Georgetown Divide Public Utility District

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Minutes
Regular Meeting
January 14, 2026 02:00 PM
6425 Main Street, Georgetown, CA 95634
https://www.gd-pud.org/

1. **Call to Order**
   The meeting was called to order at 2:03 pm by President Michael Saunders.

   Director MacDonald is attending remotely due to an emergency circumstance.

   A. Roll Call

      Present: President Michael Saunders, Vice President Andy Fisher, Treasurer Robert Stovall, Director Mitch MacDonald, Director Donna Seaman

      Staff Present: Nicholas Schneider, Adam Brown, Alexis Elliott, Jessica Buckle, Taylar Jones, Brian Rule

   B. Pledge of Allegiance
      Led by Director Donna Seaman

2. **Adoption of Agenda**

   Public Comment:

   Cherie Carlyon

   Vice President Andy Fisher motioned to approve. Treasurer Robert Stovall seconded the motion.

   The roll call vote:

   Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

3. **Public Comments**

   None

4. **Consent Calendar**

   A. Approval of Minutes • December 12, 2025

   Director MacDonald pulled item A due to typos: MacDonald nominated for Treasurer, not Vice President; and Legislative liaison Saunders is misspelled.

   Public Comment:

   None

   Director Donna Seaman motioned to approve. Vice President Andy Fisher seconded the motion.

   The roll call vote:

   Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

   B. Resignations from Irrigation Committee

   Director Seaman pulled item B due to a possible additional resignation. Irrigation Committee Member Sutton did not respond to outreach regarding resignation on 12/8/2025.

   Public Comment:

   None

   Vice President Andy Fisher motioned to approve. Director Donna Seaman seconded the motion.

   The roll call vote:

   Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

   C. Moving Executive Assistant Position to Exempt Status

   Director Seaman pulled item C for clarification on the difference between exempt and non-exempt.

   Public Comment:

   Cherie Carlyon

   Director Donna Seaman motioned to approve. Vice President Andy Fisher seconded the motion.

   The roll call vote:

   Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

5. **Office/Finance Manager's Report**

   A. Financial Reports

   General Manager Schneider negotiated increased rates and eliminated banking fees at River City Bank and an investment account with rates comparable to LAIF.

   Public Comment:

   Cherie Carlyon

B. Investment Report - Q1

No changes

C. Grant Report

No changes

6. **Informational Items**

A. Board Reports

SB 707 and SB 827 Update from Legal Counsel

Seaman - Mountain Counties

Stovall - Nothing to report

Fisher - Nothing to report

MacDonald - Nothing to report

Saunders - Read his attached board report

Public Comment:

Cherie Carlyon

Attorney Frank Splendorio discussed changes and updates to the posted Senate Bills

Public Comment:

Kristy McKay, Stephen Dowd, and Cherie Carlyon

B. Operation Manager's Report

Director Fisher and MacDonald expressed gratitude for GDPUD staff for quick responses to emergencies.

Public Comments:

Stephen Dowd, Kristy McKay, and Cherie Carlyon

C. Water Resources Manager's Report

Added 11.3" of rain to the attached report

Public Comment:

None

D. General Manager's Report

Ask to reschedule the February meeting due to the conflict with the ACWA Legislative Symposium day. Expressed gratitude for the outside staff for their dedication and attentiveness to District needs.

7. **COMMITTEES**

A. Irrigation Committee – Kristy McKay, Chair – Next February 17, 2026

• **Board Liaisons:** Director Seaman and Fisher

Last meeting was in September. Nothing new to report.

B. Finance Committee – William Gorenc, Chair - Next January 22, 2026

• **Board Liaisons:** Directors Saunders and Stovall

Nothing to report.

C. Ad-Hoc Strategic Planning Committee - Meetings held, as necessary.

• **Board Liaisons:** Directors Seaman and Stovall

Director Seaman and Director Stovall discussed this under action item D.

Public Comments:

Stephen Dowd and Cherie Carlyon

8. **ACTION ITEMS**

A. Receive Legislative Update and develop District Positions - Receive Update from Vectis

Possible Action- Discuss and establish District positions on the presented legislation and developments.

