



Minutes

Carmichael Water District/Sacramento Suburban Water District Joint Board Meeting

Wednesday, October 6, 2021

Location:

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #890 9994 6734

Call to Order – Videoconference/Audioconference Meeting

Sacramento Suburban Water District (SSWD) Board President Robert Wichert (President Wichert) called the meeting to order at 6:00 p.m.

Roll Call

SSWD Directors

Present: Craig Locke, Kathleen McPherson, Dave Jones, Kevin Thomas, and Robert Wichert.

SSWD Directors

Absent: None.

CWD Directors

Present: Ron Greenwood, Jeff Nelson, Mark Emmerson, and Paul Selsky.

CWD Directors

Absent: Ron Davis.

SSWD Staff Present: General Manager Dan York, Assistant General Manager Matt Underwood, Heather Hernandez-Fort, Dana Dean, Todd Artrip, Erik Flaa, and Susan Schinnerer.

CWD Staff Present: General Manager Cathy Lee, Chris Nelson, and Matthew Medill.

Public Present: Legal Counsel Josh Horowitz, William Eubanks, Ted Costa, Greg Zlotnick, David Dodge, Paul Helliker, Gwyn-Mohr Tully, Brenda Pauli, and James Klark.

Announcements

Both General Managers and each Director of both agencies introduced themselves.

Public Comment

None.

Items for Discussion and/or Action

1. **Joint Board Meeting Presentation Material**

SSWD General Manager Dan York (GM York) and Carmichael Water District (CWD) General Manager Cathy Lee (GM Lee) collectively introduced the item and presented the Power Point presentation.

Erik Flaa recommended each agency be sure to include the employees in discussions and updates, as the employees are affected by the decisions made. He additionally encouraged the Boards to move forward cautiously to ensure a smooth transition and reminded the Boards that the quality of employees makes for an exceptional organization.

William Eubanks (Mr. Eubanks) inquired about the financial impact on ratepayers of these discussion.

CWD Director Greenwood answered that one of the topics to look into was how to identify efficiencies in operations.

CWD Director Selsky expressed he was interested in the rate payers saving money as well.

Brenda Pauli, SSWD customer, inquired if part of the exploration of the combination will include a water rate study, or show the public what to expect in regards to a potential merger between the two agencies.

SSWD President Wichert expressed he was not interested in a consolidation if rates were to be increased, he expressed he wanted to show efficiencies and savings resulting in lower rates.

SSWD President Wichert requested Board comments.

SSWD Director McPherson expressed she felt it would be nice to be able to combine efforts among the two Districts, noting she was only interested in a collaboration if it helped lower rates for the ratepayers.

SSWD Director Jones expressed he believed eventually all regional water districts would combine into one, and he noted he supported the collaboration discussions.

CWD Director Nelson expressed the CWD/SSWD 2x2 Ad Hoc Committee were formed based on the regional consolidation discussion and study, where efficiency potentials were identified, noting decisions made now could positively affect rates in the future.

SSWD Director Locke expressed his interest in the consolidation discussion was not primarily with rate savings, as he noted rates will continually increase based on factors like increased costs of labor, inflation, energy, CIP, infrastructure improvements, and increased regulation issues. He expressed the most important factor was to have water

when needed. He noted a consolidation would allow the opportunity to effectively and efficiently move water between both districts, as well as working together to bank water now and into the future.

CWD Director Emmerson agreed with SSWD Director Locke noting this discussion could be a model for other districts. He stated that he was most interested in the process, and that although combination could be an end point, there were other collaboration opportunities that could be made without a political merger. He listed some of those other collaboration opportunities could be cross training of staff, agreements/contracts, and banking water. He further expressed he wanted to be very thorough throughout the process.

CWD Director Nelson noted staff was additionally one of the most important things to consider, expressing he wanted to be sure to create more opportunities for staff, and combining into a larger agency could do that.

GM York expressed he and GM Lee were not forgoing the conclusion that a consolidation had to happen, he noted that rates will continually increase based on a number of factors, and that they both wanted to find operational efficiencies now and into the future.

SSWD President Wichert challenged both districts to provide a business case analysis including a decrease in rates.

SSWD Director McPherson noted she was not interested in absorbing CWD's costs, as she would want to be sure to separate them.

SSWD Director Locke noted if a combination did take place, the assets would become combined assets, similar to how SSWD customers would benefit from CWD's water treatment plant as well.

SSWD President Wichert noted he would be interested in using staff as opposed to consultants for some of the business case analysis going forward.

SSWD Director Thomas expressed he agreed with SSWD Director Locke's comments regarding the discussion, and additionally recommended hiring an outside independent consultant for future analysis.

SSWD Director Locke noted that was a couple steps ahead, expressing the meeting was to provide information to each Board and gain direction from each Board on steps to go forward.

SSWD Director McPherson reiterated that she was most interested in cost saving for the ratepayers, and noted there was a lot of good information already collected for future analysis.

GM York clarified the phases and steps going forward for the Boards.

SSWD Director Locke pointed out the SSWD Board's general sense was to move forward with Phase Two.

CWD Director Selsky recommended moving to the business case evaluation. He expressed that he has heard concern over a loss of local influence by the local neighborhood associations, and that with a larger organization, there could be less of a voice from the public. He additionally expressed concerns over staff turnover, noting it is very expensive to recruit new people.

SSWD President Wichert agreed to continue to look at the business case evaluation and the numbers, noting he didn't want to rush it.

SSWD Director McPherson expressed staff should continue to look into further collaboration opportunities.

The Boards agreed to continue with the CWD/SSWD 2x2 Ad Hoc Committee meetings.

SSWD Director Locke inquired if the Boards agreed to move forward with hiring a consultant.

CWD Director Nelson expressed he didn't believe they were there just yet, and recommended staff present the Boards with their plan for next steps as well as cost analysis for consultant.

GM York stated a consultant could be beneficial to bring an unbiased opinion and that staff could work on proposals and schedules to bring back to the full Boards.

SSWD President Wichert recommended staff present a budgeted effort to the CWD/SSWD 2x2 Ad Hoc Committee, and if agreed, present it to both Boards.

SSWD Director McPherson requested staff provide regular updates on collaboration efforts.

SSWD President Wichert requested to quantify some of the savings that result from collaboration discussions.

Director Greenwood requested a presentation to the full Boards by the CWD/SSWD 2x2 Ad Hoc Committee of what they have researched, including topics such as water rights, infrastructure, water reliability, and public input.

Adjournment

President Wichert adjourned the meeting at 7:29 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District