnich returned to the Joshua Tree National Park nursery to inspect the District's native plant inventory and reported approximately 600 native plants prepared for this year's plant sale.
- On March 2, Radnich attended the Special CAC Meeting.

#### **Upcoming Events**

- **March 6** – Participation in the Careers in Water event. Radnich acknowledged HR & Risk Generalist Audriana Sheehan for assisting with educational handouts for participating eighth-grade students.
- **March 16** – AWAC's second annual meeting focusing on grant opportunities.
- **March 18** – Palm Vista Elementary School 5th-grade visit to the District demonstration garden for water conservation education. CAC Member Hannah Campbell will serve as lead instructor.
- **March 29** – 13th Annual Plant Sale from 1:00 p.m. to 3:00 p.m.; promotional flyers are currently being distributed.
- **April 11** – "Help Yourself, Help Your Neighbor" event at the Walmart Shopping Center. Director Floen expressed interest in participating, and additional volunteers are welcome. Event details will be included in the District newsletter.
- **April 19** – MBCA Landscape Tours at the District demonstration garden from 9:00 a.m. to 4:00 p.m.
- **April 20–21** – District Tours hosted by the District. Promotion and sign-ups will be available through the District newsletter and the Farmers Market booth.
- **May (date TBD)** – Participation in the Water Education Festival with La Contenta Middle School, providing education to eighth-grade students on water conservation and the importance of water for health.
- **First four Fridays in May** – Radnich will host the District's annual Wild Crafting Course.

#### **Additional Outreach Activities**

- The Farmers Market outreach themes include "Grow Native" for March and "Water for Emergencies" for April. February's theme highlighted National Invasive Plant Week.
- Director Floen continues to conduct public outreach presentations at the Copper Mountain Mesa Community Association.

- CAC members and volunteers assisted Radnich with collecting petition signatures supporting the District’s Chromium 6 advocacy efforts. Radnich thanked the CAC and volunteers for their participation and assistance within a short timeframe.
- Radnich submitted the administrative research and narrative for the 2026–2027 Mojave Water Agency Strategic Partner Grant, which proposes funding for an emergency cargo container to store water and supplies for disaster response.

**B. JANUARY 2026 CHECK REGISTER**

PRESENTED BY: DIRECTOR OF FINANCE, ANNE ROMAN

RECOMMENDED ACTION: APPROVE CHECK REGISTER.

Director Fick motioned to approve the January 2026 Check Register, seconded by Director Jarlsberg and approved by the following vote:

1 <sup>st</sup> / 2 <sup>nd</sup>	Fick/Jarlsberg
Ayes:	Doolittle, Short, Jarlsberg, Fick
Noes:	None
Abstain:	None
Absent:	Floen

**C. ESCHEATMENT OF UNCLAIMED MONEY INCLUDING POLICY**

PRESENTED BY: DIRECTOR OF FINANCE, ANNE ROMAN

RECOMMENDED ACTION: ADOPT RESOLUTION 26-1082 INCLUDING ESCHEATMENT POLICY AND AUTHORIZE COMMENCEMENT OF ESCHEATMENT PROCESS

Director of Finance Anne Roman presented the Escheatment of Unclaimed Money and Policy. Roman reported that the District has unclaimed refunds that are at least three years old. Roman explained that, consistent with State law, the policy allows the District to publish notice of unclaimed funds and require claimants to submit claims. Funds not claimed after the notice and 45-day claim period may be transferred to the District’s General Fund. Roman noted that the list of unclaimed funds will be published in the local newspaper and on the District’s website, with a claim form available online. Roman also stated that Customer Support is aware of the process, and she will communicate directly with customers regarding claims.

Vice President Short motioned to adopt Resolution 26-1082, including Escheatment Policy and authorize commencement of the escheatment process, seconded by Director Fick and approved by the following vote:

1 <sup>st</sup> / 2 <sup>nd</sup>	Short/Fick
Ayes:	Short, Jarlsberg, Fick
Noes:	Doolittle
Abstain:	None
Absent:	Floen

**D. BOARD REPORT: FEDERAL LEGISLATIVE ADVOCACY – WASHINGTON DC**

PRESENTED BY: GENERAL MANAGER, SARAH JOHNSON

RECOMMENDED ACTION: FOR INFORMATIONAL PURPOSES ONLY, NO ACTION IS TO BE TAKEN.