Don Polese and Greg Morrison from Vectis DC gave a Legislative Update. 3:24

Public Comment:

Stephen Dowd

Director Saunders read his legislative report.

Public Comment:

Stephen Dowd and Cherie Carlyon

Director Fisher motioned to add support for AB35 and the Federal amendments to Prop 4 State Drinking Water Fund

Vice President Andy Fisher motioned to approve. Director Mitch MacDonald seconded the motion.

The roll call vote:

Aye **President Michael Saunders** Aye **Vice President Andy Fisher** Aye **Treasurer Robert Stovall** Aye **Director Mitch MacDonald** Aye **Director Donna Seaman**

B. **Interview and Consider New Members for the Irrigation Committee**

Possible Action- Accept applications for new members. Approve Resolution 2026-XX for these changes

Irrigation Committee applicants Anne Wright and Rena Lowry presented their interest statements.

Public Comment:

Stephen Dowd

Director Seaman motioned to accept both applicants for the Irrigation Committee.

Director Donna Seaman motioned to approve. Vice President Andy Fisher seconded the motion.

The roll call vote:

Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

C. **Consider updates to the Travel Policies and Align them Between Staff and Employees, Policies 4025 and 4090.**

· **Possible Action-** Consider changes to the travel policies and align staff and board requirements. Approve Resolution 2026-XX for these changes.

Director Stovall requests that item 5 in the policy be updated to reflect "shall be reimbursed within 30 days," and all other proposed changes.

Director MacDonald read a pre-written statement regarding reimbursement policy changes.

Director Seaman requested to bring back these policies with red-line versions before action can be taken.

Public Comment:

Anne Wright and Cherie Carlyon

RECESS @ 4:35

BACK IN SESSION @ 4:45

D. **Discuss Updates to the GDPUD Strategic Plan**

· **Possible Action-** Discuss and provide suggestions to the GDPUD Strategic Plan.

The Board discussed conducting a workshop at a later date. Staff were instructed to research the cost of a Facilitator for the workshop. The Board would like to look at neighboring Water Districts and how they completed their Strategic Plans.

Public Comment:

Cherie Carlyon

E. **Consider the Addition of a Staff Appreciation Incentive and a Staff Longevity Award**

· **Possible Action-** Consider approving the start of staff appreciation incentives and staff longevity awards.

Director Seaman motioned to amend 5 year incentive to $500 and to choose option 2. Option two included a one-time payment for all employees who have already hit 5 years of employment with the District.

Public Comment:

Cherie Carlyon

Director Donna Seaman motioned to approve. Director Mitch MacDonald seconded the motion.

The roll call vote:

Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

F. **Consider Submitting Letter for Intent to Participate in Water Transfer Program**

· **Possible Action-** Authorize Staff to submit a letter of intent for the Water Transfer program.

Staff were directed to add the Water Policy to this item in the future.

Public Comment:

Cherie Carlyon

Director Donna Seaman motioned to approve. Vice President Andy Fisher seconded the motion.

The roll call vote:

Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

G. **Discuss the Date to Hold a 2026 Urban Water Management Plan Town Hall to Update the Public**

· **Possible Action-** Authorize Staff to work with Pilot Hill Grange to set up a Town Hall to discuss the UWMP for 2026 on March XX, 2026.

Townhall date is set for March 26, 2026 at 6:00 PM at the Pilot Hill Grange.

Public Comment:

Cherie Carlyon

Vice President Andy Fisher motioned to approve. Director Donna Seaman seconded the motion.

The roll call vote:

Aye **President Michael Saunders** _Aye_ **Vice President Andy Fisher** _Aye_ **Treasurer Robert Stovall** _Aye_ **Director Mitch MacDonald** _Aye_ **Director Donna Seaman**

9. **Closed Session**

A. Conference with Legal Counsel - Anticipated Litigation Pursuant to Gov. Code Section 54956.9 (d)(4) Initiation of Litigation: 1 case

Director Saunders closed session at 6:16 PM.

Director Saunders reopened session at 6:30 PM.

