



**Special Board Meeting
Tuesday, March 26, 2024, 5:00 p.m.**

**Carmichael Water District Board Room
7837 Fair Oaks Boulevard
Carmichael, CA 95608**

MINUTES

The Carmichael Water District Board of Directors met in Special Session this 26th day of March at 5:00 p.m.

ATTENDANCE:

Directors: Ron Greenwood, Ronald Davis, Paul Selsky, Mark Emmerson, Jeff Nelson

Staff: Gaby Padilla, Debbie Martin

Public: One Hundred and Seventeen (117) Members of the Public

CALL TO ORDER: President Selsky called the meeting to order at: **5:00 p.m.**

President Selsky introduced three Board of Directors, Mr. Jay Boatwright, Mr. David Jones, and Mr. Craig Locke, and General Manager, Mr. Dan York from Sacramento Suburban Water District.

PUBLIC COMMENT

1. Public Comment

No comments.

ACTION CALENDAR

2. Combination with Sacramento Suburban Water District (SSWD)

Recommendation: The Board of Directors approves continuing the process of evaluating the potential consolidation of Carmichael Water District with Sacramento Suburban Water District.

Director's commented that they have received positive feedback that did not make it into the staff memo. They stated that Rotary Club meetings provided positive feedback and club members thought that this potential consolidation was a good idea.

Directors thanked all the public who has been participating in all the public meetings where they received positive and constructive comments and that in these meetings everyone presented their views in a professional and appropriate manner.

President Selsky opened public comment for this item with 3 minutes per person and comment.

Public comments received from Carmichael residents are as follows:

Mr. Frank Wheeler, Mr. Jerry Glassen, Mr. David Hanscom*, Mr. Michael Riley, Mr. Jaimie Patterson, Mr. Eric Hanson, Mr. Michael Summons, Ms. Sanoi Billings, Ms. Joan Klein, Mr. Dale Roberts, Ms. Leigh Rutledge, Ms. Joy Hahn, Mr. Jim Christian, Mr. Randy Brown, Ms. Karen Ritchey, Mr. Joel Levine, Ms. Lori Corder, Mr. Joseph Duncan, Ms. Suzy Levy, Ms. Cecilia Dodge, and Ms. Penny Hanscom.

*Mr. Hanscom provided a letter which is attached to this minutes.

The comments included concerns with water quality, representation, Carmichael Water District's water rights, customer service, and the lack of financial analysis and related tangible benefits. The commenters also urged the Board to stop the consolidation discussion.

Directors commented that there is no personal benefits to the directors for consolidation and it could be a detriment because some of them will probably lose their seats when the new boundaries get drawn. They also mentioned that they only make on average from \$150 to \$300 a month being a Board member so they are not really benefiting personally at all for all the time they put into being on the Board. Directors also commented that they have lived in SSWD's service area and then he moved to CWD's service area and they found the water in SSWD just as good as the water in CWD.

Public comments received from non-residents or representatives of organizations:

Ms. Acree commented that she is from AFSCME local 146 and represents unionized CWD employees. AFSCME stands with the Carmichael community and they do not support a merger or consolidation or any combination thereof. She stated that the Carmichael community would lose their voice in this process with only two Board seats, that doesn't provide them equitable representation on the new board. She also mentioned that this is a valuable resource to this community and it should not be taken so lightly and they are supporting the community and they want to maintain the water quality in this community and anything short of that is not acceptable.

