



**Regular Board Meeting
Tuesday, October 15, 2024, 6:00 p.m.**

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

MINUTES

The Carmichael Water District Board of Directors met in Regular Session this 15th day of September at 6:00 p.m. in person and via teleconference.

ATTENDANCE:

Directors: Ronald Davis, Mark Emmerson, Ron Greenwood, Jeff Nelson, Paul Selsky
Staff: Cathy Lee, Gaby Padilla, Debbie Martin
Public: Two (2) Members of the Public

CALL TO ORDER: President Selsky called the meeting to order at: 6:00 p.m.

PRESIDENTS COMMENTS: Welcomed the General Manager back.

PUBLIC COMMENT:

1. Public Comment

Mr. Hanscom commented about the EPA and that they want to remove all lead pipes. He was also curious if CWD had any lead pipes but he suspects that there are not any.

The General Manager informed Mr. Hanscom that CWD does not have any lead pipes or lead solder in the distribution system. There may be private lines or service lines that are connected to our main lines that are lead pipes. Staff is currently doing a survey of inventory based on the EPA's criteria to evaluate the potential of lead pipes in the private service area from the geographic information system (GIS). The survey is due on October 18th. There will be a presentation of the findings next month for the Board of Directors.

Directors commented that the EPA is requiring all the lead pipes be removed in ten years and inquired as to who is going to pay for that.

The General Manager informed the Board of Directors that it has not been written that the water agencies be required to do this. Currently the water agencies do not have the responsibility to service the service lines and it is the home owner's responsibility.

Directors inquired about a state law requiring water agencies to replace school faucets.

The General Manager commented that they thought they just had to do a sampling for lead in the schools which our staff has done but they were not sure if they were required to replace their lines.

Directors commented that they believe that the water purveyors do not have to replace the service lines but they do have to replace the faucets.

Mr. Christian commented that lead solder was typically in every valve system in houses at one point up until the requirements changed and it was switched to silver solder. This means it could be in the shower, kitchen sink, or a laboratory and the contamination could be in the appliances themselves. He then commented that he would like to follow up on the discussion last month about the water treatment plant and the tours. He wanted to find out if progress has been made.

Directors commented that staff already makes the plant available for tours to groups who request it, which is done at the District's expense. They then inquired what more does Mr. Christian think the District should be doing.

Mr. Christian commented that he is looking for a curriculum for the middle to upper grade schools that are in Carmichael. He thinks the District staff should include the cost of their time for the purposes of the tour which would only be during the school year. He mentioned that it would mostly depend on how many tours the schools would like to do. The curriculum would be similar to the tours that are already available but it would be directed to the students to stimulate their interests in work in the water field or becoming an engineer.

Directors inquired if Mr. Christian thinks if CWD should reach out to the schools.

Mr. Christian informed the Board of Directors that he thinks CWD should reach out to the schools to make them aware that this tour is available to them.

Directors commented that they think this should start at the schools because we shouldn't be telling them what their curriculum should be.

Mr. Christian commented that the objective is to make the students aware of engineering type of models; so they can decide if this is something that is of interest to them. He also commented that he thinks CWD should propose it to the schools because he thinks that they do not know about the tour.

Directors commented that they think it would be best if this was just for schools within the District as San Juan Unified School District is fairly large and encompasses at least four to five water districts.

Mr. Hanscom commented that most schools have STEM programs and they would be the best people to contact about starting this.

The General Manager commented that the middle school students may be a bit young to fully grasp the concept of what goes on in the treatment plant.

Mr. Christian agreed with the General Manager but mentioned that there are students who are very bright at that age and this type of outreach could potentially lead them down a path to becoming an engineer.

Directors gave direction to the General Manager to reach out to the high school in our District to start the discussion of potentially doing this program.

CONSENT CALENDAR:**2. Minutes for the Regular Board Meeting – September 17, 2024****3. Paid Expenditure Report – September 2024**

Directors inquired as to who was signing the checks in the absence of the General Manager.

The General Manager informed the Board of Directors that Director Emmerson and Director Greenwood signed the checks in their absence.

Directors inquired as to how this was decided because normally the checks are signed by a staff member first.