10. **BOARD MEMBER REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS**

Director Saunders directed staff to update the Teleconference Policy.

11. **NEXT MEETING DATE AND ADJOURNMENT**

The next Regular Meeting will be February 18, 2026, at 2:00 p.m., at the District Office, 6425 Main Street, Georgetown, California 95634.

ACWA 12.2 am Risk Management

Risk transfer
As a board member, ask for risk transfer language, additional insured, and indemnity in all contracts before construction begins.
Make sure all signatures are on file prior to beginning project
Request insurance limits and indemnity limitations
Build in warranty language
Make it broad
Check in with JPIA to review contracts
Do not direct means or methods, if so, then it is not their responsibility
    I.e. error by contactor damaging underground internet cable
    Project inspection is for general compliance, not how it is being done
    Once the agency directs any action then the agency can be responsible for liability outcomes
If policy spans 2 years request coverage for each year
Insurance consultants are the specialists as opposed to our general council
Look for limitation of liability statements – do not accept
Look for limits of insurance from contractor and build into contract

Why is it important
When claim comes in, transfer it out
Legal defense reduces time spent on the case
In general, the lawyers always win
Insurance tries to reduce coverage
Require signature before work starts

Claims effect the pool
Keep all documents for at least 10 years
Request insurance over 10 years if claims made or occurrence made insurance, recommend occurrence
Check document retention policy keep scanned copies

Wildfire risk transfer
Need to get contractors on an emergency
Get contractor language prepared
Should be built in the emergency plan

Plan for in advance
For example, making it in compliance with FEMA

Look at insurance documents and verify if coverage will end during project and require verification of renewal,

JPIA working an AI to review contracts tailored to JPIA
JPIA has models of existing language and templates for insurance language
Ask for vender insurance endorsement and read them, its limitations of liability

Have best practices in place
Need an Additional Insured Document

Key takeaways
Risk transfer starts before the project begins
Clear language, verify via JPIA
Get specific additional insurance document, request copy of insurance and ask additional insured documents, actual name our agency, make sure additional insured
Keep all documents scans for 10 years
Make sure pass through liability is in place
Risk transfer is a partnership between JPIA and agency
When in doubt ask early

JPIA has resources on site, templates
Verify insurance companies rated A7

If using enterprise fund vs. general fund in procurement, require prequalification documents identified in the bid process regardless

For cyber insurance contact specialist at JPIA
Note all slides available on line after conference

ACWA 12.2 am Energy Policy

Example of over canal solar panels.
Project NEXUX
Clean fleets program
ACF regulations have not been changed for agencies in California
Emergency vehicles are excluded with sirens and lights
Personal note. Consider legislation to include water agency as Mutual aid vehicles with yellow lights and speaker
Designated counties 2024-2029 50% beginning 2035 100%
Reporting in April 1
Something about less than 100,000 miles per year
zefleet@ARB.CA.GOV
needs to have full fleet by 2042
keep the internal combustion vehicles in service
will have to raise rates to cover these regulations

Solar and Batteries
Incentives start by 7/26 and finish by 12/27 can get more timing if start by 7/26
30% credit to 2033 for batteries, constraints on producers of batteries
Solicit CPA for IRS complaisance
Engage legal for IRA risk
Assess timing for utility interconnection, a wild card, difficult to get accomplished
Microgrids is a posibility
Batteries are here to stay
Cost curve is going down as use is going up
Overproduce and save for night use
Enable flexible interconnection 50%
Batteries have 4- 8 hours back up, improvement being made
Batteries capacities 600 to 1200 kWh
Install cost are $1,000 per kWa
Demand response potential
Net cost can be $0 have to float the cost but can recover the expense
Solar panels are lasing 25 years
Inverters last 10 years
Batteries last about 10 years, 5 years is extreme temperatures

Tarris on lithium, be in a ready for procurement mode, contracts may exclude future traffics and taxes
The longer it takes the higher the cost
AI using electric energy consumption, increasing demand, increasing cost

