



Sunnyslope Water District

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Board of Directors 2026

President Michael Alcorn • Orlando Martinez • Jerry Buzzetta • Dee Brown • Alexis Perez-Kenny
General Manager Drew A. Lander P.E., Superintendent Jose Rodriguez, Legal Counsel Michael Laredo

September 4, 2026

Superior Court of California

San Benito County
The Honorable Omar Rodriguez
450 Fourth Street
Hollister, CA 95023

San Benito County Civil Grand Jury

PO Box 1624
Hollister, CA 95024

From: Board of Directors, Sunnyslope County Water District

Re: Official Responses to the 2025-26 San Benito County Civil Grand Jury Report:

*The Waters are Murky: An Investigation into Transparency
Issues at Sunnyslope County Water District*

Honorable Omar Rodriguez,

In accordance with the California Penal Code Section 933(c), the Board of Directors of the Sunnyslope County Water District respectfully submit this official response to the findings and recommendations contained in the Grand Jury Report dated June 9, 2026, titled "*The Waters are Murky: An Investigation into Transparency Issues at Sunnyslope County Water District.*"

The Response was formally reviewed, approved, and authorized for submission by a majority vote of the Board of Directors during a publicly noticed meeting held on September 4, 2026.

Response to Grand Jury Findings & Recommendations

F1: Sewer rates were changed without the public notice required under Proposition 218.

The District agrees with the finding. Sunnyslope Management was aware of the implementation discrepancy prior to the release of the Grand Jury Report and had already initiated corrective actions to evaluate the premature rate modification. In July 2026, staff successfully executed a billing rollback, completely refunding any individual rate increases applied ahead of the finalized Proposition 218 proceedings. To ensure strict procedural adherence moving forward, on May 19, 2026, the Board of Directors mandated that a third-party consultant revise the rate model before resuming the proposed transition to a flat-rate sewer structure. The District has paused all rate modifications pending the finalization of this independent review.

R1. Review and, if necessary, suspend implementation of the revised sewer rates pending compliance with Proposition 218 notice requirements. To be implemented by August 19, 2026.

The recommendation has been implemented. Rate implementation was suspended prior to July 2026 billing.

R1A. Rebate or credit back any increase of sewer charges to impacted customers. To be implemented by August 19, 2026.

The recommendation has been implemented. Customers were refunded any additional costs associated with “Flat-Fee” sewer rate reflected on the July 2026 billing.

R1B. In alignment with Proposition 218, begin the process to raise sewer rates, including a 45-day public notice, a public hearing, and the creation of an official ordinance by the Board. To be implemented by August 19, 2026.

The recommendation requires further analysis. The Board of Directors has directed the General Manager to review the flat fee recommendation and return to the board with an updated proposal within the next six months, if warranted. If unfeasible, pursuit of new rates will not be implemented.

R1C. Update the Sunnyslope website to reflect new sewer rates once the ordinance has passed.
To be implemented by August 19, 2026.

The recommendation has not yet been implemented but will be in the future. The Sunnyslope website will be updated to reflect new sewer rates after a new rate ordinance has been adopted.

F2: The easement acquisition process appears inconsistent and may not fully align with established procedures.

The District disagrees wholly with the finding; Each effort to acquire the right to use property, ranging from outright purchase of a fee interest, to limited rights by easement or even lesser rights by license, are subject to unique circumstances. The final path (and result) selected derives from a discretionary decision that is greatly influenced by the negotiating parties. No two acquisitions are alike, as all parcels of real property are unique.

The District wholly disagrees that its acquisition efforts have failed to align with established and legally required procedures.

R2. All contracts for easements should be made available to the Board in writing prior to approval. To be implemented by August 19, 2026.

The District currently complies with the recommendation / has been implemented. All easements and contracts are available to the Board prior to Board acceptance. These documents are public documents.

R2A. The board should take a more active role in the development of contracts on behalf of Sunnyslope, such as developing a detailed set of procedures for the General Manager to follow.
To be implemented by August 19, 2026.

The District will not implement the recommendation because it is not warranted and not reasonable. The role of the Board of Directors is to provide high-level governance, financial oversight, and strategic direction for the District, while safeguarding public interests. Contract development and negotiation are strictly operational management functions rather than governance tasks. In alignment with existing district Policy, the Board of Directors evaluates and approves all contracts that exceed the General Manager's established authority. Presently, the General

Manager for Sunnyslope is the District Engineer, possessing the professional license and extensive specialized experience necessary to successfully navigate the acquisition of rights-of-way and easements. To date, the Board of Directors has not expressed dissatisfaction with the acquisition of easements.

