



## **Agenda**

### **Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821

Tuesday, March 28, 2023  
4:00 p.m.

**This meeting will be conducted both in-person in the Sacramento Suburban Water District's Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call. If a member of the public chooses to participate in this public meeting via videoconference and/or teleconference, please see the instructions below.**

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<https://us02web.zoom.us/j/81725072547?pwd=TzZpUU9acENhMTRVVRkVFUytSbm5ZQT09>

**Meeting ID: 817 2507 2547**

**Password: 865516**

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**Please mute your line.**

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Committee less than 72 hours before the meeting are available for public inspection at each Agency's Administrative Offices.

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to either one of the General

Managers. The Chairperson will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

### **Call to Order**

### **Roll Call**

### **Announcements**

### **Public Comment**

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

### **Consent Items**

The Committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Committee member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. **Minutes of the March 3, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**  
*Recommendation: Approve subject minutes.*

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

2. **Combination Discussions – Draft Outline Report**  
*Recommendation: Receive an update on the Further analysis report and direct staff on next steps regarding Combination Discussions between Carmichael Water District and Sacramento Suburban Water District.*
3. **Water Rate Comparison Analysis**  
*Recommendation: No action. Information only.*
4. **Combination Discussions – Communications Plan Update**  
*Recommendation: Approve the updated draft Communications Plan documents and direct staff to present them to the Carmichael Water District and Sacramento Suburban Water District Boards for final approval.*

5. **Carmichael Water District and Sacramento Suburban Water District - Joint Board Meeting Agenda**

*Recommendation: Review and approve the agenda for Carmichael Water District and Sacramento Suburban Water District Joint Board Meeting related to Combination Discussions.*

6. **Consultant Services**

*Recommendation: Provide direction to staff regarding a potential to retain the services of a consultant to assist in developing and following a road map that will provide the appropriate information to the Carmichael Water District and Sacramento Suburban Water District Board of Directors that will allow them to make a decision to combine into a single organization, or not.*

7. **Next Meeting of 2x2 Committee**

*Recommendation: Determine next meeting of the 2x2 Committee.*

8. **Public Comment**

**Adjournment**

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I certify that the foregoing agenda for the March 28, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Committee was posted by March 24, 2023 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and at the Carmichael Water District office, 7837 Fair Oaks Boulevard, Carmichael, CA 95608, and was made available to the public during normal business hours.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

## Agenda Item: 1

**Date:** March 28, 2023

**Subject:** Minutes of the March 3, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting

**Staff Contact:** Dan York, SSWD General Manager  
Cathy Lee, CWD General Manager

**Recommended Committee Action:**

Approve the draft minutes of the March 3, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

**Attachment:**

1 – Draft Minutes

## **Minutes**

### **Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting March 3, 2023**

#### **Location:**

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #868 8331 9319

#### **Call to Order – Videoconference/Audioconference Meeting**

SSWD Director Craig Locke (Chair Locke) called the meeting to order at 2:01 p.m.

SSWD Directors

Present: Craig Locke.

SSWD Directors

Absent: Dave Jones.

CWD Directors

Present: Jeff Nelson.

CWD Directors

Absent: Mark Emmerson.

SSWD Staff Present: Heather Hernandez-Fort.

CWD Staff Present: Carmichael Water District General Manager Cathy Lee (CWD GM Lee).

Public Present: William Eubanks, Ted Costa, Christine Kohn, Jay Boatwright, Carl Jones, and Bruce Hartzell.

#### **Announcements**

CWD GM Lee announced SSWD GM Dan York was absent due to illness.

#### **Public Comment**

None.

#### **Consent Items**

1. **Minutes of the February 8, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**

CWD Director Nelson moved to approve the Consent Item; Chair Locke seconded. The motion passed by unanimous vote.

AYES:	Locke and Nelson.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:	Emmerson and Jones.		

**Items for Discussion and/or Action**

2. **Combination Discussions – Draft Outline Report**

CWD GM Lee presented the staff report and answered clarifying questions.

CWD Director Nelson requested for this information to be provided to both Boards for consideration, and requested for a schedule to be included.

The Committee agreed to proceed with the outline as presented, with a goal of preparing 30% of the Scope of Work to present to the next meeting.

Chair Locke suggested to hold another 2x2 Committee meeting towards the end of March to review the progress and provide further direction.

William Eubanks (Mr. Eubanks) commented that he can see the value in a combination, however, he was concerned about the financial impact to the ratepayers.

3. **Combination Discussions – Communications Plan Update**

CWD GM Lee introduced Christine Kohn (Ms. Kohn) with InCommunications, who presented the staff report and reviewed each attachment.

Ms. Kohn highlighted that the outreach materials prepared were intended to be a neutral way to help share information and shape discussions.

Chair Locke reminded the Committee that the SSWD Board would like to be included in approving all outreach materials.

CWD Director Nelson expressed he was sensitive to the material about potential advantages of a combination, noting he didn't feel all of the advantages were included.

Ms. Kohn pointed out that the materials on advantages and disadvantages were reflective of the Raftelis report, from a neutral third party perspective.

CWD Director Nelson expressed that the scope of the Raftelis report was limited, and that there were more advantages that were not included or identified in the report. He suggested adding the additional advantages to the materials as he felt it was very important to include all advantages.

Chair Locke pointed out that the Raftelis report was more of a fatal flaw analysis, and was not intended to point out advantages as much. He suggested discussing it further at the next Committee meeting.

Discussion ensued regarding the status of the two districts' websites, where Ms. Kohn informed the Committee that the SSWD website was updated with current information, and CWD GM Lee informed the Committee that the CWD website was in the process of being updated with the same information, and will be live by their next Board meeting in March.

CWD GM Lee informed the Committee that the CWD Board delegated authority to the 2x2 Committee to approve outreach materials.

The Committee continued reviewing the attachments.

Chair Locke recommended a single document with key information, and advantages of a combination, to capture customer's attention.

CWD Director Nelson agreed with Chair Locke, noting he felt the advantages and disadvantages was a very important message to deliver.

Ms. Kohn expressed to the Committee that the outreach materials were intended to not be persuasive, but rather information sharing as neutral as possible. She continued with expressing that it was important to provide a complete evaluation of the report for the public, as there was a lot of information in the report.

CWD Director Nelson commented that the Raftelis report was only a part of the analysis.

Ms. Kohn expressed that she felt there could be a way to add the rest of the advantages into the one page external document that Chair Locke recommended.

Chair Locke noted that the Committee was not entirely neutral when initiating combination discussions, as he felt the Committee was in support of combination discussions from the start, noting the Raftelis analysis was to identify if there were any fatal flaws.

CWD Director Nelson agreed with Director Locke.

The Committee agreed to present the materials to each Board to provide an opportunity for input and approval.

The Committee discussed providing a companion document to the Raftelis Report Fact Sheet, which described the opinion of the Boards on the report.

Mr. Eubanks supported Chair Locke's recommendation of a single document with key information.

Ted Costa recommended the Committee look into consultants to assist with the further analysis.

4. **Carmichael Water District and Sacramento Suburban Water District - Joint Board Meeting Agenda**

CWD GM Lee presented the staff report, and noted that April might be difficult to schedule a Joint Board meeting with the other meetings and conferences occurring.

The Committee agreed they would like to schedule a Joint Board meeting as soon as possible, and suggested early April.