General Manager Johnson provided a report on the District's legislative trip to Washington, D.C. with Vice President Short and Director Floen. Johnson noted that the trip was productive and successful despite weather-related travel challenges. Johnson reported that meetings were held with Congressman Jay Obernolte, staff from Senator Alex Padilla's office, and Senator Schiff's office. The meetings were conducted with the support of the Rojas Group, which facilitates legislative advocacy for the District. Johnson stated that while they did not meet directly with the senators during the scheduled sessions, the team was able to present the District's needs, particularly regarding the Chromium 6 mandate, alongside other organizations seeking funding. At the ACWA conference, Johnson had the opportunity to speak directly with Senator Schiff, providing an overview of the District's Chromium 6 challenges and discussing potential support. The Senator expressed interest in visiting Joshua Tree. Johnson stated that the District will send a thank-you card, photos from the trip, and an invitation to tour the District, with the option for a private tour if the Senator is unable to attend the public event. Johnson shared photos from the trip and highlighted the importance of ongoing federal advocacy for the District's projects. Vice President Short reported that meetings with Congressman Obernolte and Senator Schiff's office were productive, with legislators showing interest in the District's Chromium 6 concerns. Short noted the importance of building long-term relationships and presenting the District as a resource on water issues. Books highlighting the Morongo Basin and local water information were provided to legislators as part of outreach. Short concluded that the trip advanced the District's federal advocacy goals.

## **8. DIRECTOR REPORTS/COMMENTS**

### President Doolittle

- None

### Vice President Short

- Short reported that he attended the Washington, D.C. legislative trip with Director Floen and General Manager Johnson last week. Short commended Johnson for her hard work and dedication, noting that she arrived in Washington, D.C. by 5:00 a.m. Tuesday despite having to travel through a blizzard. Short also noted that the legislative trip was a positive experience.

### Director Floen

- Absent

### Director Jarlsberg

- Jarlsberg expressed that she was pleased that General Manager Sarah Johnson, Vice President Short, and Director Floen were able to attend the Washington, D.C. legislative trip.

### Director Fick

- Fick inquired about the April 1st Special Board meeting and the planned sewer discussion with the County.

## **9. MANAGER'S REPORT**

### General Manager Report

Johnson reported on the following:

- Johnson reported on the Special CAC meeting held on Monday, March 2nd, focused on legislative advocacy. Johnson noted that the CAC was very successful, collecting approximately 200 signatures for the petition, which was subsequently sent to legislators. Johnson mentioned that the CAC undertook a letter-writing campaign led by Public Outreach Consultant Kathleen Radnich. While the CAC initially believed they had three months to

complete the campaign, they realized they had only a short amount of time. Johnson thanked CAC Chair Carrillo and Radnich for their efforts in securing signatures in support of the letter.

- Johnson reported that the district received the full reimbursement check on February 3rd for the damaged recharge pipe.
- Johnson noted that the district has scheduled two interviews for the Director of Operations position at the end of March. The candidates were sourced through the Water Workforce recruiting firm.
- Johnson announced that the water education courses at CMC have received official approval from the SWRCB, making the college an authorized training provider. As a result, Continuing Units (CUs) can now be earned locally.
- Johnson provided an update on Well 15, which is currently undergoing rehabilitation. Although the well is back in operation, positive samples are still being detected because it was idle for nine months. The team continues to flush and chlorinate the well until the water quality meets standards before fully returning it to the system.
- Johnson reported that the State approved the District's chromium-6 compliance plan and granted a compliance extension through 2032. However, the regulatory deadline of October 1, 2027, remains in place, meaning the District could still potentially be subject to enforcement if it is not in compliance by that date. Johnson noted the situation appears somewhat contradictory but represents progress. Johnson also shared that the State engineer who approved the plan acknowledged receipt of the advocacy letters and asked that appreciation be relayed to the CAC, noting that the letters would be taken into consideration even though the October 1st deadline cannot be changed.
- Johnson announced that she is scheduled to appear on the Z1077 Up Close show on April 3<sup>rd</sup>.
- Johnson expressed appreciation to her team for supporting the District during her legislative trip to Washington, D.C., noting that their work allowed her to be away without concern. Johnson specifically thanked Director of Administration David Shook, Director of Finance Anne Roman, Interim Director of Operations Ray Kolisz, Accounting Supervisor Autumn Rich, and Executive Assistant Lisa Thompson. Johnson also thanked her husband for driving her through the night during a blizzard, which enabled her to make it to Washington, D.C.

#### **10. AGENDA ITEMS REQUESTED BY THE BOARD**

- President Doolittle – None
- Vice President Short – None
- Director Jarlsberg – None
- Director Fick – None

#### **11. ADJOURNMENT**

On motion by Vice President Short, seconded by Director Jarlsberg, and approved by the Board, the meeting was adjourned at 7:17 p.m.

