



Minutes

San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting

July 31, 2024

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting ID #886 5570 9251

SJWD Call to Order – Videoconference/Audioconference Meeting

San Juan Water District (SJWD) Board President Manuel Zamorano (SJWD Chair Zamorano) called the meeting to order at 6:00 p.m.

Roll Call

SJWD Directors

Present: Ted Costa, Kenneth Miller, Dan Rich, Pam Tobin, and Manuel Zamorano.

SSWD Directors

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

SJWD Staff Present: General Manager Paul Helliker, Tony Barela, Donna Silva, Greg Zlotnick, and Teri Grant.

SSWD Staff Present: General Manager Dan York, Assistant General Manager Matt Underwood, Jeff Ott.

Public Present: SJWD Legal Counsel Elizabeth Ewens, SSWD Legal Counsel Josh Horowitz, Steve Anderson, Roger Canfield, William Eubanks, Tom Gray, Sandra Harris, Jose Henriquez, Matt Jadrich, Al Johnson, Annie Liu, Robert Matteoli, Mike McRae, Josh Nelson, Julie Nemitz, Lindsay Pangburn, Andrew Pierson, Kyler Rayden, Ray Riehle, Dave Ross, Mike Spencer, Hilary Straus, Greg Turner, David Wheaton.

Public Comment

None.

Consent Items

1. **Draft Minutes of the June 25, 2024, San Juan Water District/Sacramento Suburban Water District Joint Special Board Meeting**

SJWD Director Rich moved to approve the Consent Items; SJWD Director Miller seconded. The motion passed by unanimous vote.

AYES:	Costa, Miller, Rich, Tobin, and Zamorano	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

SSWD Director Wichert moved to the Consent Items; SSWD Director Boatwright seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Jones, Locke, Thomas, and Wichert	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

2. **Request for Proposals for Business Case Analysis**

SSWD General Manager Dan York (SSWD GM York) introduced the item and reviewed the written staff report which was included in the meeting packet.

SJWD General Manager Paul Helliker (SJWD GM Helliker) noted that the document was based on the document that SSWD used for the merger discussions with Carmichael Water District with some details added. He commented that management staff from SSWD and SJWD have reviewed the document as well.

In response to SJWD Director Tobin's question, SSWD GM York explained that the Boards directed staff, at the last joint meeting, to develop the Request for Proposals (RFP) and that the Boards would provide comments.

SJWD Director Tobin voiced concern about taking action on this topic as she is just now reviewing the RFP. She stated that she did not receive the packet.

SSWD Director Wichert noted that his major issue is to make sure that the SSWD rate payors are not disadvantaged by a merger. He voiced concern about SSWD rates and bills, and repeatedly suggested that a rate study for a combined agency be conducted utilizing Mr. Mark Hildebrand since he has completed rate studies for both agencies recently. SJWD Chair Zamorano stated that the proposal does call out for the financial impacts of the rates to be studied. SSWD Director Wichert disagreed that the proposal calls for a formal rate study. SJWD GM Helliker pointed out that item (d) on page 3 titled, "Identify impacts and challenges for financial obligations and thresholds" includes analysis of rates, and he stated that the consultant could be directed to analyze the recent rate studies of the agencies which were recently completed. SSWD Director Wichert would still like a formal rate study by Mr. Hildebrand. SJWD Director Costa commented that at the last meeting he mentioned four

synergies, and once this business case analysis is completed then those synergies will be looked at then after that it would be appropriate to complete a full rate study. SSWD Director Wichert believes that rate payers from both agencies need hard numbers and waiting for a rate study should not be a problem, as long as it is completed.

SSWD Director Locke commented that when the boards receive the proposals then they can see what the consultants are offering and at that point the boards could provide revisions to the scope of work proposed. SJWD Director Rich agreed and stated that both agencies are concerned about rates and suggested that the consultant do as thorough of an analysis as possible based on the existing information then at the right time perform a formal rate study. SJWD GM Helliker pointed out that SJWD's recent wholesale rate analysis contains most of the information that SSWD Director Wichert is concerned about. SSWD GM York noted that the Business Case Analysis will not be the final product, and there will be a lot of information to compile and analyze, and the scope of work can be amended with the consultant.

