

## **Minutes**

Sacramento Suburban Water District  
**Special Board Meeting – Public Information Workshop**  
January 31, 2024

### **Location:**

3701 Marconi Avenue, Sacramento, CA 95821, Audio Conference at 1-669-900-6833, and  
Video Conference using Zoom at Meeting Id #874 1404 2040

### **Call to Order**

President Thomas called the meeting to order at 6:30 p.m.

### **Pledge of Allegiance**

President Thomas 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, and Jeff Ott.

Public Present: Legal Counsel Josh Horowitz, Mark Emmerson, Ron Davis, Paul Selsky, Jeff Nelson, Carl Jones, Christine Kohn, Bill Holman, Ted Costa, Robert Mattioli, Jennifer Harris, Ellen Cross, Jennifer Persike, Cathy Lee, Cody Brown, Keith Coolidge, Andrew Consiglio, Paul Helliker, Jane Jackson, Bruce Hartzell, Kristin Dobbin, Ski Brown, Joy Hahn, Mary Sullivan-Trivett, Marti Ikehara, Perry Stont, Raymond Martin, Lois Ranftle, Teresa Aguilar, Patricia Towne, Matt Dohns, Sal Aguilar, Edward Hard, Emily Alejandro, Gerald Brink, Jayna Kapinshise, Julie Parrish, John Parrish, Rosalind Irvin, and Jackie Kelso.

### **Announcements**

None.

### **Public Comment**

Bill Holman stated he lives near Auburn Boulevard and Norris Avenue and expressed concern over District employee's safety accessing the nearby wellsite, noting the traffic is dangerous in that area.

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

1. **Public Information Workshop: Exploring a Study on Potential Combination with Carmichael Water District**

President Thomas introduced Jennifer Persike (Ms. Persike), who facilitated the Public Information Workshop. Ms. Persike introduced each Director, provided a brief explanation of the circumstances that led to the Public Information Workshop, and presented the beginning of the PowerPoint presentation.

Ms. Persike introduced General Manager Dan York (GM York) who continued presenting the PowerPoint presentation.

Upon conclusion of the PowerPoint presentation, Ms. Persike invited the members of the public to address the Board with their questions.

*The following summary captures the main themes and viewpoints expressed by the public during the Public Information Session.*

**Condition of Infrastructure:** Participants inquired about the condition of Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) systems and whether they are comparable, the rate of return on infrastructure projects and whether SSWD's infrastructure is aging faster than improvements are made.

**Equitable Distribution of Infrastructure Costs:** Attendees questioned potential subsidization of infrastructure costs in one area by residents of another. Clarification was sought on how the combination evaluation would achieve a fair split in costs among residents.

**Rates and Costs:** Questions were raised about the short-term costs of combination and whether these costs would be passed on to ratepayers. Participants questioned potential cost savings from combination related to capital improvement projects. Questions were raised about the rate difference between CWD and SSWD.

**Favorable to Combination:** Several attendees shared favorable perceptions on combination, including potential benefits of combining groundwater and surface water resources for greater reliability, increased negotiation power, and enhanced opportunities for employees.

**CWD Perceptions on Combination:** An attendee shared perceptions from the CWD workshop, suggesting resistance to combination among attendees and the CWD Board. Questions were raised about the rationale for discussing combination if there is uncertainty about CWD's interest.

**Status of Discussions:** Attendees sought information on the current status of the decision process and whether joint meetings of CWD and SSWD Boards of Directors had occurred.

**Governance:** Questions were asked about the number of Directors in a combined district and how divisions would be identified.

**Approval Process and Public Vote:** Questions were raised about whether the combination process would require ratepayer approval and a public vote. Attendees

also sought clarification on the decision-making process through the Sacramento Local Agency Formation Commission (LAFCo).