The Committee directed staff to present the most influential topics from the Scope of Work document to the Joint Board meeting, such as category 4. Model Merged District and category 5. How Reorganization will Affect Customers, Employees and Other Stakeholders. They recommended staff update the Boards on where staff was with those items, as well as provide a schedule to the Scope of Work.

Mr. Eubanks recommended having water rights and place of use as the highest priority to analyze.

5. **Consultant Services**

CWD GM Lee presented the staff report and answered clarifying questions.

The Committee was in support of considering consultant services, and requested staff present a scope of work at the Joint Board meeting.

Chair Locke recommended staff request funding for consultant services to each respective Board.

6. **Field Trip of Buildings/Water Production Facilities**

CWD GM Lee presented the staff report.

The Committee was not interested in holding a tour, but recommended seeing more of the statistics of each District.

Chair Locke noted if anyone was interested in an actual tour, they could schedule them individually with staff.

7. **Next Meeting of 2x2 Committee**

The Committee requested staff provide a quick summary and overview of what staff was preparing to present to the Joint Board meeting, at the next 2x2 Committee meeting at end of March or beginning of April.

8. **Public Comment**

None.



**Adjournment**

Chair Locke adjourned the meeting at 3:18 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

DRAFT

## Agenda Item: 2

**Date:** March 23, 2023

**Subject:** Combination Discussions – Draft Report Outline

**Staff Contact:** Dan York, SSWD General Manager  
Cathy Lee, CWD General Manager

### Recommended Committee Action:

Receive an update on the Further analysis report and direct staff on next steps regarding Combination Discussions between Carmichael Water District and Sacramento Suburban Water District.

### Background:

At the March 3, 2023, 2x2 Committee meeting, staff was directed to attempt to complete 30% of the items identified and identify deadline dates within the Draft Scope of Work. In addition, the Committee directed staff to focus on Model Merged District and How Reorganization will Affect Customers, Employees and Other Stakeholders to prepare for presentation at an upcoming Joint Board meeting.

### Discussion:

Staff has updated the Draft Report Outline in the following categories:

- Executive Summary
- History/Background of CWD and SSWD
- Current Structure of CWD and SSWD – Personnel, organization structure and chart, surface water rights, contracts for water, well inventory, finances, debt, CIP, budget, facilities and equipment, policies and procedures, and communities served.
- Model Merged District – Advantages/disadvantages of irrigation district vs. county water district, how combined district could be created; consolidation vs. reorganization, statistics and demographics, board members; interim and long-term, provision of water service, and water rates; short/long term.
- How Combination Could Affect Customers, Employees and Other Stakeholders – Impacts of combination on other agencies.
- Governance Board of Directors – Transition from 11 to 7 to 5, election boundaries for each phase, options for advisory committees.
- Lessons Learned from Arcade/Northridge Consolidation

In addition, staff updated the Draft Scope of Work to identify deadline dates for report items, internally, 2x2 Committee, and Board meetings.

**Attachments:**

1. Draft Report Outline
2. Draft Scope of Work
3. CWD Organizational Chart
4. SSWD Organizational Chart
5. CWD Director Policy Table of Contents
6. CWD Policy Table of Contents
7. SSWD District Policy Table of Contents
8. SSWD District Procedure Table of Contents



**DRAFT**

**REPORT OUTLINE**

Further Analysis of Combining  
Carmichael Water District and  
Sacramento Suburban Water District

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- b. **Sacramento Suburban Water District**
  - i. Personnel, organizational chart, budget
  - ii. Water contract rights, well inventory, and fluoride
  - iii. Retail responsibility and service area, rate structure
  - iv. Human Resources, salaries, benefits
  - v. Finances and Budget
  - vi. Facilities and Equipment
  - vii. Policies and Procedures
  - viii. Communities Served

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- b. How the merged district will be created: consolidation vs. reorganization
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- a. Water reliability: use of all water, both surface and groundwater, conjunctive use plan, perfection of water rights and groundwater
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- c. Options for Advisory Committees

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##### **(A) Carmichael Water District**

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Staffing Levels – 5 Year History

Operations Data – 5 Year History

Infrastructure- Condition Assessment

Capital Investments – 5 Year History

Debt Structure

##### **(B) Sacramento Suburban Water District**

Financial Statements – 5 Year History

Customer Rates – 5 Year History

Staffing Levels – 5 Year History

Operations Data – 5 Year History

Infrastructure – Condition Assessment

Capital Investments – 5 Year History

Debt Structure

# Executive Summary

## Introduction

The purpose of this report is to further shed additional light on issues and questions the executive staff, and policy makers and stakeholders of the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) have raised with respect to combining the two agencies to improve water management/reliability and operational efficiencies.

This investigatory effort began in 2021 with staff beginning a dialogue of how to better serve all of the customers of the two districts. There was a joint board meeting, the creation of the 2x2 Committee (2 directors from each district), and the joining of General Managers and senior staff to form an Executive Team to lead and direct the study effort.

In 2021, the consulting firm, Raftelis, was retained to perform a Business Case for a Potential Combination Study Report to determine if there are any fatal flaws associated with a potential combination of CWD and SSWD. The study was accepted by the CWD/SSWD Board of Directors in January 2023 and suggested moving to the next level of analysis, looking into organizational issues of combining districts and implementing an outreach and communication strategy to touch stakeholders.

The following individuals worked in a collaborative effort to produce this document:

### **CWD Board of Directors:**

Ron Davis  
Mark Emmerson  
Ron Greenwood  
Jeff Nelson  
Paul Selsky

### **SSWD Board of Directors:**

Jay Boatwright  
Dave Jones  
Craig Locke  
Kevin Thomas  
Robert Wichert



**2x2 Committee:**

Jeff Nelson  
Mark Emmerson  
Craig Locke  
Dave Jones

**General Managers:**

Cathy Lee, CWD General Manager  
Dan York, SSWD General Manager

**Executive Team:**

Debbie Martin, CWD Finance Manager  
Matt Underwood, SSWD Assistant General Manager  
Jeff Ott, SSWD Director of Finance and Administration  
Susan Schinnerer, SSWD Human Resource Manager

**Perceived benefits of the combination**

**Facts about the combination discussions**

**Findings**

**Recommendations**

**1. History/Background**

**a. Carmichael Water District**

CWD was established as an Irrigation District in 1916 and was the first irrigation district established in Sacramento County. The district changed its name to Carmichael Water District in the 1980's. There are approximately 12,000 service connections that represent a population of approximately 40,000 customers. The district maintains over 160 miles of water lines within it's approximately eight (8) square miles of service area.

**b. Sacramento Suburban Water District**

SSWD was formed as a County Water District in February 2002, through the consolidation of the former Arcade Water District and Northridge Water District, which were formed in 1954 and 1956, respectively. There are approximately 47,000 service connections representing a population of approximately 200,000 customers. The district maintains over 700 miles of water lines within it's approximately 36 square miles of service area.