The General Manager informed the Board of Directors that normally staff sign the checks and if the check is a high amount they would ask a Board Member to sign as well. During her absence, the Finance Manager sat with Director Emmerson and Director Greenwood to review the checks prior to signing.

Directors commented that they wish they would have known about that because they would have objected to it. Standard procedure is that the General Manager would have designated someone from staff.

The General Manager informed the Board of Directors that the reason the Board Members were signing the checks is because there is no other staff member on the signature card.

Directors inquired if there was a policy that defines who signs the checks in the absence of the General Manager.

The General Manager informed the Board of Directors that there is no policy on this. They mentioned that this is a check balance process and the District is not big enough to have two staff members be signatories. The Finance Manager reviews the checks before the General Manager receives them and it is incumbent of them to ask questions about the checks. If the Finance Manager signs them then it breaks that process.

Directors commented that it sounds like there is more than one Board Member that is willing to discuss if that should be the process or if a new one should be created.

The General Manager inquired if the Board would like to put that on the agenda then they could look into it.

Directors directed the General Manager to look into the policy because they are sensitive to these things.

The General Manager inquired what their concern is and if it's because the Directors are not in the day to day.

Directors informed the General Manager that this was their concern.

Directors inquired about what the auditing standards are on this and if the District was in compliance.

The Finance Manager informed the Board of Directors that it's really depends on what the Board would like as far as signing authorities. The auditors look for internal controls and make sure that a transaction has at least two people reviewing it. But it is better to have three because with just two there could be collusion. We have the Board sign the checks as a second signature on large checks per our policy but the bank does not require it.

The General Manager informed the Board of Directors that they will look into the policy.

Mr. Hanscom commented that this should be in the policy.

4. Budget to Actual Report – August 2024**5. Directors Expenses and Reimbursements****6. CalPERS Medical Benefits Resolutions**

M/S Greenwood / Emmerson to approve the consent calendar.

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 checked="" type="checkbox"/>	Nay	<input 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:	5	Nays:	0	Absent:	0	Abstain:		0
Passed Unanimously:		<input checked="" type="checkbox"/>							

ACTION ITEMS**7. On-Call Asphalt Construction Services Contract**

Staff recommends that the Board of Directors award On-Call Asphalt Construction Services through June 30, 2027 to Planet Paving, Inc. and authorize the General Manager to execute a contract.

Directors commented that they notice a four to six percent increases per year and inquired if this was an accurate representation.

The General Manager informed the Board of Directors that the cost increase is hard to predict from year to year. If there is a huge percent increase staff usually brings it to the Board. Hopefully by including four to six percent it will average out for the next three years.

Directors commented that they have always heard that the price of asphalt coincides with the price of oil.

Directors commented that they thought it was interesting how wide apart the two bids are with the two companies and it is almost double. They then inquired if staff believes the recommended company is qualified.

The General Manager informed the Board of Directors that they do think Planet Paving is qualified and they have been holding this contract with the District for the last two contract cycles.

M/S Greenwood / Nelson to approve staff's recommendation.

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 checked="" type="checkbox"/>	Nay	<input 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:	5	Nays:	0	Absent:	0	Abstain:		0
Passed Unanimously:		<input checked="" type="checkbox"/>							

8. Budget Adjustment, Construction Contract Award and Contingency Approval – Garfield Well Electrical Improvements

Staff recommends that the Board of Directors:

- 1) approve a fund transfer from the Capital Replacement Reserve Fund in the amount of \$1,100,000.00 to the current 2024-25 Budget for Capital Improvement Projects and adjust the 2024-25 Budget to increase Garfield Well Electrical Improvement expenditure to \$1,100,000, and
- 2) if the Budget Amendment is approved, award a Construction Contract with Vellutini Corporation, dba Royal Electric, in the amount of \$999,000 for the Garfield Well Electrical Improvement and authorize the General Manager to approve and pay for contract change orders that could increase the contract amount by no more than 10 percent, in the amount of \$101,000, for a not-to-exceed total contract amount of \$1,100,000.

Directors inquired if staff had an estimated timeline of when this well will be scheduled to be replaced.

The General Manager informed the Board of Directors that staff is anticipating at least 5 years to start the replacement of the Garfield Well because there are a lot of pipeline projects and the Ranney Collectors. Staff is hoping it will last a few years longer.