Grid hardening and fire mitigation are the key drivers of increases in CA energy rates
Be in the energy business
There is a drive to increase water production in CA
Be in the water production business
10-year-old panels can be replaced by higher producing panels
Vanadium ion power batteries are going to replace lithium ion batteries
6 hours and above batteries may not be cost effectives
Fire marshal has to approve batterie's location and clearance for containment
Temperature variants are not impacting now as much as past

ACWA 12.2 pm Building Leadership Durability

Build Mission Vision, Strategic Plan, Goals, and Culture
People are the greatest asset
Develop a workforce plan for succession planning, honoring institutional knowledge
Developing and updating policy
Develop partnerships
Innovation

How to develop vision and mission
Include board and staff and key stake holders, community, focus groups/townhall meetings
Set expectations of board and GM
Achieving the mission is the purpose of the strategic plan
Develop a method of how to measure success
Update upon significant events
Develop a dashboard for strategic plan that is a living document

Culture
Command and control model can stagnate in an environment of change
Develop an anonymous survey with feedback and strategy for suggestions and change
From a top-down authority to collaborative culture
Personal note - provide an example of quality circle meetings
Value of quality circles horizontal coordination and chat formats
Integrity and accountability respected and heard
Board sets the tone of culture
Provide the ability of staff to work directly with board members empowering team
Development of pride of being part of the community

Investment
Social media news letter
Investment in infrastructure
Problem statement and multiple benefit options solutions
Getting people to be open minded

Investment in staff each employee is a significant investment over a 20-year commitment
Provide opportunity for growth
Be okay with staff moving to other agencies, builds connections with other agencies
Organizationally work with region, i.e. Headwaters, Mountain Counties Water Resources Association

Workforce
Involve staff in ACWA
Opportunity to meet other professionals in the vocation
Engage in community local and regional agencies
Build connections to ask colleagues in other agencies
Staff development resources provide opportunities for growth in the industry
Build pride
Be transparent with board
Prepare to backfill turnover positions to pass institutional knowledge,
Rotational assignments. Put a person in a position that is temporally vacant
Builds awareness of other departments
Stretch people's comfort and skill zone
Bring in students to involve potential water career

Innovation
Move from command and control to quality circles
Develop a good employee cultural foundation
Challenge to take advantage of AI
Use AI in water sales, proof of concepts
Innovation in thinking out of box to benefit community
Look at ADU
Crises build innovation

Break out of silo thinking into regional commonalities
I.e. look into a network of water agencies with wood flumes
Success in not a zero-sum game

Seed the process of developing and integrating positive new board members
Build on the strengths of each board members

Need a strong president
Have a united front
Encourage candidates to run, educate candidates, bring candidates on tour
Use the strategic plan to orient new board members

ACWA 12.3 am Bay-delta Water Accounting
California lacks a water accounting system. There is not accurate data on how much delta water is available and who is using it. What is lacking is determining what is available. Having hard data will help the understanding legal claims on water and provide for ground water accounting. It is critical for stake holders, policy makers and water suppliers and users to manage and share information.

The state and federal water projects are the back bone of the California economy.

The State water Project includes Lake Oroville and serves 27 million people and 750,000 acres of farm land.

2017 was a wet year and 2021 was drought year.
Ecosystem water – water for fish and wildlife
In wet year large amount flowing through due to inability to capture – uncaptured outflow
How to capture flow in wet years
Working through UCD
4 aspects of water accounting

- Water availability
- Water rights
- Water use
- Information

State water

- Lake Oroville
- Serving 27M and 750,000 ac of farm land

Key supply through Trinity, Shasta, Oroville, Folsom, and New Malones reservoirs

Endangered species act effects State water only??
Can divert after requirements are met
Yet lack accounting of State water supply
How do we know the flow for protection of ecosystem water
How to capture storm water, what should be left, and what is available for water supply
SB122 flood divert water without permit
Have to have Delta in flood status

Lack of accounting potential impacts in water supply
2022 1% water to members, 47% to delta requirements
2023 14% to members, 4% to delta requirements
Personal note
Need better data, like Stumpy releases an average of 2.5 times of what is used by GD-PUD
Lining canals, conservation, and management of flow through the system has decreased district water demand and increased ability to transfer water

