



Special Board Meeting
Tuesday, April 19, 2024, 1:00 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 19th day of April at 1:00 p.m.

ATTENDANCE:

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

Staff: Cathy Lee, Gaby Padilla, Debbie Martin, Ben Strange

Public: Two (2) Members of the Public

CALL TO ORDER: Vice President Greenwood called the meeting to order at: 1:02 p.m.

PUBLIC COMMENT

1. **Public Comment**

No comments.

ANNOUNCED CLOSED SESSION AND ADJOURNED OPEN SESSION TO CLOSED SESSION: 1:03 p.m.

CLOSED SESSION

2. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Government Code sections 54954.5(c) and 54956.9(a) and (d) (1): *Koch & Koch, Inc. v. Carmichael Water District, et al.*, Sacramento Superior Court Case No. 24CV000659

3. **CONFERENCE WITH LEGAL COUNSEL – REAL PROPERTY NEGOTIATIONS**

Government Code section 54956.9: Real Property at 4515 Charleston Drive, Carmichael, CA 95608.

ADJOURNED CLOSED SESSION AND OPENED REGULAR SESSION: 2:36 p.m.

REPORT OUT OF CLOSED SESSION

Directors discussed and provided directions to staff and legal counsel regarding the pending litigation and the real property negotiations.

ACTION CALENDAR

4. **Strategic Plan and Employee Survey**

Staff recommends that the Board of Directors discuss the scope of the strategic plan and authorize the General Manager to sign a service agreement with BHI Management Consulting for a not-to-exceed value of \$52,380.

Directors commented that they agree that we need help with building the survey because they have been looking for questions to include since October and it is important to do the additional employee survey with an expert who has done this many times before. Directors mentioned that they are not certain on the scope of the public meetings since that is their job to get public comments from the rate payers.

Directors commented that a strategic plan is to define where we want to be as an organization. They have seen many instances where many strategic plans went on a shelf and never to be seen again. The way to avoid that from happening is to include metrics that could be met and by creating work plans. This is something that they want to see happen with CWD's strategic plan. Directors mentioned that they do not see why the Board and senior management cannot get together and make a plan for CWD to create the strategic plan but they understand that there is no one currently on staff that could do this right now. They also commented that they can help do the survey in house and they have experience in doing employee surveys.

Directors commented that this is a scaled down model of what was originally proposed. This has been something that the Board and staff have been talking about for a long time now. They commented that this has not been done because there was another big project that they were working on; and now that it has ended, they should focus on this and finally start with a professionals help.

Directors commented that by having a third party conduct the surveys it removes the biases and they would be able to gather all the feedback from the Board and employees objectively. They stated that crafting questions that would provide useful feedback/answers is an art and it takes some one with the right skills to be able to create them.

Directors inquired as to how many hours this scope includes is reasonable.

The General Manager informed the Board of Directors that the amount of hours projected in the scope of work is reasonable.

Mr. Hanscom commented that it is his opinion that water districts that are all publically owned and operated are very unique because they are actually producing a product that is sold to the public, which normally is a private sector function. He mentioned that CWD is even more unique because most water districts are more into distribution rather than production like CWD. He commented that he was looking through the consultant's resume which included a lot of management and government experience but is missing water district experience. On the list of agencies they have served, he only saw nine water districts; and he is unaware if they are water districts similar to CWD or if they were more into just distribution. He commented that he thinks that if CWD wants someone to develop a strategic plan that the directors should choose someone with more experience with water districts like CWD.

Directors commented that they believe that based on the water districts listed, the contractor has quite a bit of experience and that there are pretty good sized water districts on the list. They also commented that no two water districts are the same so the consultant has a wide range of expertise.

M/S Davis / Nelson to approve contract with BHI Management Consulting including the optional employee survey and withholding, at this time, the optional public meeting task item until further discussion by the Board at a later meeting.

Mark Emmerson	Aye	✓	Nay		Absent		Abstain		
Jeff Nelson	Aye	✓	Nay		Absent		Abstain		
Ronald Davis	Aye	✓	Nay		Absent		Abstain		
Ron Greenwood	Aye	✓	Nay		Absent		Abstain		
Paul Selsky	Aye		Nay		Absent	✓	Abstain		
Board Totals:	Ayes:	4	Nays:		Absent:	1	Abstain:		0
Passed Unanimously:									

**5. La Vista Storage Tank & Booster Pump Station Project – Professional Services Agreement (PSA)
Amendment #1 for Construction Management Services**

Staff recommends that the Board of Directors approve a contract increase from \$999,201 to \$1,431,874 with Water Works Engineers and authorize the General Manager to execute Professional Services Agreement Amendment 1.