Respectfully submitted,

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Sarah Johnson, General Manager & Board Secretary

	<b>AGENDA ITEM NO:</b>	7A
	<b>MEETING DATE:</b>	03.19.26

# Staff Report

<b>PRESENTED BY:</b>	<p>Part One: Sarah Johnson, General Manager; Austin Thompson-Spain, U.S. Water Alliance; Ray Kolisz, Interim Director of Operations; and Kyle McCarty, Principal Engineer, West Coast Civil.</p> <p>Part Two: Anne Roman, Director of Finance; Dmitry Semenov, Ridgeline Municipal Strategies; and District staff.</p>
<b>TOPIC:</b>	<b>Workshop: Hexavalent Chromium Treatment Project and Financial Planning</b>
<b>RECOMMENDATION:</b>	Receive presentations and participate in the workshop discussion regarding the Chromium-6 Treatment Project and Funding.

**INTRODUCTION:** The Chromium-6 treatment mandate represents the most substantial regulatory effort Joshua Basin Water District has undertaken. It is the largest and most resource-intensive project in the District’s history, requiring a high level of staff coordination, consultant expertise, and Board engagement. Maintaining steady progress is critical. Delays or missteps could expose the District to regulatory enforcement and erosion of community trust. Potential consequences for noncompliance include fines, loss of funding opportunities, or other actions by the State. For these reasons, we must remain laser-focused and committed to this effort. Staff will continue to prioritize this project above all others to ensure timely compliance and protect public confidence.

<b>WORKSHOP PART ONE:</b>	<p><b>HEXAVALENT CHROMIUM (CHROMIUM-6) TREATMENT PROJECT</b></p> <p><b>Introduction:</b> Sarah Johnson, General Manager, will open the workshop and provide introductory remarks.</p> <p><b>Public Outreach Presentation:</b> Introduction of Austin Thompson-Spain from the U.S. Water Alliance, who will present Public Outreach materials related to Chromium-6.</p> <p><b>Chromium-6 Treatment Project Discussion:</b> Presented by Ray Kolisz, Interim Director of Operations, Sarah Johnson, General Manager, with additional discussion and technical input from Kyle McCarty, Principal Engineer, West Coast Civil.</p>
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**BACKGROUND:** On October 1, 2024, the State of California enacted a drinking water maximum contaminant level (MCL) standard of 10 parts per billion (ppb) for Hexavalent Chromium (Chromium-6, CrVI). Water systems such as Joshua Basin Water District are required to meet this standard by October 1, 2027. In anticipation, the District has been proactively evaluating treatment technologies and preparing for regulatory compliance.

**ANALYSIS:** **Work Completed to Date:** Over the past several years, the District has taken several steps to prepare for Chromium-6 treatment:

### 1. Water Quality Monitoring and Assessment

- Submission of Chromium-6 Compliance Plan to the State.
- Conducted ongoing groundwater sampling to understand Chromium-6 concentrations across the District’s wells and identified the wells requiring treatment.

### 2. Preliminary Engineering and Alternatives Analysis (Feasibility Study)

- Engaged with Jacob’s Engineering to complete an alternatives analysis evaluating best available technologies used for Chromium-6 removal.
- Assessed operational and long-term maintenance needs.

### 3. Capital Planning and Financial Analysis

- Began long-term financial planning for Chromium-6 compliance.
- Engaged Ridgeline Municipal Strategies to assist with financial modeling, including a 10-year cash flow projection to evaluate funding strategies for treatment infrastructure.

### 4. Partnerships and Outreach

- Coordinated with engineering consultants and regional partners to evaluate treatment approaches.
- Engaged with Rojas Public Affairs to advocate for funding and regulatory support related to Chromium-6 compliance.
- Initiated development of public outreach materials, using resources from the U.S. Water Alliance to help the community understand Chromium-6, regulatory requirements, and the District’s response.

**Where We Are Now:** The District is currently transitioning from planning and evaluation into implementation preparation. Current efforts focus on:

- As of March 2, 2026, the State Division of Drinking Water (DDW) **approved Joshua Basin Water District’s Chromium-6 Compliance Plan**. This plan lays out the steps the District will take to build treatment facilities and meet required milestones through **December 31, 2032**. While this timeline allows more time to complete the project, it does not change the State’s official compliance deadline of October 1, 2027. If the District is not in compliance by that date, it could face enforcement.

Milestones and their Approved Dates

Anticipated Final Date to Submit Plans and Specifications:	3/31/2029
Anticipated Date of Commencing Construction:	1/1/2031
Anticipated Date of 100% complete Construction:	12/31/2031
Anticipated Date for Final Operations Plan Submittal:	12/31/2032

- **Planning** for treatment facility piloting to evaluate treatment performance and inform final system design.
- **Evaluating capital costs** and financing options.
- **Developing public education** materials about Chromium-6 and the upcoming treatment program.
- **Coordinating with regulatory agencies and technical experts** to ensure compliance with the anticipated state standard.
- Engaging with regional, state, and federal partners to **advocate for funding** and **regulatory support related to Chromium-6 compliance**.