Not enough water to provide water to water right holder
SB 88

Pre 1914 right holders report annually
Launched water rights system
Need markets but need data, trust and communication
Lot of opportunity

Need a water right system that will create more certainty for ground water recharge

Questions
Why care, what benefit?
Certainty in how much water is available for diversion and ecosystems
Ground water sustainability
Incentivize recharging, a fee for ground water sustainability
Information is just as important to infrastructure

Challenges and opportunities
What is easy to implement?
Russian River water shed use data already available
Give emergency response
Ground water pumping delegations
Use the data and share and use the data as opposed to manage the situation
Have data on river flows
Lacking the actual diversion data
How to incentivize data collection
Estimate ground water capacity and deletion

Estimate real time data

What is needed in policy?
What is the cost of regulation
What is the burden of reporting
Think about how to contribute to decision making
Think wholistically
What are the priorities
How much flow do we need rivers, data is old, from 2010
Not accounting of what we have learned in past 16 years
Conflicting information coming from state
Innovate and incentivize conversation
Keep affordability in mind

With better data Term 91 – inflow matches out flow requirement
Access conditions allow use of access water, but us limited to post water project right holders
Updating Bay-Delta Plan by September

Compliance and investment
Cookie cutter cutbacks
Need evolution to drought response
Look at policy conflicts, having data will help
How to incentive conservation and not one cut across the board
Allow for local solutions
Look at 16% conservation and incentivize

How to prepare for change
Opportunity to prepare for future, an unavailability tool
Use tools on all years
Translate into climate change into scenarios
We are not ready for the big flood
Don’t have planning for drought senecios
Need a flood risk agency
Look at future on how to do things
Provide data for informed decisions
How do we future proof senecios proactive as opposed reactive

Tie into Generative AI use of data

ACWA 12.3 pm Water Talk
How to make data driven decisions
Many small agencies do not have the finances to use the information technology as large agencies do. AI will not replace human beings but will enhance your job and make less-desirable aspects simpler.

AI reduces a level of risk. While traditional software is expensive, but actual costs are closer to $20 to $50 per month.
While there is an AI arms race, generative AI is crucial. Collaborations is the key for the water sector. Generative AI is different from traditional AI. Traditional is based on structured data. Generative AI is based on natural language. Generative AI is extremely accessible. So, all the PDF files and photos and documents can be data input.

Agentic AI refers to a system

Works with natural language
Unstructured data
Doesn't not require build out
Cost is less than $60 per month
Generative AI is the new electricity, a general-purpose technology whose impact spreads broadly and capabilities mature.

Almost every week there are more resources available
www WRF #5321 research project involved in this research project.
The Water Research Foundation – The Role of Generative AI (GenAI) for the Global Water Sector

Abstract
This project will establish a foundational understanding of the potential role of GenAI for municipal water and wastewater utilities and develop a set of guidelines and best practices for the use of GenAI and Large Language Models in the municipal water sector. The primary emphasis will be on demonstrating and experimenting with smaller, more immediate capabilities that can directly benefit water utilities today, while contributing to addressing critical water sector challenges. The project will focus on the top challenges identified in AWWA's State of the Water Industry report: water resource and environmental resilience, infrastructure management, and public understanding of the value of water.

A global effort.
22 utilities involved. Pilots demonstrated Generative AI is practical, useful and affordable
Created a chatbot for residents in rural water systems.
Recorded conservation of Q and A then found answers and source of information
Another example looked at water rate structure and with affordability. Created a chatbot and spit out of actions and options. Similar for waste water facilities.
With voice activated, can ask and get answers.
Has been used for water infrastructure planning
For example, looking at out 5-year CIP where and what to be expected in maintenance and responding to leaks. See trends, responses to weather events

Generative AI will not replace staff, but staff that know and use Generative AI will add value to the district and leaders that know how to use it will shape the future of water.