Mr. Craig Locke commented that he is on the SSWD Board of Directors and he has been there for 10 years and before that he was at the Mission Oaks Parks Board. He mentioned that he believes that this is really a marriage between equals because both districts are very similar. SSWD is bigger but they were formed by two Districts, Arden Arcade and Northridge, 20 years ago and they have grown into what he thinks is a fantastic district with great management. He stated that if these two districts come together, SSWD offers a greater rate base for the expenses that CWD has coming up and SSWD is not trying to take CWD's water. CWD has extra water, CWD has two water rights and on water permit. The permit is unperfected and, in his opinion, it's in jeopardy for the region. He also commented that he thinks that the districts should work together as a region to better preserve the resources, and not just CWD but everyone north of the American River. He stated that SSWD was talking to San Juan Water District over a decade ago about merging. Although it did not go through, what came out of that was a collaboration study; and in that study is where they found that working with CWD could increase the place of use of the permit water. He also stated that SSWD has 80 wells and have extra capacity and people can say why fix what isn't broken. But the world is changing and a few years ago curtailments had totally changed that because 10 years ago no one got their water rights curtailed. In years like that, which will come more often, SSWD has 80 wells to supplement the water and in wet years SSWD can store the water with ASR wells by working together. He then stated that his day job is a public works director for the City of Woodland and he manages a water district that serves 65,000 people so he understands what the problems are and he is a part of this community, too.

Ms. Moreno commented that she is president of the Carmichael Colony Neighborhood Association and CWDs Board received a joint letter from them and Carmichael Creek Neighborhood Association that opposes this merger. She mentioned that she is speaking on behalf of both those Boards and they appreciate all the documentation and effort that went into evaluating the feasibility and potential needs but given the evidence that has been presented to date their positions is to oppose because they do not see a benefit for Carmichael and in every way it will benefit SSWD. She also stated that it is clear that SSWD is growing and CWD is not going to grow like them and it is pretty clear that SSWD is not interested in preserving our water rights and the ulterior motive for once SSWD settles in is to assert the water rights for their growth. She commented that both Boards are concerned with the concept at this point because the evidence that has been submitted as far as the benefits to CWD is questionable and CWD is a very well run and operated district and everyone is happy with the quality of the water and service and unless a better case can be presented they stand in opposition and they request a vote of all the rate payers before you proceed.

Director Nelson motioned to approve the recommendation with the following conditions: 1) This does not include the approval or submittal of the LAFCo resolution; 2) Form a committee with the Board to meet with staff and union, and; 3) Form advisory committee with rate payers.

Director Nelson commented that CWD has been 100 percent curtailed twice from the American River in 2015 and 2021 and we were lucky that San Juan Water District was able to sell us water during this time. He stated that he believes in climate change and that there is going to be more and more weather cycles. He also mentioned that he is an engineer so he likes resiliency and redundancy. To him, this consolidation would give CWD more flexibility to continue to provide water to all its rate payers. He stated that CWD's mission statement is to provide the highest quality of water at the lowest price and he believes there will be an economy of scale associated with this. SSWD has more employees than CWD does so we currently have to outsource positions and there are resources that we do not have that SSWD does.

President Selsky declared **motion failed** as it was not seconded.

Director Greenwood thanked everyone for coming out tonight and a bigger thank you for everyone who stood up and talked to the Board. He stated that this has been going on for over two years and they thought they were getting the word out to everyone and he stated that he has tried to inform as much people as he could including at the Kiwanis Club, the Elks Lodge, and at the Carmichael Chamber of Commerce meetings. He then commented that he recognizes that it wasn't until the signs started being posted around the neighborhood and on the internet is when people found out and he is so glad that everyone did because this is what the Directors wanted to hear and see from the public. He stated that he moved to Carmichael in 1984 and have raised four children here and now have five grandchildren and Carmichael is his home. He has been on the Board for about 20 years and have run for re-election many times and only have been contested a

few times and has won each time. He stated that he wants the public to understand the Board does not have any ulterior motives and he has worked with these gentlemen on the Board for a number of years and he has the greatest respect for each one of them. He mentions that there have been plenty of times where the Board does not agree and tonight is one of those times. He stated that the potential consolidation has not been decided yet and the purpose tonight is to stand up and say this is how we feel about it and this is how we would like to move forward. He then stated five reasons that he thought were pros at first and now realizes that some of those reasons are not as valid or there has not been sufficient evidence. He also mentioned that he made a list of cons as well and he has 14 reasons in that list. He commented that he believes the Board should take everything to heart because they are representing this community and are a part of it as well and if they do not do the right thing then they are not doing their job.