Directors inquired about whether the electrical equipment will be re-used on the new well.

The General Manager informed the Board of Directors that staff know the generator, as designed, will work with the new well. It's some the electrical component where staff is unsure. This is due to the positioning of the new well and whether the electrical components be pulled out.

Directors inquired if the new well would be in the exact same location of the current well.

The General Manager informed the Board of Directors that it will not be in the same location and it will have to be at least fifty feet away but it will be at the same site.

Directors commented that it seems like during the design of the wells electrical power equipment there could be features put in to allow the electrical components to be used at the new well site.

The General Manager informed the Board of Directors that this is something that staff was doing but the electrical lines will still need to be pulled and potentially not be viable for the new well.

Directors inquired as to who the engineering estimate was done by on this work.

The General Manager informed the Board of Directors that Frisch Engineering did the estimate.

Directors inquired if staff was proposing to get ten percent from the Capital Replacement Reserves Fund.

The General Manager informed the Board of Directors that this was correct.

Directors inquired if the remaining funds in that account was enough to fund other potential items that have been planned for.

The General Manager informed the Board of Directors that this reserve fund is just for reserves and is not used for anything else. There is also another fund for future Filter Skid Replacements and the Ranney Collectors.

Directors inquired if staff was planning to make this fund be at ten million dollars as soon as possible.

The General Manager informed the Board of Directors that staff was planning to do so and it will be included in the rate study.

Directors commented that unlike the previous bids these ones were all pretty close and inquired if staff knew who Vellutini Corporation, doing business as Royal Electric, was and if they were qualified to do this work.

The General Manager informed the Board of Directors that staff have heard of Royal Electric but have never worked with them. The contractor does have to meet certain requirements for the bid to be accepted.

Directors inquired if the engineers check references on these types of contracts and if they are required to have a written recommendation on the bid.

The General Manager informed the Board of Directors that they are supposed to and they did do a written recommendation.

M/S Davis / Nelson to approve staff's recommendation.

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:	5	Nays:	0	Absent:	0	Abstain:		0
Passed Unanimously:		✓							

INFORMATIONAL ITEMS

9. Distribution Superintendent Position Update

Directors inquired if there has been more applicants since including the last two steps in the salary.

The General Manager informed the Board of Directors that there were more applicants after the salary was updated.

The General Manager informed the Board that there will be an appreciation resolution for Mr. Bair at the next month's board meeting.

Directors commented that if there will be an event for Mr. Bair if they Board could be included in it.

Directors inquired about the Public Information Officer position.

The General Manager informed the Board of Directors that the Public Information Officer is not a full time position but they are looking into what they can do to fulfill that need.

Directors commented that they are looking for someone to be able to respond to articles in the newspaper and to attend/do public outreach events and they could even take the lead on what Mr. Christian is proposing.

The General Manager commented that they agree that they need someone to do all those things but maintained their opinion that it would not be a full-time position. They commented that the last time they saw an article was a long time ago.

Directors commented that there was an article a week ago and another two months ago that CWD never responded to.

Directors inquired as to how much money CWD has in the turf replacement program.

The General Manager informed the Board of Directors that CWD still has about \$25,000.

Directors commented that having that much left is unacceptable and that it should have been gone in January.

The General Manager informed the Board of Directors that we have not been getting a lot of responses.

Directors commented that it was because CWD has not been marketing it which is another example of outreach.

Directors commented that maybe the program was not enough money for people.

Directors then commented that they have seen other organizations with the same type of program get filled up within three hours of it going live. They also have seen people in their neighborhoods doing the turf replacement on their own who were unaware of CWD's program. They also mentioned that they do not think people would turn down that kind of money even if it was a small amount if they were already planning on do it.

Mr. Christian commented that they would have applied for the turf replacement program if he would have known about it. He mentioned that about a month ago he took his sod out but he did not know about the program.

10. Office of the Attorney General Legal Alert– The Water Shutoff Protection Act – As Amended by SB 2 (2023)

Directors commented that they believe that the District should never shut off anyone but instead go for pressure reduction to 25 PSI and when the customer pays then the pressure would be increased. This way there will never have to be a shutoff.

The General Manager informed the Board of Directors that staff is developing a program to avoid shutting people off but instead refer them to the tax roll or to do a pressure reduction. There should be options for the customer and staff is supposedly working on this.