Board Report
Director Michael Saunders
January 2026

LAFCO: Special District Commissioner

Regular Board Meeting (Placerville) – Next meeting Jan

Sacramento Regional Water Authority: Chair

RWA Executive Committee
Executive Committee Meeting (Sacramento) Dec 16
Board Meeting (Carmichael) Jan 8
Water Caucus Meeting (Sacramento) Jan 7
Holiday Social and Awards Dec 11

Association of California Water Agencies: Vice-Chair, Region 3

ACWA Region 3 Board Meeting Jan 6
ACWA Chair/Vice-Chair Meeting Jan 7
ACWA Committees

Mountain Counties Water Resources Association

MCWRA Legislative Planning/Strategy Meetings

Regional Water Management Awards

In 2025, RWA presented two Regional Water Management Awards recognizing exceptional projects addressing critical water management needs at a regional scale.

RWA Board Chair Brett Ewart of the City of Sacramento Department of Utilities, RWA Vice Chair Michael Saunders of the Georgetown Divide Public Utility District, PCWA General Manager Andy Fecko, and RWA Executive Director Jim Peifer

Georgetown Divide Public Utilities District — Fire Safe on the Divide

A collaborative wildfire risk reduction effort protecting water infrastructure in the American River watershed through infrastructure hardening, fuel reduction, and evacuation improvements.

Placer County Water Agency — French Meadows Forest Restoration Project

A large-scale forest and watershed resilience project spanning Tahoe National Forest and private lands to reduce wildfire risk and protect downstream water supplies.

JPIA 12.1.25 pm Board meeting

Director summary
Developing the 5-year strategic plan, expected to finalize plan by July 2026
Addressed 120 legislative issues
Passed water theft for fire hydrants
138 water agencies participated in legislative advocacy
Webinars including cyber security
1% increase in dues, down from the recommended 2.5%

Conflict of Interest Code
Update Bylaws
Investment Policy
JPIA Pooled Programs Update
Liability Program 5% rate increase for 20256-26
Property Program 10% rate increase in 2025-26
Construction costs have doubled in the past 5 years, average 20% per year
Worker's Comp flat rate increase, expect reform in the next year
Employee Benefits 20,000 lives covered, dental plan enhancements about 10% increase
Medical cost will continue to increase
Leadership Program Grant Update
2025 Leadership Essentials for the Water Industry Program
- Graduates included Adam Brown
2024-25 Employee Benefits Program Wellness Grant award winners include GD-PUD
Note next year grants will be awarded on first come first serve
Funding available for gym memberships
Risk Control Grant program
Grants available for up to $10,000
Note: GD-PUD is in the process of receiving this grant for security gates
Obtaining this grant is the result of GD-PUD sending board members to meetings at the Spring JPIA-ACWA official event
Other recipients have included equipment to identify underground utility lines and pipes, Increasing fence security, cameras on trucks for multiple blind spots, equip vehicles with front side and rear lights on district trucks, safety apparatus

for manhole removal and staff fall prevention going down and up inside vertical access, another award was for a drones to access tunnels, JV190 tool to turn valves in below ground, hydrant buddy to open fire hydrants,
Best management process to document the shape of meter boxes, to reduce tripping hazards. Maintain a hard copy of reviews and routine repair to reduce potential tripping liability claims

Note: the GD-PUD received the President's Special Recognition Award for having a Loss Ratio of less than 20% in either of the Liability, Property, or Workers Comp Programs

Presentation on transitioning to a new building

President's update

LEGISLATIVE REPORT
January 2026

Federal Updates

PFOS/PFOA

EPA is working on an MCL limit for perchlorate testing.
"We anticipate that fewer than one-tenth of 1% of regulated water systems are likely to find perchlorate above the proposed limits," the agency said. A limit will help the small number of places with a problem, but burden the vast majority with costs they don't need," officials said.

The EPA said sampling could be done less frequently if a utility's initial testing didn't raise concern. They also said the agency had committed to working with states and communities to reduce contamination.

Omnibus bills passed. Now minibus bills remain for the budget deadline for the end of January. The appropriations from 2025 that were wrapped in with the 2026 appropriations have been whittled down. Unfortunately at this time The appropriations from 2025 and 2026 for GDPUD did not make it into the current Minibus bill.