## **Detailed Discussion Points**

- One attendee who resides in Arden-Arcade questioned whether everyone in every water district or division pays the same maintenance rate for infrastructure, regardless of their location. Additionally, he asked about potential subsidization of infrastructure costs in one area by residents of another. He sought clarification on how the combination evaluation would be conducted, with a focus on achieving an even or fair split in the combined district's costs among the residents.
- GM York explained that all ratepayers within SSWD pay the same fixed rate according to service size. He described a "pay as you go" program as part of Capital Improvement Program (CIP) and emphasized that the rates are designed to cover the costs of infrastructure improvements and replacement. He also highlighted asset management plans to determine the allocation of funding based on priority projects.
- Director Locke added that, during the combination study, it was found that CWD and SSWD generally invest in infrastructure at a similar rate and budget percentage. He emphasized that decisions about funding CIP projects are made based on the district as a whole, prioritizing projects with the biggest return on investment and the greatest need, without considering which specific area the projects are located in.
- One attendee asked about the rate of return on infrastructure projects, asking whether SSWD's infrastructure is aging faster than the District is able to improve it. He also asked about the age of the water mains.
- Director Locke responded that SSWD does a better job at replacing infrastructure than most districts, but the issue of infrastructure aging faster than can be replaced is prevalent statewide. He mentioned that the oldest mains in SSWD are around 60 to 70 years old.
- GM York emphasized the prioritization of addressing leaky mains.
- Director Locke explained that the state has mandated a focus on non-revenue water, prompting the examination of leaks within the water system. The changing regulatory environment necessitated an effort to stay ahead of increasing regulatory costs.
- Director Wichert added that SSWD had a condition assessment program that looks at the District as a whole, identifying areas that need work regardless of age. He expressed the belief that, in the combined districts, a similar program would be established to address infrastructure needs effectively.

- One attendee, a CWD customer, shared her perceptions and thoughts on combination, noting that she attended the January 24, 2024, CWD Public Information Workshop. One perception was that the CWD Workshop attendees were against the potential combination and that the CWD Board of Directors mentioned that there are no compelling reasons to move forward with combination. She questioned whether combination would produce cost savings in the area of capital improvements. She also expressed her opinion that one of the top benefits of combination would be greater power to negotiate and increased opportunities for employees.
- Director Wichert suggested that the CWD Board might have been reacting to their constituents, listening to the room, and avoiding conflict.
- President Thomas clarified that there are compelling reasons to combine related to the region's resources and their management.
- As an example of a compelling reason, Director Locke emphasized the importance of using all the region's surface water rights. He highlighted the need to protect water rights by putting more water to beneficial use, thus safeguarding those rights for use in the Sacramento region.
- Regarding power of negotiations, Director Wichert noted how SSWD, as a larger entity, was able to address a consistent contractor shortage that has been prevalent over the past several years. As a larger entity, SSWD was able to negotiate an exclusive contract with a groundwater pump company at a cost-effective rate to ensure reliable service.
- Director Locke provided an example of how employees could benefit from combination, highlighting the advantage of having a larger department, such as IT, which ensures more institutional knowledge and resilience to individual departures.
- One attendee raised several questions, including the current status of the decision process and whether there have been joint meetings of the CWD and SSWD Boards of Directors. She also asked how the SSWD and CWD system boundaries were determined, noting that she lives in Carmichael but is a SSWD customer, whether the condition of the CWD and SSWD systems are similar, and if short-term combination costs would be passed on to ratepayers. Later, she expressed her opinion that the water quality in SSWD is better than in CWD.
- Director Wichert provided information about the joint Board meeting held October 24, 2023, mentioning the voting outcomes on matters like the number of board members and the decision to become a County Water District. He clarified that there will eventually be a vote by both CWD and SSWD Boards on whether to proceed with the combination.
- Director Locke addressed the question about the water systems, stating that they are fairly similar.

- Director Wichert responded by mentioning that he lives in Citrus Heights and receives SSWD water. SSWD legal counsel Josh Horowitz (Mr. Horowitz) added that the boundaries were drawn in a somewhat arbitrary manner during the development of suburban areas, leading to the establishment of separate water districts.
- Regarding start-up costs, it was explained that such costs would likely come from reserves and not from a rate increase.
- One attendee, a SSWD customer, observed that there hasn't been significant backlash from her community (Fulton-Marconi) regarding the potential combination. She mentioned that one individual who attends SSWD meetings was fairly okay with the idea of combination, which had an impact on her perspective. She also expressed appreciation for the detailed information provided at the SSWD meeting and mentioned her intention to submit a request for a speaker to attend her Neighborhood Watch group or community group to discuss the potential combination.
- One attendee raised a question about the expected lifespan of new pipes, presuming that modern replacements last longer than those installed 50 years ago. He inquired about how the expected lifespan of pipes impacts the average cost for capital projects. He also asked whether the fact that the CWD and SSWD service areas are more fully developed makes it easier to plan for capital improvements compared to those experiencing growth or contraction.
- Assistant General Manager Matt Underwood responded that SSWD is currently installing ductile iron-type pipes with a life expectancy of 100 years. Additionally, when the audience asked about water meters, he mentioned that water meters have a different track with a lifespan of 20 to 25 years due to the technology involved.
- Another response indicated agreement with the attendee's observation that the areas served by the districts are built out, meaning there is little room for additional development.
- Director Locke noted that when a district is growing, developers typically contribute to new infrastructure, and that increasing costs for projects and materials, such as fire hydrants, make planning more challenging.
- One attendee, an SSWD customer, asked about the rate comparison information in the presentation, noting that CWD's average monthly payments are slightly higher than SSWD's. He wondered whether the rate difference would persist in the event of a combination.
- Director Locke responded that predicting future rates after combination is challenging. He mentioned that the data showed SSWD's slightly lower costs because it is a larger district, which brings about efficiency.