R2B. The current easement contracts should be immediately available to the public. To be implemented by August 19, 2026.

The District currently complies with the recommendation / has been implemented. All easements and contracts are available to the public and the Board prior to Board acceptance. These documents are public documents.

F3: The decision by the Sunnyslope Board to bypass the established steps in conflict resolution contributed to additional conflict among Board members and the airing of grievances in the public forum.

The District disagrees wholly with the findings. Differing policy perspectives among Board members are inherent to democratic governance and do not stem from any misunderstanding of conflict resolution procedures. The Board has always adhered to established processes; therefore, no new measures are necessary. The General Manager acts upon the direction from a voting majority of the Board. Individual dissent, whether public or personal, does not constitute the “will of the Board” and cannot override directions given by the majority of the Board (Policy 7130 & 7160).

R3: All policies and steps for dispute resolution need to be followed. To be implemented by August 19, 2026.

R3A: In the event that the established conflict resolution policy needs to be amended, an agreement between board members needs to be reached within the confines of Board meetings. To be implemented by August 19, 2026.

The District complies with the recommendations / each has been implemented. The Board of Directors transacts all business exclusively within publicly noticed meetings. No changes to current conflict resolution policies are recommended by any current board committees. The Board maintains ongoing authority to mandate staff reviews of any policy for future amendment. Collective intent and Board direction are executed strictly through a majority vote cast within the confines of official meetings.

F4: Communication and transparency issues are significantly affecting interactions among Sunnyslope management, staff, Board members, and the public.

The District disagrees wholly with the finding; Without greater specificity delineating the alleged “communication and transparency issues it is difficult for the District to make a meaningful response. Interactions among and between Board members, and between the District and members of the public often relate to competing policy preferences, not derived from issues of communication or transparency.

R4. Management needs to give staff clear direction when policies, prices, or procedures change by putting them in writing. To be implemented by August 19, 2026.

The District complies with the recommendation / has been implemented.

Transparency and communication are high-priority concerns for Board members and the General Manager. Clear direction is provided for staff, with District business regularly available for public comment and review. In 2020 the General Manager made significant changes to the District website by providing all its meeting information, policies and documents online to improve transparency. Additional improvements are ongoing as the District continues to improve public access.

R4A. The Board of Directors should conduct training so that the general manager and the Board are familiar with the Sunnyslope County Water District Policy Manual. To be implemented by August 19, 2026.

The District will not implement the recommendation because it is not warranted and not reasonable. The Board of Directors does not conduct training. Every new board member is provided all district policies and procedures manuals in a binder when seated on the Board. When requested by a Board member, the General Manager reviews these documents with that member. This training often happens following a general election if requested.

R4B. Using the Sunnyslope website, news sources, and social media, notify the public concerning new programs and initiatives. To be implemented by August 19, 2026.

The District complies with the recommendation / has been implemented. The District currently uses its website and a bi-annual newsletter (mailed USPS) to share information with customers about progress in the district. The website has been reviewed for accuracy of current information and is maintained by staff. Social media is being considered but the use of Social Media accounts, the maintenance, and the cost to maintain have been a deterrent. A social media policy has not been adopted by the Board and the use of district social media accounts will not be implemented until a policy is considered by the Board.

R4C. The Board should approve the use of recordings at Board and committee meetings. These recordings should be retained and posted on Sunnyslope's website so the public can participate in the process. To be implemented by August 19, 2026.

The District substantially complies, but further analysis is required. The existing District policy allows for the recording of District meetings for the use of staff in preparation of meeting minutes. Per district policy, these recordings are available to the public upon request at the district office for review for 60 days after the meeting. Posting these recordings on the district website has been considered, and a future revision of meeting minutes policy may occur if approved by the Board, but the District rejects the time frame of August 19th for implementation. The full costs of recording, preparing, electronic storage and duration of electronic storage in a way that can be preserved have not been fully evaluated. An analysis will be conducted and brought back to the Board for consideration within the next six months. If too expensive, the Recommendation will not be implemented.

F5: When the general manager is negotiating contracts, such as those for the easements and the contract with the City of Hollister, the Board is not receiving all of the pertinent details.

The District disagrees wholly with the finding. Without greater specificity as to any particular contract or easement, it is difficult for the District to make a meaningful response. The District is unaware of any legally required information alleged to have been withheld from the Board.