**c. Raftelis Report**

- 2. Communication and Outreach Approach**
  - a. Meetings, identification of stakeholders and outreach strategy
  - b. Retention of Communication Firm
  - c. Summary of concerns, opinions and findings from outreach
  - d. Public Involvement Process

**3. Districts – Current Structure**

**a. Carmichael Water District**

- i. **Personnel, Organizational Structure and Chart, Budget** – CWD has a total of thirty (30) full-time-equivalents (FTE's), of which twelve (12) are management/administration with the remaining eighteen (18) being in operations. Customer accounts per employee is 428. Population served per employee is 1,250. See Attachment 3
- ii. **Water Contract Rights, Well Inventory, and Fluoride** – CWD has three surface water rights; 1915 = 10,859 af, 1925 = 3,669 af, and 1948 = 18,099 af. CWD has five (5) active groundwater wells with a total capacity of 6,400 gallons per minute.
- iii. **Retail responsibility and service area, rate structure**
- iv. **Human Resources, salaries, benefits**
- v. **Finances and Budget** – CWD has a Fiscal Year (FY) budget. FY 2022-23 O&M is \$9,772,660, Capital \$10,036,944 and revenue \$20,489,240.
- vi. **Facilities and Equipment** - CWD's Administration Building, located at 7837 Fair Oaks Blvd., houses approximately 15 administrative staff persons with 9 enclosed offices. The building also includes a conference room and a 90-person capacity Boardroom with an adjoining warehouse, parking garage, and loading dock. The building is approximately 9,700 square feet on an almost 2.5-acre lot off of Fair Oaks Blvd. The parcel is also CWD's Corporation Yard where equipment and materials are stored in separate garages and bays aside from the Administration Building. The 2.5-acre parcel has 3 access points and a large parking area with a solar generating shade structure. The Bajamont WTP is located at 3501 Bajamont Way in Carmichael. The WTP includes the treatment plant and intake facilities that is located on three parcels consisting of 18-acres. The WTP includes above ground filtration and treatment facilities and an underground 2-million gallon concrete chlorine contact tank. CWD owns two water storage reservoirs at two separate locations containing a 1-MG steel tank and a 3-MG steel tank, with booster pump stations. CWD has a total fleet of 34 vehicles that range from passenger vehicles to large 5 yard dump truck. In regards to large equipment, there are 4 backhoes, 1 mini excavator, 2 vacuum trailers, 1 valve exerciser, 1 mini excavators, 1 forklift, and several flatbed trailers.
- vii. **Policies and Procedures** - See Attachments 5 and 6.
- viii. **Communities Served** – CWD provides water service to customers in the Carmichael Community.

**b. Sacramento Suburban Water District**

- i. **Personnel, Organizational chart, budget, communities served** – SSWD has a total of seventy-three (73) FTE's, of which twenty-six (26) are management/administration, with the remaining forty-seven (47) being in operations. Customer accounts per employee is 671. Population served per employee is 2,570. See Attachment 3.
- ii. **Water Contract Rights, Well Inventory, and Fluoride** – SSWD has a surface water contract right with City of Sacramento to receive 26,064 af per year, a surface water contract right with PCWA to receive 29,000 af per year, and the ability to receive up to 4,000 af per year from San Juan Water District, as well as Central Valley Project Section 215 Water from the Bureau of Reclamation. SSWD has a total of seventy-one (71) active groundwater wells with a total capacity of 86,238 gallons per minute. 3 – 5 million gallon reservoirs, 1-500,000 gallon elevated storage tank, 1-150,000 gallon elevated storage tank, and 1-125,000 gallon elevated storage tank. SSWD's South Service Area (SSA) is fluoridated. Capital funding was derived from First Five with a twenty-year agreement. The subject agreement terminates in 2027, however, there are stipulations that could warrant continuing to fluoridate the SSA post 2027.
- iii. **Retail responsibility and service area, rate structure**
- iv. **Human Resources, salaries, benefits**
- v. **Finances and Budget** – SSWD has a Calendar Year (CY) budget. CY2023 Budget is \$24,860,000 O&M and \$22,805,000 Capital. Revenues are \$54,660,000.
- vi. **Facilities and Equipment** - SSWD's Administration Building, located at 3701 Marconi Avenue, which houses both administrative and engineering staff. Currently, forty staff persons report to this facility, which includes nine (9) intern/temporary staff. The entire building size is approximately 18,000 square feet (sf), which includes offices, a customer service area, two conference rooms, and a Board Room. The maximum occupancy of the Board Room is 125 people. The building also includes a separate suite that is currently unoccupied. This particular area is approximately 6,800 sf. The building is raised above the surrounding public way and has an underground parking garage. The underground parking garage has the capability of accommodating 50 vehicles. SSWD's existing Corporation Yard, located at 5331 Walnut Avenue, is approximately 16,000 square feet in size. This building incorporates offices, a maintenance shop and an inventory warehouse. The building is split level in configuration with the older portion of the building being single story and the newer portion of the building at two stories. Currently, forty-two staff persons report to this facility. Located at 2736 Auburn Blvd, are three buildings and a separate carport structure that make up this facility. All three buildings

are currently leased out to Skip's Music. However, SSWD utilizes the corporation yard itself as it has material storage bins for asphalt, sand and gravel. There is also a standalone carport structure at this site. In addition, there is one active well site located on this property. One building is approx. 3,100 sf in size. The second building was constructed in the 1960's, but a building addition was later constructed in 2000. The total size of the building is 4,400 sf. In addition, there is an old steel storage building approximately 1,300 sf in size. There is a cell tower located at this facility that currently generates annual revenues. In addition to the cellular tower revenue, SSWD currently receives annual revenues for the lease agreement with Skip's Music. The Antelope Reservoir Facility, located at 7800 Antelope North Road, was built in 1999 at the same time that the 5 million gallon (MG) reservoir was constructed. The building is two story, 18,000 sf in size, and is metal frame with a CMU block exterior and metal roof. The building houses the booster pump station and equipment and also includes a separate standby generator room, motor control center, a large meeting room, kitchen area, locker rooms/shower/bathrooms, office space, storage areas, and a shop. The large meeting rooms are utilized for training seminars and water related events for associations such as ACWA, AWWA, SAWWA, JPIA. The yard area has material storage bins for asphalt, sand and gravel. It also houses some of the District's large equipment (e.g., backhoe, dump truck, etc.). In addition, there is also a standalone carport structure at this site. SSWD has a total fleet of 44 vehicles that range from a compact electric vehicle to as large as a 5 yard dump truck. In regards to large equipment, there are 3 backhoes, 1 front end loaders, 3 vacuum trailers, 1 valve exerciser/vacuum trailer, 3 mini excavators and 2 forklifts.

- vii. **Policies and Procedures** - SSWD has forty-seven (47) Board adopted policies and sixty-two (62) procedures.
- viii. **Communities Served** – SSWD provides water service to customers in Arden/Arcade, Foothill Farms, North Highlands and portions of Citrus Heights, Carmichael, Fair Oaks, Sacramento County/City, Antelope and McClellan Business Park.

#### 4. Model Merged District

- a. **What it Will Be: Discuss Advantages/Disadvantages of Irrigation District vs. County Water District** – There is no real legal hierarchy of district enabling acts, it's more about comparing the relative powers provided under particular enabling acts and their suitability for the specific circumstances of the community being service by a particular water district. A relative consideration focuses on ease of operations and administrative convenience.

Fur existing enabling acts, it is legal counsel's opinion that a County Water District form is much better than an Irrigation District for an urban water provider. Even though the Irrigation District Law can be used by an urban water provider, that law was designed for agricultural water providers and the statutes in the law authorizing retail treated water service were added later as a result of agencies like CWD becoming urbanized. The County Water District Law was designed from the beginning for urban treated suppliers. It has much clearer statutory provisions related to governance, management and operations. The real advantage is County Water Districts are not required to comply with the Public Contract Code's formal competitive bidding statutes for public works projects.