Colorado River

An agreement has still not been met and the next deadline is set for February. It is unlikely an agreement will be reached until the Dec deadline. The concern is without a deal the Dept of the Interior may step in and propose their own solutions. The Bureau of Reclamation has released a draft environmental impact statement. The proposed alternatives have reductions of water to California in the range of 700kAF to 3.4MAF annually.

State Updates

The Governor's budget proposal reflects stronger-than-expected revenues but maintains a cautionary approach. The budget plan is notable because it only projects a $2.9 billion deficit, down sharply from previous estimates in a nearly $349 billion budget proposal that relies heavily on continued windfalls from tech and AI stocks.

The governor's 2026-27 budget proposal projects $9 billion more in revenue than anticipated, banking on the AI-driven economy to last. It's significantly rosier than the grim outlook by the nonpartisan Legislative Analyst's Office, which in November of last year projected a $18 billion deficit.

Overall Budget and Fiscal Position

- The Governor's plan spends $348.9 billion in total, with a projected $2.9 billion deficit, far below the nonpartisan Legislative Analyst's Office's projected deficit of $18B.
- The discrepancy is likely due to the Governor's budget assuming more than $42 billion in additional General Fund revenue compared to the prior enacted budget.
- In previous years, the state used about $13 billion from its Rainy-Day fund to reduce the deficit. The Governor's plan proposes rebuilding the Rainy-Day Fund's reserves by depositing $3 billion.

- The budget assumes no economic downturn or stock market turmoil, which is notable given California's dependence on the technology sector (especially AI) and high-income earners with stock-based compensation.
- Major revisions are anticipated in the May Revision once better data on upcoming tax receipts is available.

Cap-and-Invest (Cap & Trade)

The Governor's January 2026–27 Budget reflects the updated Cap-and-Invest reauthorization framework, including revised allocation rules and spending commitments adopted in the 2025 Budget Act. These changes govern how Greenhouse Gas Reduction Fund (GGRF) revenues will be distributed in the budget year.

Because projected 2026–27 GGRF revenues fall short of the amount needed to fully fund all tiers, Tier Three programs are expected to receive approximately 71 percent of their maximum allowable funding.

Proposed Cap-and-Invest Allocations (2026–27) that can impact the District

Tier Three

- Healthy and Resilient Forests: $141 million
- Safe and Affordable Drinking Water Program: $92 million

Climate Bond (Prop 4, 2024)

The Governor's January 2026–27 Budget proposes to allocate $2.1 billion from the voter-approved $10 billion 2024 Climate Bond, leaving approximately $4.6 billion available for future appropriation.

Safe Drinking Water, Drought, Flood, and Water Resilience — $792 million

- **Flood Control:** $232 million for projects to assess, repair, rehabilitate, expand, or replace levees and other State Plan of Flood Control and Delta facilities, including Flood Control Subventions Program investments.
- **Drinking Water:** $173 million for drinking water and wastewater projects serving small, disadvantaged, and tribal communities, addressing failing systems, at-risk infrastructure, private wells, and regulatory compliance.
- **Regional Conveyance and Repairs:** $68.8 million to prioritize repairs to existing conveyance infrastructure in 2026–27 and fund competitive grants for regional or interregional projects that improve water reliability and security.

Wildfire and Forest Resilience — $314 million

- **Local Fire Prevention Grants:** $58 million for wildfire prevention and hazardous fuels reduction projects in high-risk communities.
- **Fire Resilience Assistance:** $19.6 million to support homeowners in wildfire-prone areas with defensible space and ember-resistant Zone 0 treatments.
- **Electric Transmission Risk Reduction:** $15.2 million, coordinated with the Office of Energy Infrastructure Safety, to reduce wildfire ignition risks associated with electric transmission infrastructure.

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What's Next

The next milestone will be the May Revision, which will update revenue estimates based on actual tax receipts, and the Legislature must pass a balanced budget by the constitutional deadline of June 15, with final adoption (including trailer bills) typically occurring by late June.