

## **Minutes**

### **Sacramento Suburban Water District Special Board Meeting Wednesday, November 9, 2022**

#### **Location:**

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, Audio Conference at 1-669-900-6833,  
and Video Conference using Zoom at Meeting Id #810 3253 5734

#### **Call to Order**

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

#### **Pledge of Allegiance**

President Locke led the Pledge of Allegiance.

#### **Roll Call**

Directors Present: Jay Boatwright, Dave Jones, Craig Locke, Kevin Thomas, and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Matt Underwood, Heather Hernandez-Fort, Jeff Ott, Erik Flaa, and Todd Artrip.

Public Present: William Eubanks, Christine Kohn, Cathy Lee, and Paul Helliker.

#### **Announcements**

General Manager Dan York (GM York) announced:

- Director Boatwright was leading in the election for the Division 2 seat.
- The letter received from Fair Oak Water District (FOWD) and Citrus Heights Water District (CHWD) regarding their comments on San Juan Water District's (SJWD) water rights, as outlined in the Business Case for a Potential Combination Report (Report). GM York noted the letter was at the dais and available to the public. He also pointed out, on Legal Counsel Josh Horowitz (Mr. Horowitz) behalf, that the letter was copied to him as Carmichael Water District's (CWD) general counsel, noting that he is not CWD's general counsel, but that he only acts as special counsel on select matters. GM York further pointed out that the contents of the letter should be addressed soon in a transparent manner, both as to any general advice Mr. Horowitz could jointly provide while the Combination was being studied, and later when Mr. Horowitz would need to act on behalf of SSWD as its general counsel and CWD retains another attorney, if a decision is made to move forward and negotiate the terms of a Combination. GM York expressed he would provide a copy of the letter to Raftelis.

Director Wichert commented that he did not think it was appropriate for Josh Horowitz to serve on both water districts, SSWD and CWD, for the Combination discussion, as he felt it was a conflict of interest. Director Wichert commented that he had the same concern when the District was discussing Combination with San Juan Water District.

William Eubanks (Mr. Eubanks) commented that he agreed with Director Wichert, and suggested Mr. Horowitz only represent SSWD.

### **Public Comment**

None.

### **Items for Discussion and/or Action**

1. **Carmichael Water District / Sacramento Suburban Water District Combination Study Business Case Analysis**

GM York presented the staff report and expressed that the intent of the staff report was for the Board to provide comments and questions on the Report.

Mr. Eubanks provided his opinion about the Combination discussion, commented that the timeframe was optimistic, and recommended SSWD not consider a Combination with CWD.

The Board provided the following questions/comments on the Report:

- Is SSWD's credit rating going to be affected by this? CWD and SSWD are both AA+. If we combine, will it change the credit rating?
- What are the cons to the Labor Union? Is that a fatal flaw?
- What is CWD's turnover rate? How long do employees stay? Likewise for SSWD.
- There is no mention of the history of combinations/acquisitions previously conducted by Northridge and Arcade. What was learned from those acquisitions? Are there any lessons learned from those that we should look at.
- The AeroJet plume is moving towards SSWD. Should we be looking at that?
- Are there larger costs that are not mentioned, such as wells? What does Carmichael have in their scope of their 5 year plan?
- Does CWD have water storage?
- Will fluoride affect operations?
- Does CWD have Asset Management Plans?

- CWD to address the letter from CHWD and FOWD.

GM York commented that based on the comments and questions from the Board, he suggested that the District use the analysis recommended by the former Arcade and Northridge Water Districts' LAFCo Resolution. Those analysis points pertained to operations, staffing, benefits, CIP programs, financial, and payroll. He further recommended that staff combine those points of analysis with the current questions and comments provided by the Board and provide the combined list to CWD for consideration.

GM York thanked the Board for their questions, and reminded the Board that this first Report was to determine any fatal flaws and that the next phase would take a look at further studies and dive deeper into the details.

Director Wichert commented that if a Combination with Del Paso Manor Water District (DPMWD) continued forward, it might be a good idea to hold on this discussion, and use that as a test case as the District could learn from that process.

Director Jones commented that it would be at the District's advantage to see what the regulators are going to do about the DPMWD situation.

President Locke expressed that the conversation with DPMWD is different, as the decision to look at a Combination with CWD was to review the economies of scale, better water supply reliability, eliminate redundancies, and have a stronger voice in the region. He noted that there wasn't anything negative, or any large issues identified in the Report. He additionally expressed there was enough in the Report for the districts to continue forward.

Director Thomas agreed with the Board and further inquired about fluoride.

Discussion ensued over fluoride in the District.

Director Boatwright expressed he felt the Report was very thorough, and did what was asked, and further noted there was a lot more to review.

Director Wichert pointed out the differences in benefits such as retirement, sick leave, and medical coverage.

President Locke noted that some agencies do have different sets of retirements within the same agency, and that he felt you retain employees by treating them well, noting the benefits were not a huge liability.

GM York pointed out that details on this topic would be reviewed in a second phase.

Cathy Lee (Ms. Lee) commented that CWD conducted a 218 process in 2020, reviewed their CIP plan, expressed they had a reserve fund for their membrane replacement and

water treatment plant upgrade, expressed they plan on a more thorough study on their pipelines, and noted that a more robust conjunctive use program would benefit the whole American River region.

Director Wichert requested further clarification on the letter received from FOWD and CHWD.

Ms. Lee expressed CWD only purchases 300 acre feet of water during the time the CWD was curtailed, noting it is a stronger argument for them to purchase water from SJWD, but that it was not an issue.

Paul Helliker expressed that the letter was directed at SJWD's water rights, noting it had nothing to do with SSWD or CWD.

President Locke recommended GM York provide the questions presented to Ms. Lee for her to present to the CWD Board, then combine SSWD and CWD's questions and provide them to Raftelis. He suggested to try to meet again in December if possible.

### **Adjournment**

President Locke adjourned the meeting at 6:11 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District