- b. **How the Merged District Will Be Created: Consolidation vs. Reorganization:** Combining two or more public agencies into one can be primarily achieved as either a consolidation or a reorganization (dissolution and subsequent annexation). The end results are essentially the same, one agency assumes the rights, responsibilities, assets and liabilities from the other. The difference lies in what technically happens from a legal standpoint. There are pros/cons listed below that are more general in nature and may not apply to this specific example.

*Consolidation* – Both agencies are dissolved and a new one is created in their place with a service area that encompasses the previous districts' service areas. The new agency is the successor entity. Initiation: Both agencies file for consolidation.

Pros:

- New district (new identity; new name; fresh start);
- New board composition;
- Maximize economies of scale;
- State Board of Equalization Fee is zero;
- Allows for the potential cancellation of existing contracts (such as labor contracts), if those obligations are not specifically transferred as part of the LAFCo approval.

Cons:



- May be difficult to determine which existing board members will be on the new board;
- There can be complications with determining who the “successor” plan will be used post-consolidation – either on an interim or long term basis (e.g. labor agreements, pension contract with CalPERS, etc.);
- All residents from both districts can oppose during the protest period;
- May require a new Proposition 218 vote to re-ratify special taxes/benefit assessments;
- It is highly disruptive for the same reason as the “Pros.” The potential cancellation of labor contracts can create unnecessary anxiety for affected workers. In addition, the new entity would now have to start at the proverbial “square 1” on all of its operations.

*Reorganization* - One district is dissolved and one agency annexes all of their former service areas. An existing agency is the successor entity. Initiation: One district applies to dissolve, the remaining district applies to annex the service area of the dissolved district. Both agencies file simultaneously.

Pros:

- Because one of the existing agency remains (albeit now with a larger service area), it is less disruptive than a consolidation. All assets/liabilities/revenues/expenses are transferred to successor;
- Allows the application/extension of special (parcel) taxes over the annexed area without a Proposition 218 vote;
- Only the residents of the dissolving agency can oppose during the protest period.

Cons:

- The remaining agency will be unable to shed any legal obligation it might otherwise be able to shed in a consolidation. For example, if the remaining agency had a more generous benefit structure to its labor than the other district, it now may need to extend those benefits to a larger labor pool;
- May be difficult to educate the non-successor agency residents about the benefits of dissolving their home water agency (need community workshops/outreach efforts);
- May be difficult to educate the successor agency residents of the benefit of absorbing the dissolving agency (e.g. dilution of local control, etc.). The annexing agency will be under political pressure to allow the public to vote on the matter;
- May be difficult to extend existing special taxes/benefit assessments to the non-successor residents;
- Need to resolve how the non-successor residents will be represented in the post-reorganization entity.

Who can initiate the combination? Either district can initiate it by adopting a resolution of application and go through the “normal” LAFCo process. However, there is a sub-LAFCo process that may be applicable: Government Code §56853(a) states that if the combining agencies adopt substantially similar resolutions of application, LAFCo must either approve or conditionally approve the proposal (in other words LAFCo cannot deny the application). In addition, this section says that the reorganization could be ordered without an election unless the conditions under GC §57081(b) are met. After the approval hearing, a second hearing (called a conducting authority hearing or a protest hearing) must still be held, but only to determine if the conditions specified in GC §57081(b) exist.

There are typically seven major milestones in the LAFCo process. The overall time for a combination to get from Step 1 through to Step 7 can take as long as a year, with the caveat that this assumes any time before Step 1 is not counted, all goes according to plan with no hiccups (the timing of notice) and if several stars align (most prominently no lawsuits). After Step 6, the applicant(s) has/have up to a year to comply with the conditions of approval. LAFCo can record the Certificate of Completion once those conditions are met. That filing finalizes the proceedings and the combination is complete.

1. Project initiation – Applicant submits all the forms found here (<https://saclafco.saccounty.gov/Pages/ApplicationForms.aspx>), including the plan for service (please see the section immediately below);
2. Property tax negotiation – Governed by Revenue and Taxation Code §99. While neither district receives a portion of the property tax, this section cannot be bypassed per R&TC §99(b)6;
3. LAFCo staff analysis – Upon the receipt of the complete packet of application (see Step 1 above), staff will analyze the documents and follow up with the Districts to ensure there is sufficient information to address the requirements under GC §56668. Once GC §56668 has been satisfied, LAFCo staff will issue a Certificate of Filing, stating the approval hearing date for the proposal. This approval hearing is typically scheduled for the first meeting in which at least 21-days advance notice can be posted (GC §56159).
4. Approval Hearing – The Commission considers the facts of the proposal, the staff report, written and oral testimony, the environmental review, the context and setting of the proposal and any other pertinent information to decide on the proposal. The Commission’s discretionary decision could be unconditional approval, approval with conditions or denial. If the latter, the project stops here and LAFCo issues a Certificate of Termination. If the decision is approval with or without conditions, then the proposal moves on.
5. The 30-day reconsideration period begins – Government Code §56895 allows anyone within the County of Sacramento the ability to request that the Commission reconsider its approval. The requirements for reconsideration are strict and the Commission decides whether to grant reconsideration. While in my career there have been several instances where a citizen requested reconsideration, only one request has succeeded.

6. Conducting Authority Hearings – For proposals with less than 100% landowner consent, a “conducting authority hearing” (also called a protest hearing) has to be scheduled (also subject to a 21-day advance notice). This provides the opportunity for landowners and registered voters to protest the approval. What happens to the proposal depends on the number of protests received and not withdrawn:
  - a. If less than 25% of registered voters or 25% of landowners who own at least 25% of the total assessed value of the land protest, then the Commission’s approval (with or without conditions) stands;
  - b. If more than 50% of registered voters or landowners protest, then the Commission’s decision is overturned and the proposal fails;
  - c. If the number of protests by registered voters or landowners is between a) and b) above, then it goes to an election.

Please note:

- The “sub-LAFCo process” under GC §56853(a) I referenced above speaks to this step of the process. Normally the dissolution or consolidation of agencies are subject to an election. If the sub process is used, the Conducting Authority Hearing is the mechanism to determine if an election is held, and only if the number of submitted (and not withdrawn) protests is above 25% of registered voters or landowners.
- If the districts choose the reorganization route, there is a way to bypass this step if the resolution of application for the dissolving district(s) is approved unanimously by the governing board(s). Then this step is only taken on the question of annexation. Unless...
- LAFCo staff ensures that the 21-day notice for the approval hearing is consistent with the requirements for GC §56663. If so, then this step is also bypassed for the annexation, eliminating the Conducting Authority step altogether.

Final Filings – These are filed, depending on the outcome in Step 6. If the number of protests submitted are insufficient to overturn the Commission’s approval and/or if the applicants received a conditional approval, then the applicant will have 12 months to complete them. When the conditions are met (or if there were no conditions, soon after the proposal successfully completes Step 6), the LAFCo issues a Certificate of Completion with the County Clerk-Recorder. The combination is complete with this filing.