M/S Emmerson / Davis to table this item.

Mark Emmerson	Aye	✓	Nay		Absent		Abstain		
Jeff Nelson	Aye	✓	Nay		Absent		Abstain		
Ronald Davis	Aye	✓	Nay		Absent		Abstain		
Ron Greenwood	Aye	✓	Nay		Absent		Abstain		
Paul Selsky	Aye		Nay		Absent	✓	Abstain		
Board Totals:	Ayes:	4	Nays:		Absent:	1	Abstain:		0
Passed Unanimously:									

BUDGET WORKSHOP

6. Budget Workshop

The Finance Manager presented the upcoming changes for the FY 24-25 budget.

Directors commented that it seems like the water revenue has gone up significantly.

The Finance Manager informed the Board of Directors that there is an increase in water usage.

Directors inquired how the grants are going with the State of California.

The General Manager informed the Board of Directors that the District has received the money.

Directors commented that the legislators recently began to stop all those checks from being distributed due to the projected state budget shortfall.

The General Manager informed the Board of Directors that the grant the District received was already deposited into the bank in its own account.

Directors commented that budgeting the expenses more accurately is appropriate and fine tuning the budget will make the strategic planning more accurate as well. They also commented that they appreciate staff taking the time to do this.

Directors commented that they notice that the transmission and Distribution repairs/maintenance expenses are going down and they are having a hard time believing and understanding that.

The Finance Manager informed the Board of Directors that this is because the Distribution Superintendent is outsourcing more and is using his staff less for projects like these. By doing this, they are using more of the capital budget. There is also a \$10,000 cut from road restoration while others have a bigger allocation. About 60 percent of Distribution's time is going to be in service line replacements, fire hydrant replacements, mainline replacements and not the big pipeline projects, meaning a bigger portion of their labor and benefits will be in the CIP rather than being in the O&M side.

Directors inquired about the Sacramento County impact project and what it is for.

The Finance Manager informed the Board of Directors that this item is budgeted every year for \$200,000 in preparation for any Sacramento County road projects that are unplanned by the District so there is always money available to manage that. It is not a reserve that accumulates but it is money that is set aside in the budget to prepare for the unknown projects.

Directors commented that when staff updates the reserve policy for the Ranney Collector Rehab/Replacement to make sure it states that the funding could be \$300,000 to \$500,000 every year.

Directors commented that the water use restrictions are still under negotiation with the State but could potentially start as early as 2027 but the District's budget most likely will not get affected until 2035.

Directors inquired about the SCADA upgrades pricing and how much the servers will cost.

The General Manager informed the Board of Directors that the SCADA upgrade is not cheap and they do not have the pricing for the servers yet. The process will start by changing the Programmable Logic Controllers in the field, the treatment plant, and at the well sites. She also mentioned that the software has not been chosen yet.

Directors thanked the Finance Manager for the presentation and all the hard work of the staff.

INFORMATIONAL ITEMS:

7. **Water Conservation Regulations – “Making Conservation a Way of Life” Update**
8. **Update on COTP - Transmission Leasing Next Steps**

Directors commented that the insurance cost to operate the transmission line has skyrocketed for the potential of fire hazards and the deductible on the policy is \$25 million.

The General Manager commented that the insurance only covers up to a certain amount and if there is a large fire, the coverage could be minimal.

Directors commented that they were initially worried that the value but it sounds like other irrigation districts or electricity providers may be interested in potentially buying our share.

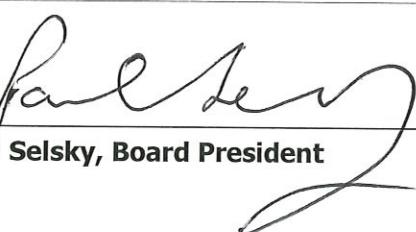
Directors commented that the most recent transaction was about \$350,000 per megawatt and that was between members.

Directors commented that if SMUD was to credit the District with the 1 megawatt power, then it would be worth keeping it.

9. **Water Agencies File Lawsuit to Protect Water Rates and Local Control**

Directors commented that this lawsuit was an interesting topic of conversation at CAP to CAP.

ADJOURNMENT: Vice President Greenwood adjourned the meeting at: **4:05 p.m.**



Paul Selsky, Board President



Cathy Lee, Board Secretary