**Next Steps:** Moving forward, the District will focus on:

- **Research & Pilot Testing:** Planning and implementing pilot testing to evaluate treatment performance and inform final system design.
- **Engineering, Design, & Environmental:** Advancing engineering design for treatment facilities and supporting infrastructure, including completion of required environmental impact studies.
- **Funding and Financial Strategy:** Use financial modeling to ensure the District can implement treatment while maintaining long-term financial stability. Identify funding sources, including grants, loans, and rate-based financing.
- **Advocacy Work:** Continuing advocacy efforts with regional, state, and federal partners to support funding and regulatory solutions for Chromium-6 compliance.
- **Community Engagement:** Continuing community outreach and education to keep residents informed about Chromium-6 requirements and the District’s response.
- **Construction and Implementation:** Move into construction and installation of treatment systems once the regulatory standard is finalized and project funding is secured.
- **Rolling Annual Average (RAA) & Permitting:** Complete CRVI RAA and obtain necessary permits for treatment facilities.

## WORKSHOP BREAK

### WORKSHOP PART TWO:

#### FINANCIAL PLANNING

**Introduction:** Anne Roman, Director of Finance, will open part two of the workshop and provide introductory remarks.

**Financial Planning Presentation:** Introduction of Dmitry Semenov from Ridgeline Municipal Strategies, who will present 10-Year Cash Flow Projection.

**Financial Planning Discussion:** Presented by Dmitry Semenov, with contributions by Anne Roman, Director of Finance, and District staff.

### SUMMARY:

Dmitry Semenov from Ridgeline Municipal Strategies will be presenting the results of a months-long data collection used to prepare a 10-year cash flow projection. This analysis will feed into our next rate study and provide necessary data for Chromium 6 financing.

### ANALYSIS:

The Board will see the results of about five months of data collection and analysis that formulate a 10-Year Cash Flow Projection prepared by Dmitry Semenov of Ridgeline Municipal Strategies, with input from Staff. This projection will both inform our 2026/27 Rate Study and, primarily, assist in determining how to move forward with a Chromium 6 Financing plan.

While we will cover the majority of information in the meeting, here are a few important points to consider:

- As the District evaluates which existing reserve funds may be allocated toward the Chromium 6 treatment project, it should consider what constitutes the appropriate level of reserves to maintain—specifically, defining both the **optimal** reserve level for long-term financial stability

and the **minimum** level necessary to protect the District’s operational and financial integrity.

- The District will be required to maintain a Debt Service Coverage Ratio (DSCR) of at least 1.25 for the duration of any loan agreement. DSCR is calculated as net revenues available after payment of operating expenses divided by total annual debt service. To achieve and sustain this requirement, water rates must be established and maintained at levels sufficient to produce the required coverage, making adherence to the District’s Proposition 218 adopted rate schedule more critical than ever.
- The District should consider conducting a shorter, three-year rate study in 2026/27 to preserve maximum flexibility and allow for timely adjustments as financing structure and project costs evolve.
- In the upcoming rate study, the District should also consider increasing the fixed (basic) service charge to better align a more stable revenue source with fixed costs that will include significant debt service obligations.
- Undertaking financing of the anticipated magnitude will significantly reduce the District’s financial flexibility and potentially the capacity to respond to unforeseen operational, regulatory, or capital needs.

Other considerations:

**Why not include staffing reductions related to AI?**

Staff discussed AI concerns with our Consultant, Dmitry. He advised that, based on current information and trends among his clients, the initial impact of artificial intelligence is expected to materialize as a slowdown or reduction through attrition and in new positions rather than immediate staffing reductions. Because the District’s projections already include very minimal staffing additions, our approach is consistent with this anticipated trend.

**Why not include Wastewater Treatment?**

At this time, the District does not possess full Sewer Authority, nor does it have an updated Wastewater Strategy Plan beyond the original 2009 document. More importantly, the District is preparing to undertake Chromium 6 treatment—one of the most significant operational and financial challenges in its history. Given the scale and complexity of this effort, and the capacity limitations of a small staff, our consultant strongly recommends that the District remain strategically focused on the successful implementation of this project before pursuing additional major initiatives.

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**STRATEGIC PLAN:**

- 1.2.a – Analyze technologies and identify the best option to comply with CRVI regulation.
- 2.1.b – Consider alternatives to the policy of 100% pay-as-you-go funding for capital improvements.
- 3.2.a – Plan for the construction and start-up operation of facilities for compliance with the hexavalent chromium regulation.

**FISCAL IMPACT:**

Scenarios to be discussed.