- c. **Statistics and Demographics: Population, Customers, Registered Voters, Geographic Service Area/Communities, Combined Water Resources/Water Availability** – If CWD and SSWD were to combine:
  - Population = 240,000
  - Connections = 59,000
  - Registered Voters = 94,000 SSWD / 24,296 CWD

- Communities Served = Carmichael, Arden/Arcade, Foothill Farms, North Highlands and portions of Citrus Heights, Fair Oaks, Sacramento County/City, Antelope and McClellan Business Park.
  - Combined Water Resources: Surface water rights and contract rights = 91,691 af per year. Groundwater Supplies = 92,638 gpm.
- d. **Board of Directors: Interim and Long-Term** - The initial Board of Directors of the combined district shall have eleven members, composed of the members of the current Board of Directors of CWD and SSWD. The eleventh Director shall remain vacant. For voting purposes, to ensure there is an odd number of Directors for the combined district, in the interim a Director could voluntarily resign from the Board of Directors. The terms of the office of Board members shall be the same term of office that he/she was serving as of the effective date of the combination. The number of seats on the Board of Directors of the combined district shall be reduced to seven for the general district election scheduled for November, 2024, and reduced to five for the general district election in November, 2026.
- e. **Organizational Structure and Chart**
- i. **General Manager and Executive Staff**
  - ii. **Budget and Fiscal Cost**
- f. **Operations Integration of Software**
- g. **Human Resources**
- h. **Financial**
- i. **Provision of Water Service** – There will be no change in the provision of water service to customers within each district. Combination should help minimize rate increases by reducing overhead and administrative costs. However, capital improvements will continue to be a significant portion of the rate base and costs for each district. There will be initial (one-time) start-up costs. These costs will be offset by future savings.
- j. **Water Rates – Short/Long Term** – Rates will be based on the combined operations and maintenance charges and capital costs related to each service area. Cost savings related to the combination will be passed to both the CWD and SSWD service areas based on an appropriate cost allocation process. Rates will be kept separate for each service area until all outstanding debt has been retired. This avoids rate shifts between areas so that one service area does not pay for capital programs in another service area. However, the Board of Directors of the

combined district shall determine from time-to-time which funds derived from the operation of service areas shall be used to pay the cost of administration of the combined district that benefits the combined district as a whole.

**k. Integration of Software (e.g. billing, SCADA, etc.)**

5. **How Combination Could Affect Customers, Employees and Other Stakeholders**
  - a. **Water reliability: use of all water, both surface and groundwater, conjunctive use plan, perfection of water rights and groundwater**
  - b. **Residential and business customers, local governments, rates and debt**
  - c. **Impacts of Combination on Other Agencies** – Combination of CWD and SSWD will not impact other special/water districts. The primary purposes of the combination is to provide cost-effective and efficient water service to customers within each district.
  - d. **Employees, suggested HR principles (job status, salaries and benefits, other)**
  - e. **Staff Efficiencies -**

**6. Governance – Board of Directors**

- a. Transition from 10 to 7 to 5** – The initial Board of Directors of the combined district will have eleven members, composed of the members of the current Board of Directors of CWD and SSWD. The terms of the office of Board members shall be the same term of office that he/she was serving as of the effective date of the combination. The eleventh seat on the combined district shall remain vacant. The number of seats on the Board of Directors of the combined district shall be reduced to seven for the general district election scheduled for November, 2024.

The Board of Directors of the combined district shall be elected by and from divisions at the general district election in November 2024, unless there is a delay in the effective date of the combination which prevents the Board of Directors from establishing the boundaries of the divisions in time to provide the required notice to the Registrar of Voters.

- b. Election Boundaries for Each Phase** – To transition down to 5 Board of Directors, a new division map will be developed and approved by the Board of Directors of the combined district. For each district general election following approval of the combined district, staff must prepare a proposed voting division map depicting the recommended adjustments to the voting divisions for consideration by the Board of Directors, and for comment by the public. The population deviation (greatest relative difference in size between any two voting divisions) in the proposed voting divisions should be within the 10 percent deviation permitted under federal and state voting rights law. The combined district must consider when adjusting voting division boundaries, the following factors: (1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of divisions, and (4) community of interests of each division. Although this is not a factor in drawing the maps, for the Board’s information the proposed adjustments would not result in any Director’s residence being located outside of their current voting division.

In addition, at each district general election, the proposed division map must be presented at two separate Special Board meetings for the purpose of holding Public Hearings.

As advised by legal counsel, staff must consult with the Sacramento County Registrar of Voters’ office to review the draft proposed voting division map to ensure the draft proposed voting division map is acceptable and in compliance with federal and state voting rights and election laws.

- c. Options for Advisory Committees** – In the event a Board member wishes to voluntarily resign from the Board of Directors to ensure there is an odd number of

Directors, or a Board member does not get elected to the combined district, there could be options for the Board member to continue their community service. The Board of Directors of the combined district can implement opportunities to allow participation on appropriate advisory committees that would enable them to remain involved with their communities.



## 7. Lessons Learned from Arcade/Northridge Consolidation

A Consolidation Evaluation was conducted in 2001 by a consultant for purpose of consolidating the former Arcade and Northridge Water Districts. The purpose of the Consolidation Evaluation was to evaluate practices, policies, procedures, rates, financial status, and other factors that would be important to the policy makers to consider the benefits and risks of a consolidation. The Consolidation Evaluation report identified areas that were dis-similar for both agencies and should have been analyzed upon consolidation. Following the consolidation, effective February 1, 2002, the new Board of Directors and management refrained from conducting an analysis on all areas that were noted in the Consolidation Evaluation report. Below are examples of areas that should have been analyzed:

- A detailed assessment of total employee compensation and benefits was not conducted. Promotions and salary increases were given with no consideration of merit.
- There were noted differences in work rules and administrative policies and procedures mentioned in the report. Upon consolidation, management did not conduct an assessment to develop new/revised work rules and administrative policies and procedures.
- Should have developed cost of service and rate design principles.
- Should have developed asset management plans for distribution/transmission replacement, groundwater production facilities, buildings, meter retrofit, etc.
- Arcade outsourced billing and Northridge conducted billing internally. No analysis was conducted on cost efficiencies regarding outsourcing or internal labor.
- A thorough analysis of staff utilization was not conducted. The Administration Building (3701 Marconi Avenue) was designated. However, there was no plan on utilizing various buildings for operational purposes.
- No assessment was conducted on vehicles and equipment. There was duplication on a large number of small equipment and tools. No plan to surplus redundant tools and equipment.
- No analysis on customer walk-ins, phone calls, operational issues, etc.
- No assessment on which billing software program was to be utilized for new district.
- No assessment on which work order system should be utilized. One district utilized a vendor supported system, while the other district sole sourced a one person Disk Operating System program.
- Both districts had different retirement and post-retirement programs. A thorough analysis was not conducted.
- It was noted in the report that initial start-up costs was expected to be significant. The report recommended that the first level of evaluation should have been legal fees, reorganization, consumer education, office modifications and accounting systems. The only area initially addressed was the office modifications related to the designated Administration Building.

The purpose of an evaluation process for reorganization of SSWD and CWD is to guide the Board of Directors and General Manager to ensure all areas within the operational parameters of both districts are prioritized and thoroughly analyzed in a timely manner.