SJWD GM Helliker explained that the RFP will be distributed/posted, the proposals will be submitted from various consultants and since it will be a Professional Services Agreement the project is not subject to public works contract requirements of lowest responsible responsive bidder, the general managers will receive the proposals and review them and make a recommendation to the boards and the boards will determine if any revisions are needed to the scope of work.

SSWD Director Wichert commented that the RFP should include Salaries and Benefits for comparable positions, which SJWD GM Helliker pointed out section (e) on page 3 covers. SSWD Director Wichert wants to make sure that there is a dispute section in the contract, which SSWD GM York stated he will double check to be sure the contract includes it, but since the contract is the SSWD Professional Services Contract, he is pretty sure that it is covered. SSWD Director Wichert would like a discussion of the water rights available at SJWD and the place of use specifics, which SJWD GM Helliker explained is covered on page 2 section (a) and in addition SJWD's Legal Counsel is reviewing the water rights documents and contracts, and they will be providing an analysis of water rights in the context of a combined agency. SSWD Director Wichert suggested that the lawsuit with Citrus Heights and Fair Oaks Water Districts and any lawsuits should be mentioned in the analysis. SSWD Director Wichert voiced concern that since the agencies are not contiguous and the RFP does not mention that, that it will not be discussed, and he is worried about customer service. SJWD GM Helliker pointed out page 2 section (b) would cover that challenge.

SJWD Director Costa voiced concern that a director did not receive their meeting packet and inquired if it was possible to allow a few days for them to review the RFP, provide their comments, then proceed. SJWD GM Helliker responded that the boards could delay their decision or make a decision with the caveat that if SJWD Director Tobin has any minor changes, as long as they are not substantial, that the general managers would be authorized to make those changes to the RFP. SJWD Legal Counsel Ewens recommended that any substantive amendments should be brought back to the boards. The boards discussed this and suggested that SJWD Director Tobin's comments be reviewed by Legal Counsels to determine if the comments are substantive, and if not substantive then the general managers would be authorized to proceed with releasing the RFP. Legal Counsel Ewens and Legal

Counsel Horowitz both agreed to this process, and if the comments are substantive then they would be brought back to the boards for review.

SJWD Director Miller commented that the meeting was scheduled, and he is hesitant to allow any changes from any director in this situation. SJWD GM Helliker noted that the meeting was noticed on Thursday, July 25th, including via an email that was sent to Director Tobin and the rest of the mailing list. The email included a link to the materials that were posted on the District’s website, in addition to the meeting packet being mailed. SJWD Director Tobin commented that she did not receive the packet, nor did she know that it was posted online.

SJWD Director Costa moved to accept the draft RFP with the caveat that SJWD Director Tobin will review and provide any comments to Legal Counsels to determine if her comments are non-substantive, but if substantive then the boards will review; SJWD Director Tobin seconded. The motion from the SJWD Board passed by unanimous vote.

AYES:	Costa, Miller, Rich, Tobin, and Zamorano	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

SSWD Director Wichert moved to accept the draft RFP with the caveat that SJWD Director Tobin will review and provide any comments to Legal Counsels to determine if her comments are non-substantive, but if substantive then the boards will review; SSWD Director Boatwright seconded. The motion from the SSWD passed by unanimous vote.

AYES:	Boatwright, Jones, Locke, Thomas, and Wichert	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Mr. William Eubanks addressed the boards and voiced concern about making sure that all staff are secure, which he saw issue with during the discussions with Carmichael Water District. He clarified his comment that there will be duplication of staff positions and there is no mention in the RFP about staff positions being protected. SJWD GM Helliker commented that the Business Case Analysis will look at the staffing levels, but the RFP does not include keeping the same number of staff. In response to Mr. Eubanks question about how long the merger will take, SJWD GM Helliker commented that it will be conducted in an efficient and effective manner, so there is no time estimate.

Adjournment

SJWD Chair Zamorano adjourned the meeting at 6:51 p.m.

Teri Grant, Board Secretary
San Juan Water District