- GM York added that differences in meter sizes also contribute to rate variations, and he provided an example of a customer in CWD downsizing their meter to reduce monthly rates.
- One attendee, a renter in the SSWD area, questioned where her voice could be heard in the discussions. She expressed uncertainty about the base rate for water and that her water bill underwent a significant increase, from \$55 to \$75. She suggested that SSWD should mandate that renters be told how much they are paying for water.
- President Thomas emphasized that the customers' opinion should be considered and suggested that she contact her rental agency to obtain information about rates.
- One attendee asked whether the combination process would require the approval of ratepayers and a public vote.
- Director Locke explained that the process depended on the LAFCo regulations.
- Mr. Horowitz further clarified that the districts would file an application with LAFCo, and if they agree to move forward, there would be a public comment period during which ratepayers and property owners could voice their opinions. If 25 to 50 percent of the affected individuals protest, it could trigger a vote. He mentioned the possibility of a special election in the county with mailed ballots in such a scenario.
- One attendee questioned whether the Board's favorable stance on combination aligns with the sentiments of ratepayers and if there is hope of bringing CWD along in the process.
- Director Wichert emphasized the importance of closely monitoring the next CWD-SSWD joint board meeting, scheduled for March 4, 2024.
- One attendee sought clarification on the voting process and whether constituents could express dissatisfaction with the combination through voting. They also asked about the number of directors in a combined district and how divisions would be identified.
- Director Wichert explained that they would draw up seven divisions within the combined district and that the process requires public input and oversight by the Sacramento County Registrar of Voters.
- One attendee asked what would happen if CWD doesn't want combination, but SSWD does. She sought clarification on how the decision-making process would unfold through LAFCo in such a scenario.
- Mr. Horowitz clarified that nothing would happen unless both districts apply for combination. Both Boards would need to adopt similar resolutions in favor of

combination. LAFCO's role would come into play when they file the application. LAFCO processes the application, reviews maps and other information provided.

- An attendee from CWD expressed concern about the lack of notice for the Public Information Workshops and suggested that a notice be sent to everyone to increase awareness. The attendee mentioned that people might not know about the meetings and, in her case, didn't know to attend.
- It was mentioned that postcards were mailed to all SSWD and CWD customers, and the meetings were also noticed on KCRA 3, Inside Arden, the Carmichael Times, and other platforms.
- One attendee expressed that the most compelling reason for consolidation would be the combination of groundwater and surface water resources, emphasizing the potential for conjunctive use as a significant benefit.
- A question was raised about the current interest rate for debt. The response provided was that the interest rate for debt is approximately 2.2 percent.
- One attendee questioned the rationale behind discussing combination if there is no assurance that the CWD Board is interested in pursuing it.
- An attendee raised a question, suggesting that a count should be taken among the people present to determine how many are in favor and how many are against the combination.

Ms. Persike closed the public comment section of the meeting, and opened the Open House section of the meeting.

Each Director joined in with the audience for a more informal discussion.

At 8:16 p.m., President Thomas closed the Open House section and reconvened the meeting.

Each Director expressed that it was very beneficial to join in with the audience and have a more informal discussion, noting there was a lot of positive engagement.

Director Locke noted he was ready for both Boards to take a vote if they are interested in moving forward in the combination discussions.

Director Wichert questioned when a public vote would be required.

Mr. Horowitz expressed that if more than 25 percent of landowners or ratepayers protest and less than 50 percent, then a special election would be required for a consolidation.

The Board requested to place an item on the next Joint Board Meeting Agenda to discuss.

GM York thanked the Board for their positive engagement with the Public Information Workshop.

**Adjournment**

President Thomas adjourned the meeting at 8:20 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District