R5: Management needs to follow established policies for communicating with the Board so that they receive information regarding contracts or changes to contracts. To be implemented by August 19, 2026.

The District complies with the recommendation / has been implemented. Management follows established policies for communicating with the Board. The GM is in contact with the Board President and District Counsel regularly. The Board holds regularly scheduled monthly meetings, and special meetings are called when necessary to conduct District business.

F6: When Sunnyslope creates a recording of a Board meeting, it becomes a public record, subject to CPRA and the Brown Act. Sunnyslope currently records Board meetings; however, the existence and availability of these recordings are not clearly communicated to the Board or the public.

The District agrees wholly that any recording of a Board meeting made or controlled by Staff constitutes a public record subject to the California Public Records Act. The District partially disagrees that availability of recordings are not clearly communicated. Sunnyslope meeting recordings are made and retained solely for the purpose of creating accurate meeting minutes. These are working documents, not permanent records, and are retained for approximately 60 days following a board meeting. Per district policy these recordings are available to the public if requested.

R6: Sunnyslope should immediately post all Board and committee meeting audio recordings within its possession on its website. To be implemented by August 19, 2026.

This recommendation requires further analysis and will not be implemented at this time. Storage and loading meeting minutes to the website has significant long term cost implications. It is currently not District policy to post recordings on the website. To date there has been very little public interest in district recordings. The Board may consider a policy to change storage requirements to assume the additional cost of long-term storage of meeting recordings. The General Manager will review and provide a recommendation to the Board within the next six months. If too expensive, the Recommendation will not be implemented.

F7: Sunnyslope accepted an outside rate study that did not include methodology templates from the contractor, which hindered their ability to fully analyze the recommendations within the report.

The District disagrees wholly with the finding. The water rates evaluated and adopted by the board conformed with standards for the creation and calculation of service rates. The methodology was provided by the consultant. The past three years of implementation of those water rates demonstrate a high degree of accuracy as to the anticipated revenues and expenses versus the actual. Current water rates are proving to be very accurate. No action will be taken this year because the current water rate model is established until 2028.

R7: Require, as a stipulation, outside contractors to provide methodology templates to management. To be implemented by August 19, 2026.

The District complies with the recommendation / has been implemented. The District retains third-party financial consultants to review its finances and develop rate structures based on current metrics and future revenue and expenditure projections. The efficacy these rate models are demonstrated by the precision of the District's annual budgets, which consistently maintains a narrow, not-for-profit margin. At the close of each fiscal year, the District successfully covers its expenditures while actively reducing operational costs to mitigate ongoing inflationary pressures.

F8: Current hiring practices for management positions are creating confusion within the District.

The District disagrees wholly with the finding; Without greater specificity as to any particular management position that is being questioned, it is difficult for the District to make a meaningful response. The District is unaware of any alleged confusion as referenced in this finding.

R8: Develop a clear hiring process for management to include written agreements when promoting from within the organization. To be implemented by August 19, 2026.

The District complies with the recommendation / has been implemented. The District maintains a well-defined management hiring process, formally documented through standard employment offer letters. Per District policy, internal candidates are prioritized for promotion whenever qualified individuals are available. The

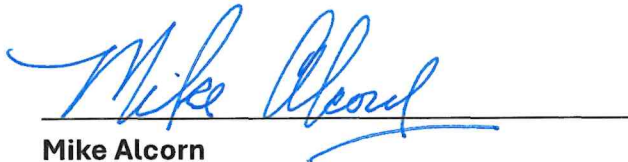
General Manager retains the sole authority to evaluate and determine internal candidate qualifications, a process frequently informed by consultation with the management team and Board of Directors.

Conclusion

The District is deeply committed to continuous transparency as a core operating principle. The District proactively identifies administrative errors and implements necessary corrective actions as needed. The Board of Directors openly deliberate agency issues and concerns, operating under the strict principle that the collective majority vote directs the General Manager. In resolving conflicts, the District's primary objective is to achieve equitable outcomes while avoiding unnecessary expense of litigation. This collaborative approach has allowed the District to maintain strong, productive relationships with its partner agencies. Ultimately, the successful execution of District projects – delivered consistently on time and on budget – stands as a testament to the District's organizational transparency and staff dedication.

Should you or the Grand Jury require further clarification regarding these responses, please do not hesitate to contact our office.

Respectfully submitted,



Mike Alcorn

President, Board of Directors
Sunnyslope County Water District