Director Greenwood motioned to cease negotiations and stop the consolidation process with Sacramento Suburban Water District. **Seconded by Director Davis.**

Director Emmerson gave a presentation, attached as Attachment 2, on his opinion of what a good course of action would be for CWD.

Director Greenwood thanked Director Emmerson for his presentation but it does not change his stance on this issue at all. He stated that he thinks it's time to say where we stand either for or against it and get on with it as the rate payers deserve to know where we stand. He also stated that he is not going to change his motion.

President Selsky commented that he has been on the Board for 28 years and when he got on the Board there was efforts made to not build the water treatment plant. Other Districts were against it as well and wanted CWD to continue to buy water from them. In the end, CWD decided that they were better off being independent. He stated that he thinks this consolidation study was the responsible thing to do, to see if it made sense for CWD to consolidate because there are too many water districts in the Sacramento area. He mentioned that in the study they found no fatal flaws but the compelling reasons to move ahead are still murky and opaque. He stated that not any Directors are going out trying to sell this consolidation, because what they are really doing is trying to just look into it. He stated that there is a lot of uncertainty where they do not know if it's better to move ahead and to consolidate or not.

President Selsky motioned to amend Directors Greenwood's motion to include the exception of the following action items: 1) a formation of an advisory committee with rate payers and 2) initiate discussions with SSWD to enhance collaboration efforts short of governance. **Seconded by Director Emmerson.**

Director Greenwood commented that he agrees that there should be a collaboration effort but he thinks it could be done without moving forward with this process and should not be included in this motion.

Amended Motion Vote:

M/S Selsky / Emmerson amend the original motion to include 1) a formation of an advisory committee with rate payers and 2) initiation of discussions with SSWD to enhance collaboration efforts short of governance.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input type="checkbox"/>	Nay	<input checked="" type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input type="checkbox"/>	Nay	<input checked="" type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input type="checkbox"/>	Nay	<input checked="" type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	2	Nays:	3	Absent:	0	Abstain:		0
Motion Failed:		<input checked="" type="checkbox"/>							

The original motion was put to a vote.

M/S Greenwood / Davis to cease negotiations and stop the consolidation process with Sacramento Suburban Water District.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input type="checkbox"/>	Nay	<input checked="" type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	4	Nays:	1	Absent:	0	Abstain:		0
Motion Passed:		<input checked="" type="checkbox"/>							

ADJOURNMENT: President Selsky adjourned the meeting at: **6:53 p.m.**



Paul Selsky, Board President



Cathy Lee, Board Secretary

Attachment 1

Please place this document in the record.

Good afternoon. My name is Dave Hanscom and I'm opposed to the consolidation. I'm a retired engineer who has overseen and run manufacturing processes during my career. I look at water production and distribution as another "process". I reviewed the available data relating to the proposed consolidation and noted the following:

Cost of water production/distribution/administration: No difference with consolidation.

Aerojet contamination: It is well characterized and almost no threat to our ground water and none to surface water. Provides water sales to Rancho Cordova and provides an avenue for water during curtailment by water purchases from Aerojet. Both utilize CWD water treatment plant.

Fiscal condition: CWD has a 100-year plan to manage CIP, and recent rate increases were planned to finance planned projects.

Politics: CWD is already a member of a number water organizations that can give a unified voice to water issues. Any issues not covered by those organizations can certainly be covered by collaboration between CWD and other water district(s).

Surface water rights: CWD has great surface water rights that are currently underutilized. There is plenty of water for Carmichael's current and future needs with surplus water left over. The surplus water in the rights and permit provide for additional long-term revenue to CWD helping keep rates low through right/permit modification and sales to adjacent district(s). Those sales can be accomplished through collaborative agreements with the purchaser funding the modifications to rights/permit and distribution.

Conclusions: SSWD's heightened interest in the LAFCO document concerning water right wording during the last 2 meetings has highlighted their main interest in consolidation. CWD is a smaller district that is in good shape financially, maintenance, planning, etc. and has no compelling need to seek out consolidation. I've attended many CWD board meetings over the years and have seen many district policy documents brought up for revision. One policy that always stuck in my mind stated that the board members were to make "wise" decisions about problems brought before them. The Webster dictionary defines the word "wise":

adjective

a. characterized by wisdom : marked by deep understanding, keen discernment, and a capacity for sound judgment

Now is the time for the board to make one of those "wise" decisions and shut down this consolidation activity.