- 8. Findings and Recommendations**
  - a. 2x2 Recommendation to Joint Boards**
  - b. Joint Board meeting and approval by each board**
  - c. If approved, proceed to LAFCo and Division of Drinking Water**

- 9. Process and Timeline**
  - a. Major steps to process**
  - b. Necessary tasks**
  - c. Approval process**

## **10. Conclusion and Moving Forward**

Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

Chapter		Internal Draft	2x2 Committee	Board Meeting
<b>1</b>	<b>History/Background</b>			
a.	Carmichael Water District	03/12/23	3/28/23	
b.	Sacramento Suburban Water District	03/12/23	3/28/23	
c.	Raftelis Report			02/27/2023
<b>2</b>	<b>Communication and Outreach Approach</b>			
a.	Meetings, identification of stakeholders and outreach strategy	02/24/23		
b.	Retention of Communication Firm	12/21/22	12/21/22	1/26/23 – fully executed
c.	Summary of concerns, opinions and findings from outreach			
d.	Public Involvement Process			
<b>3</b>	<b>Districts – Current Structure</b>			
a.	<b>Carmichael Water District</b>			
i.	Personnel, organizational structure and chart, budget	03/13/23	3/28/23	
ii.	Water contract rights, well inventory, and Fluoride	03/13/23	3/28/23	
iii.	Retail responsibility and service area, rate structure			
iv.	Human Resources, salaries, benefits			
v.	Finances and Budgets	03/13/23	3/28/23	
vi.	Facilities and Equipment		3/28/23	
vii.	Policies and Procedures	03/17/23	3/28/23	
viii.	Communities Served			
b.	<b>Sacramento Suburban Water District</b>			
i	Personnel, organizational chart, budget	03/13/23	3/28/23	
ii	Water contract rights, well inventory, and Fluoride	03/13/23	3/28/23	
iii.	Retail responsibility and service area, rate structure			
iv.	Human Resources, salaries, benefits			

Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

v.	Finances and Budgets	03/13/23	3/28/23	
vi.	Facilities and Equipment		3/28/23	
vii.	Policies and Procedures	03/17/23	3/28/23	
viii.	Communities Served			
<b>4</b>	<b>Model Merged District</b>			
a.	What it will be: discuss advantages/disadvantages of Irrigation District vs. County Water District	Week of 04/01/23	3/28/23	
b.	How the merged district will be created: consolidation vs. reorganization	03/13/23	3/28/23	
c.	Statistics and demographics: population, customers, registered voters, geographic service area/communities, combined water resources/water availability	03/13/23	3/28/23	
d.	Board of Directors: Interim and long-term	03/16/23	3/28/23	
e.	Organizational structure and chart: i. General Manager and Executive Staff ii. Budget and Fiscal Cost			
f.	Operations Integration of Software			
g.	Human Resources			
h.	Financial			
i.	Provision of Water Service		3/28/23	
j.	Water Rates – Short/Long Term			
k.	Integrations of Software (e.g. billing, SCADA, etc.)			
<b>5</b>	<b>How Combination Could affect Customers, Employees and Other Stakeholders</b>			
a.	Water reliability: use of all water, both surface and groundwater, conjunctive use			

Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

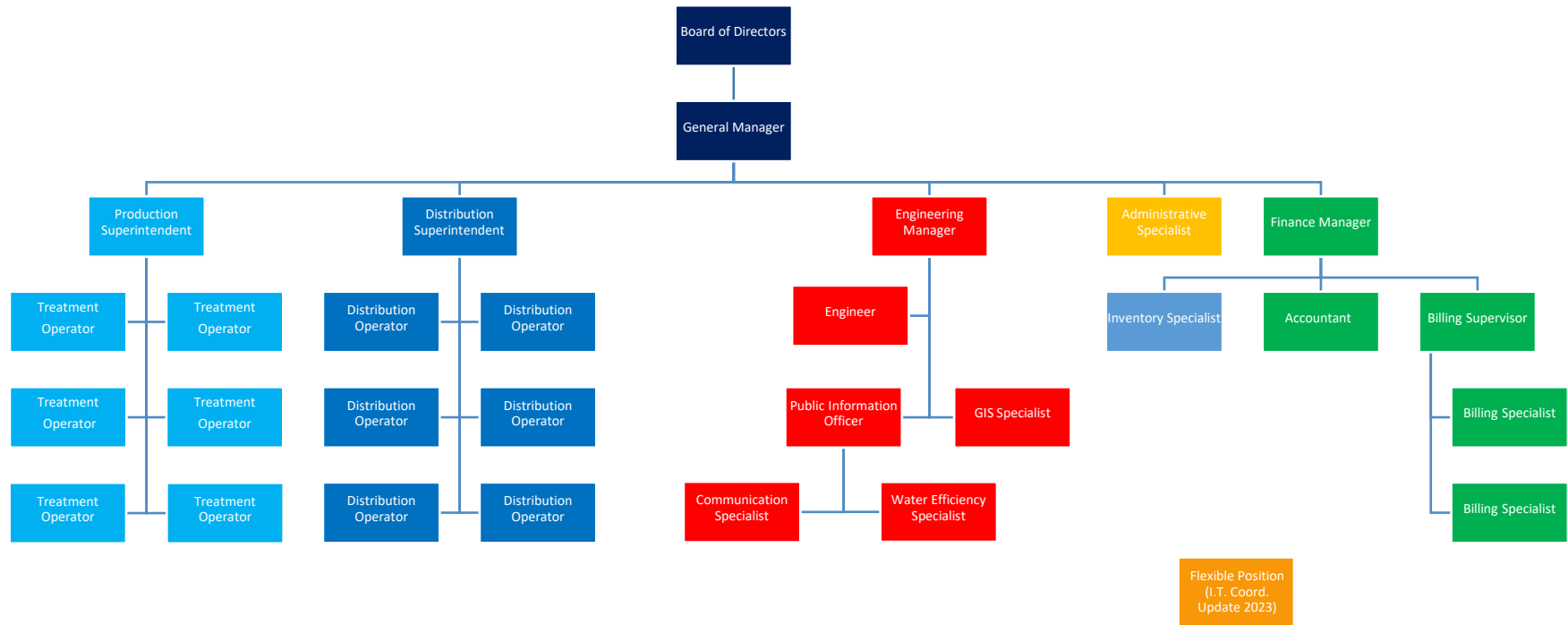
	plan, perfection of water rights and groundwater			
b.	Residential and business customers, local governments, rates and debt			
c.	Impacts of reorganization on other agencies	03/16/23		
d.	Employees, suggested HR principles (job status, salaries and benefits, other)			
e.	Staffing Efficiencies			
<b>6</b>	<b>Governance – Board of Directors</b>			
a.	Transition from 10 to 7 to 5	03/16/23	3/28/23	
b.	Election boundaries for each phase	03/16/23	3/28/23	
c.	Options for Advisory Committees	03/16/23	3/28/23	
<b>7</b>	<b>Lessons learned from Arcade/Northridge Consolidation</b>	1/20/23	2/8/23	
<b>8</b>	<b>Findings and Recommendations</b>			
a.	2x2 recommendation to Joint Boards			
b.	Joint Board meeting and approval by each board			
c.	If approved, proceed to LAFCo and Division of Drinking Water			
<b>9</b>	<b>Process and Timeline</b>			
a.	Major steps to process			
b.	Necessary Tasks			
c.	Approval Process			
<b>10</b>	<b>Conclusion and Moving Forward</b>			
	<a href="#">Additional Items</a>			
	<b>Functional Setup of Combined Entity</b>			
	<b>Appendices</b>			
	<b>Acronyms</b>			



Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

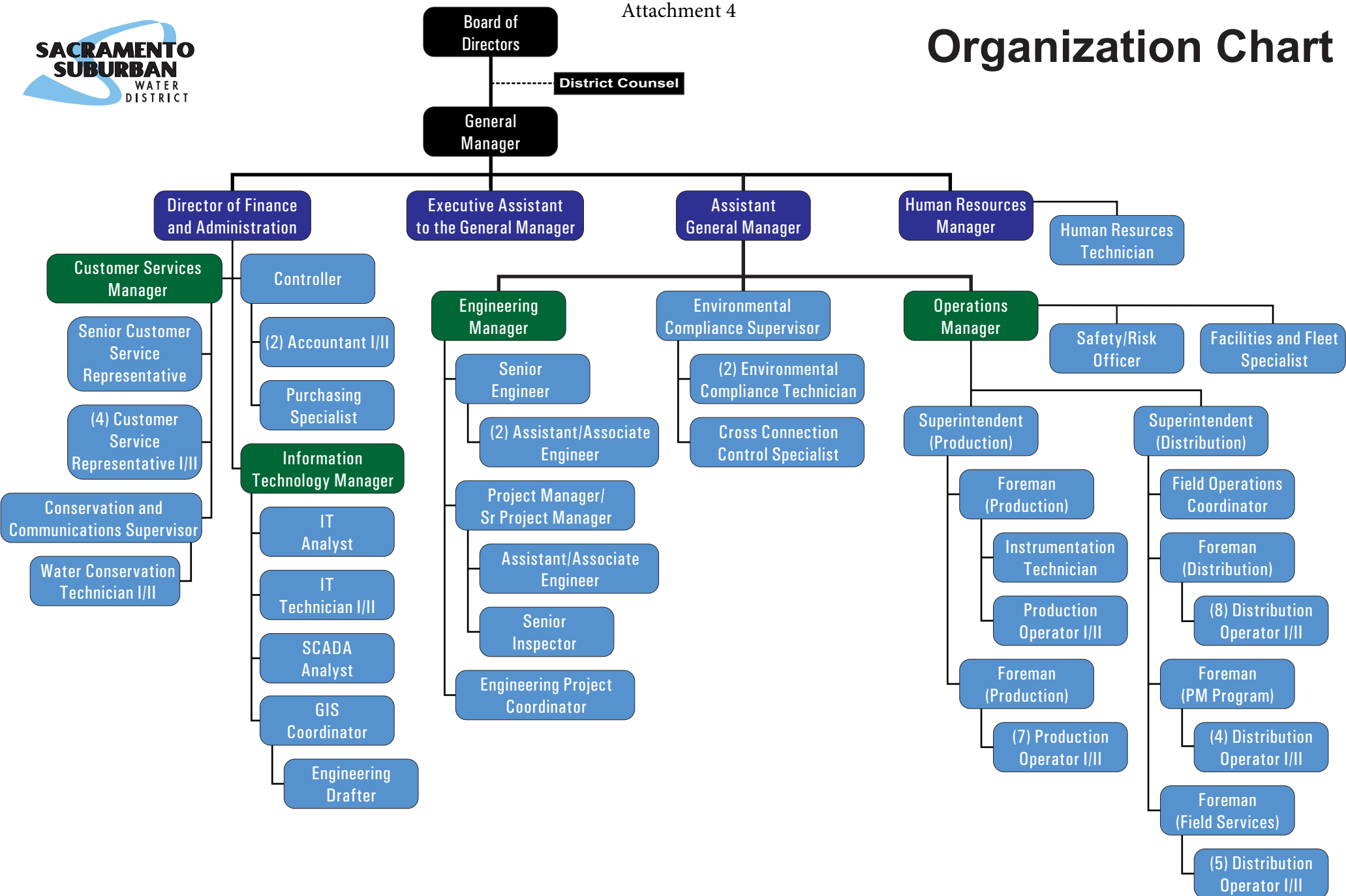
Overall Report	<b>Final Report</b>			
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# Carmichael Water District Organizational Structure





# Organization Chart



## SSWD Administrative Office

3701 Marconi Avenue, Suite 100 | Sacramento, CA 95821-5346

Phone: 916.972.7171 | Fax: 916.972.7639

Office Hours: 8:00 a.m. to 4:30 p.m. Monday-Friday

Web site: [sswd.org](http://sswd.org)

**CARMICHAEL WATER DISTRICT**  
**Directors' Policy Manual**

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**SERIES 9000 -- GENERAL**

9000	Members of the Board of Directors
9010	Board President
9020	Executive Officer
9030	Basis of Authority
9040	Committees of the Board of Directors
9050	Membership Association List – Advisory Body Meetings
9060	Directors' Compensation and Expense Reimbursement

**SERIES 9200 -- ETHICS**

9200	Code of Ethics
<u>9210</u>	<u>Conflict of Interest Code – Carmichael Water District Finance Corporation</u>

**SERIES 9300 -- POLICIES**

9300	Purpose of Board Policies
9310	Adoption/Amendment of Policies
9320	Statement of Interest in Pursuing Consolidation and/or Joint Services

**SERIES 9400 -- BOARD MEETINGS**

9400	Board Meetings
9410	Attendance at Meetings
9420	Board Meeting Conduct
9430	Rules of Order for Board and Committee Meetings
9440	Board Meeting Agenda
9450	Board Actions and Decisions
9460	Minutes of Board Meetings

**SERIES 9600 -- FINANCIAL**

9600	Investment of District Funds
9610	Reserve Policy
9620	Debt Management, Bond Issuance and Post-Issuance Compliance

**CARMICHAEL WATER DISTRICT**  
**Policy Manual**

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2000	Equal Opportunity Employment and Employment Relationship
2010	Nepotism
2020	Employee Status
2030	Continuity
2040	Reduction in Force
<b>SERIES 3000 – ETHICS</b>	
3000	Conflict of Interest Code
3010	Guidelines for Accepting and Providing Gifts, Entertainment, and Services
3020	Outside Employment
3030	Anti-Fraud Policy
3040	Computer/Communication Hardware and Software
<b>SERIES 4000 – COMPENSATION AND PERFORMANCE</b>	
4000	Hours of Work and Overtime
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5010	Unauthorized Absence
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5040	Sick Leave
5041	Sick Leave – California Healthy Workplaces, Healthy Families Act of 2014

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6000	Health and Welfare Benefits
6010	Uniforms and Protective Clothing
6020	Transitional Duty Program
6025	California Lactation Accommodation
6030	Drug Free Workplace
6040	Smoke Free Workplace
6050	Violence in the Workplace
6060	Harassment, Discrimination, and Retaliation
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PL - Adm 002	Records Management Storage Policy
PL - Adm 003	Disposing of Surplus District Real Property, Vehicles and Large Equipment and Other Personal Property Policy
PL - Adm 004	Legislative Response Policy
PL - Adm 005	Environmental Sustainability Policy
PL - Adm 006	Workplace Dishonesty Policy
PL - Adm 007	Claims Processing Policy
PL – Adm 008	Communication and Team Building Policy

**2. Board of Directors (PL - BOD)**

PL - BOD 001	Strategic Plan
PL - BOD 002	Rules for Proceedings of the Board of Directors
PL - BOD 003	Directors' Compensation and Expense Reimbursement Policy
PL - BOD 004	Ethics Policy
PL - BOD 005	Director Sexual Harassment Prevention Training Policy
PL - BOD 006	Water Banking and Transfer Policy

**3. Engineering (PL - Eng)**

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PL – Eng 003	Capital Improvement Program Policy

#### **4. Finance (PL - Fin)**

PL - Fin 001	Engagement of Auditor Policy
PL - Fin 002	Capital Asset Policy
PL - Fin 003	Investment Policy
PL - Fin 004	Reserve Policy
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#### **5. Human Resources (PL - HR)**

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<del>PL - HR 005</del>	<del>Employee Recognition and Retention Expense Policy</del>
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PL - HR 007	Modified/Alternate Duty Policy
PL - HR 008	Catastrophic Leave Policy
PL - HR 009	Employee Recruitment, Hiring and Promotion Policy