Directors inquired if referring them to the tax roll was like a lien.

The General Manager informed the Board of Directors that it would appear on their property tax bills.

Directors inquired about how that would work with the renters.

The General Manager informed the Board of Directors that it would be transferred over to the owners.

Directors inquired whether the installation of the pressure reducer was straight forward.

The General Manager informed the Board of Directors that it is almost the same as just shutting customers off. They also mentioned that they have placed the pressure reducer on one customer who was wasting water and creating a hazard. This customer was essentially flooding all the neighbors. In that situation the water could not be shut off because the owner paid the water bill in full which was a \$3,500 payment.

Directors inquired when the flyer was put on the customer's door, the District did much better at collecting rates.

The General Manager informed the Board of Directors that when staff began the telephone notifications stating that the customer was going to be shut off they saw a higher rate of payment.

Directors commented that they like the pressure reduction idea but then again it's nice to have that incentive to make the customer pay.

Directors commented that they saw this happen at Live Oaks where there is 2,000 connections and every month they shut of about 30 connections and the next day about 29 of them come in to pay.

The General Manager informed the Board of Directors that this is why staff started the telephone notifications beforehand to make them aware of the shut off and fees associated to it and that has made the customers more responsive in paying their bills before getting shut off.

Directors commented that this is something that needs to be discussed in depth. They mentioned that everyone has a right to water but by putting in a pressure reducer they will not be able to use all their appliances at the same time.

The Finance Manager commented that there needs to be a back stop at some point because it could go on for years without the customer paying. An example is that during COVID when the customers heard that the government was going to pay, people stopped paying their bills and it was reflected in the receivables.

COMMITTEE REPORTS

11. Sacramento Groundwater Authority (SGA) Board Meeting

Director Selsky Reports Out.

Director Selsky reported that a professional agreement was signed with Woodard & Curran for \$353,000 to help with the Sustainable Groundwater Management Act implementation and other groundwater management activities. A small contract for about \$30,000 was approved with GEI for some well monitoring and transducers at the wells that send

signals per DWR standards on the depths. SGA staff felt it was better for GEI to monitor the wells because GEI was better equipped.

Additionally, there was a presentation about the SGA engagement with the Sacramento Regional Water Bank. This was mostly on the issue of prior banked water (PBW) and a committee has been formed to look into the issue. It has only met once so far but he is encouraging SGA to schedule more meetings. The Committee needs to look into how much water will be credited for the water that is currently in the bank. Director Selsky mentioned that people wanted these meeting to be public but SGA has made the meetings closed but the committee is willing to meet with people privately to get their input on the matter. Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD) are requesting that the committee gives consideration that they have banked groundwater over the years.

Directors inquired as to how CHWD and FOWD was getting the water that they were banking.

Director Selsky informed the Board of Directors that they buy water from San Juan Water District.

Directors commented that they are claiming that they used the purchased surface water in lieu of the groundwater.

Directors commented that they have expressed their opinions to Director Selsky on how to move forward but that they also expressed getting legal advice.

Director Selsky commented that he is passing that advice to SGA.

Directors commented that they are talking about CWD getting legal advice as well. They think it is important to do so to get an opinion regarding CWD's in lieu water and why anyone would think that the water does not belong to CWD. They also want to know if the other water districts who have been banking water would be okay with losing that water or if they have objected to it.

Director Selsky commented that other districts would like the credit as well but they have not said what amount of credit they desire. The City of Sacramento representative stated that they would like credit but they realized that it has to be legally defensible. There is a lot of cross current and complexities to this issue and districts have to be sensitive to any environmental feedback. They want to come up with something where they won't be having to fight in court to protect.

Directors commented that they get a DWR newsletter every week and about a month ago it included a two and a half minute video from RWA on the virtues of in lieu groundwater banking and calling it a game changer. They were also boasting about all the water that has been banked which is further validating our position.

The General Manager informed the Board of Directors that DWR does consider in lieu groundwater banking as banked water and it's the State Water Resource Control Board that is looking at that and is not quite agreeing with it.

Directors commented that they would like more information on this and hopefully next Board meeting there could be an agenda item with more information to help us decide on how to advise Director Selsky on how to protect CWD's rate payers' interests and the valuable resources. They also mentioned if legal counsel could be present as well.