Thank you for listening.

 3-26-24

CONSOLIDATION: Carmichael Water District and Sacramento Suburban Water District

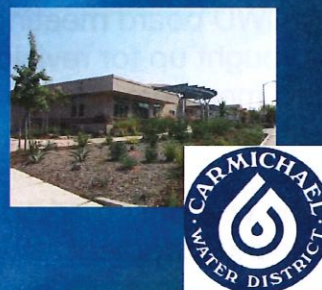
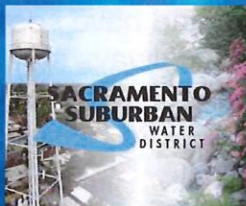
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Mark Emmerson
Director, Carmichael Water District



Key Consolidation Discussion Issue:

- Should the CWD Board of Directors continue the process of consolidation



Carmichael Water District

- Created in 1916, as Carmichael Irrigation District
- Provided water for irrigation and to a small township called "Carmichael Colonies" in part water supplied by now called San Juan Water District
- Changed name to a "Water District" in 1980's due to providing water as an urban water supplier
- We serve around 40,000 people or 9,800 families
- We have "appropriative rights" to American River water since 1915 – licensed at 25 cfs
- Enough surface water OR groundwater to meet demands



CWD CONJUNCTIVE USE PROGRAM

- Surface water rights available all years except for years when SWRCB curtails post-1914 water rights
 - Curtailed in 2014/2015 and in 2021 – only curtailments in CWD's 100-year history
 - 4 active groundwater wells
 - Used in summer for peaking
 - Surface water to groundwater ratio: 80/20
 - More wells being constructed or rehabilitated



Water Resiliency and Portfolio are important!

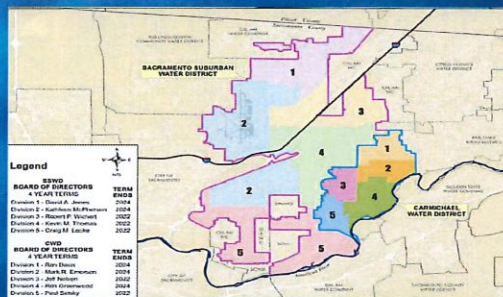
Key Elements of Consolidation to consider:

- Water Rights, Quality, and Rates
- Employee Satisfaction
- Services to Rate Payers
- Representation and Governance

"The goal was to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service." (*Further Analysis Report*)

Assumptions from the Start:

- Consolidation must have benefit for both districts' rate payers
- Employees continue to receive same level of benefits... no terminations



Two Processes at Work with the 2x2 Committee

- Determining feasibility, risk, and benefit
- Governance



Assurances to Consolidation = “Myth Busting”

- CWD surface water licenses remain with “place of use”
- Both districts respective water quality not to be influenced or diminished
- Long-term bond debt remains with respective water district
- Existing contracts are honored
- Analysis reveals comparable water rates to endure
- No fluoridation of CWD water



[illegible]

My Initial Recommendations

- Governance (the LAFCo process) is the last thing we should do
- Best to work from the operations level and go up

This requires a degree of cooperation and collaboration on projects or programs hopefully in a “team” environment



Impediments to Current Consolidation

- No development of a Strategic Plan for implementation
 - Priority of governance over collaboration and cooperation
 - Consolidation "fatigue"
- No compelling argument necessitating consolidation



There is nothing that prevents collaboration and cooperation on projects and programs between both districts that may realize benefit to our respective rate payers!

Consolidation of Governance is unnecessary!

My Recommendations

- Do not submit an application for consolidation to LAFCo
- Explore recognition of Sacramento Suburban Water District as a "Sister" agency

Design common policies that promote intra-agency projects and programs in their design, operation, and maintenance

That's it folks...I'm all done now!