The General Manager informed the Board of Directors that they talked to legal counsel about this issue and they are saying that it has to be a policy that needs to be made by SGA because they are the regulatory agency.

Directors inquired that they would like to find out what CWD's legal standing as far as the legal claim to the water.

Directors commented that they would like to advocate to SGA what CWD's legal position is on this matter.

The General Manager informed the Board of Directors that legal counsel stated that SGA first has to define what the policy is on the in lieu water banking.

Directors commented that they would like to have a voice in helping SGA find what the policy is and they need to know what CWD's legal standing is first.

Directors commented that there was something established by the State that they believe is in the water code that proclaimed how to account for water that is considered in lieu banked.

Directors requested a letter from legal counsel to give CWD their opinion on this matter because they feel like the Board does not have the legal knowledge to determine what CWD's rights are and what we should be fighting to protect. They mentioned that through their rough calculations the value of that in lieu water that belongs to CWD is worth about 59 million.

Directors commented that they think that CWD needs to coordinate with the other water agencies that are in the same situation.

Directors mentioned that they want to be able to tell the rate payers that this was looked at very thoroughly and fought to protect their assets.

Mr. Hanscom commented that the District has put a lot of money into building the water treatment plant to avoid using groundwater so the water used from the treatment plant becomes in lieu water since we did not pump water from the ground. He then mentioned there was a lot of money that went into not using groundwater so at a minimum we should be able to claim the money we spent in avoiding using groundwater. He gave the example of if CWD spent 30 million

dollars on building the treatment plant then we should get 30 million dollars' worth of groundwater in credit with the current rate of the water per acre.

Mr. Christian commented that if he remembers correctly Sacramento Suburban Water District, San Juan Water District and Carmichael have the most holdings on this water.

Directors informed Mr. Christian that it is actually not San Juan Water District but City of Sacramento.

Mr. Christian commented if we could just start a coalition with them and develop a legal defense with our interest because it seems like we all have the same opinion on what should be done and then we could split the legal cost between these water agencies.

Director Selsky commented that they have not gone to the alliance step just yet but they could be headed that way in the future.

Directors commented that they think it's important to do both and it's probably best to determine what CWD's interest are first and then make sure its identical or very close to the other two agencies.

Director Selsky commented that he does not feel like anyone is really an opponent but rather everyone has their own opinion on the amounts.

Director Selsky reported that Trevor Joseph gave a presentation on DWR and its series of four guidance documents called Interconnected Surface Water Guidance documents. It is about river water depletion from groundwater pumping and it's going to set the framework on surface water depletion factors. Trevor Joseph is reviewing these documents and he thinks it is all theoretical and there is no field work. Director Selsky also reported that he appointed a Nominations Committee and they are going to appoint the 2025 SGA Officers. He mentioned that they normally nominate the current Vice Chair to be the Chair for the following year.

Director Selsky also invited everyone to the RWA reception at ACWA in Palm Desert and the Annual Holiday party at the Delta King on December 12th.

12. Regional Water Authority Executive Committee and Regular Meeting

Director Greenwood Reports Out.

Director Greenwood reported that RWA only had two big items. The first being the revision to the retention policy as RWA staff realized that there was duplications of records and they want to make processes to reduce the redundancy. The second is the adjustment of compensation and titles for key staff. The Executive Assistant/Clerk of the Board and the Finance and Administrative Services Manager will receive a compensation and classification review. The Finance and Administrative Services Manager will have a new title as well which is Director of Finance.

13. Other Committee Report

Directors Report Out.

Director Greenwood reported that he will have a meeting with Gen H which has to do with energy and if it looks good and promising he will bring it back to the Board.

STAFF REPORTS:

14. General Manager and District Activity Report – September 2024

Discussed with the Board.

15. Director's Expense Reimbursement Summary – September 2024

No comments.

GENERAL CORRESPONDENCE/INFORMATION:

16. Director's Written and/or Oral Reports

Director Greenwood

1. Informed the Board of Directors that he is setting up a tour of the water treatment plant for the Kiwanis Club.

ADJOURNMENT: President Selsky adjourned the meeting at: **8:33 p.m.**



Paul Selsky, Board President



Cathy Lee, Board Secretary