- PL - HR 010 Drug and Alcohol Program Policy
- PL - HR 011 Employee Standards of Conduct and Discipline Policy
- PL - HR 012 Discrimination and Harassment Prevention Policy
- PL - HR 013 Workplace Violence Policy
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**6. Information Technology (PL - IT)**

- ~~PL - IT 001 Information Technology Policy – Rescinded 04/21/08~~
- ~~PL - IT 002 Information Technology Disaster Recovery Policy – Rescinded 04/21/08~~
- PL - IT 003 Electronic Communication Management and Retention Policy
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PR - Adm 004	Workplace Dishonesty Procedure
PR - Adm 005	Employee and District Gift Procedure
<del>PR - Adm 006</del>	<del>Public Records Information Deposits/Costs Procedure</del> Rescinded 03/20/19
PR - Adm 007	Non-Exempt Employee Meal Allowance for Unscheduled Work Hours Procedure
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PR - Adm 009	Board of Directors and Employee Communications Procedure
PR - Adm 010	Communication and Team Building Procedure
PR - Adm 011	Sponsorship Funding Request Procedure
PR - Adm 012	Electric Vehicle Charging Station Procedure

**2. Board of Directors (PR - BOD)**

PR - BOD 001	Outside Communications to Directors Procedure
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**3. Customer Service (PR - CS)**

PR - CS 001	Delinquency Procedure
PR - CS 002	Payment/Cash Handling Procedure
PR - CS 003	Water Billing Accounts Receivable Procedure

- PR – CS 004 Account Adjustments Procedure
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- PR – CS 006 Billing System Access Control Procedure

**4. Engineering (PR - Eng)**

- PR - Eng 001 Public Works Contracting Procedure
- PR - Eng 002 Development Meter Installation Procedure

**5. Finance (PR - Fin)**

- PR - Fin 001 Delegation of General Manager Procurement and Public Works Contracting Authority Procedure
- PR - Fin 002 Expense Disbursement and Employee Business Expense and Travel Reimbursement Procedure
- PR - Fin 003 Purchasing Card Procedure
- PR - Fin 004 Custodian Petty Cash Procedure
- PR - Fin 005 Employee Petty Cash Procedure
- PR - Fin 006 Uncollectable Customer Account Balance Reserve and Write-Off Procedure
- PR - Fin 007 Inventory and Stores Process Procedure
- PR - Fin 009 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries Procedure
- PR – Fin 010 Debt Obligation Disclosure Procedure

**6. Human Resources (PR - HR)**

- PR - HR 001 Employee Performance Evaluation, Merit and COLA Procedure
- ~~PR – HR 002 Training and Career Development Procedure~~ Rescinded 10/15/07
- PR - HR 003 Driver Record and Insurance Review Procedure
- ~~PR – HR 004 Early Return to Work Procedure~~ Rescinded 09/21/09

- PR - HR 005 Working Out of Class, Temporary Special Assignment, and Acting/Interim Assignment Procedure
- PR - HR 006 Employee Certification and License Incentive Program Procedure
- PR - HR 008 Catastrophic Leave Procedure with Pledge & Donation Form
- PR - HR 009 Employee Recruitment Hiring and Promotion Procedure
- PR - HR 012 Discrimination and Harassment Prevention Procedure
- PR - HR 013 Disciplinary Documents and Retention Periods Procedure
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**7. Information Technology (PR - IT)**

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- PR - O&M 009 Easement Access Procedure
- PR - O&M 010 Fire Hydrant Flushing Procedure
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- PR - O&M 012 Confined Space Procedure
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- PR - O&M 016 Hazard Communications Procedure
- PR - O&M 017 Fall Protection Procedure
- PR - O&M 018 Ladder Safety Procedure
- PR - O&M 019 First Aid Procedure

## Agenda Item: 3

**Date:** March 28, 2023

**Subject:** Water Rate Comparison Analysis

**Staff Contact:** Debbie Martin, Finance Manager – CWD  
Jeff Ott, Director of Finance and Administration – SSWD

**Recommended Committee Action:**

No action. Information only.

**Discussion:**

At the September 2022, 2x2 Committee meeting, staff was directed to develop a water rate comparison between Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD). Staff have prepared an analysis of the current water rates for CWD and SSWD. The similarities and differences are as follows:

Similarities and Differences:

1. Both SSWD and CWD rates are comprised of a fixed charge and usage charge component. The usage charge for both districts is based on one-hundred cubic foot (CCF) measurement and the fixed charge is based on meter size.
2. SSWD primary residential meter size is 3/4” while CWD is 1”.
3. While CWD has a single usage rate, SSWD has different usage rates for single family, multi-family and non-residential customers.
4. CWD has a Water Shortage Surcharge while SSWD does not.
5. SSWD has a specific rate to fund its backflow program while CWD does not.
6. CWD has separate charges for condominium living units and multi-family units with a separate meter whilst SSWD does not. However, SSWD has a different usage rate for multi-family units with a single meter where multi-family units with individual meters are billed as any other residential unit.
7. CWD and SSWD bill monthly.
8. SSWD approved a 5-year rate schedule in 2019 that covered the calendar years 2020 – 2024 at 5%, 4%, 3%, 3% and 3% and has implemented all scheduled increases as of 2023. There is no planned rate increase for 2025. A new rate study is planned for 2024/2025 with implementation on 01/01/2026. CWD has approved a 5-year rate schedule in 2021 that covers the calendar years 2021 – 2025 at 9.5% per year and has implemented scheduled increases through 2023.
9. CWD has 11,633 accounts (9,847 SFR; 1,206 MFR; 580 non-residential), SSWD has 45,322 accounts (39,180 SFR, 3,316 MFR; 2,826 non-residential). CWD has 11,948 connections, SSWD has 47,925 connections.

Water Rate Comparison Analysis

March 28, 2023

Page 2 of 4

The following tables list the specific rate components and dollar amounts for both SSWD and CWD along with the dollar differences. A blank cell indicates where there is no similar rate. A positive difference indicates SSWD rate is higher than CWD whereas a negative difference would indicate the opposite.

Metered Fixed Charge Rates:

Description Fixed Rate	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
5/8" Meter	\$ 35.32	\$ 36.38	\$ 36.38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4" Meter	48.99	50.46	50.46	35.05	38.38	42.03	13.94	12.08	8.43
1" Meter	76.34	78.63	78.63	54.90	60.12	65.83	21.44	18.51	12.80
1 1/2" Meter	144.72	149.07	149.07	104.53	114.45	125.33	40.19	34.62	23.74
2" Meter	226.77	233.57	233.57	164.07	179.66	196.73	62.70	53.91	36.84
3" Meter	445.58	458.95	458.95	303.02	331.80	363.33	142.56	127.15	95.62
4" Meter	691.74	712.49	712.49	501.51	549.15	601.32	190.23	163.34	111.17
6" Meter	1,375.51	1,416.77	1,416.77	997.74	1,092.53	1,196.32	377.77	324.24	220.45
8" Meter	2,469.54	2,543.63	2,543.63	1,593.22	1,744.58	1,910.31	876.32	799.05	633.32
10" Meter	3,290.07	3,388.77	3,388.77	-	-	-	-	-	-
12" Meter	4,623.42	4,762.12	4,762.12	-	-	-	-	-	-
Condo Living Units	-	-	-	35.05	38.38	42.03	-	-	-
MF Living Units with Separate Meter	-	-	-	35.05	38.38	42.03	-	-	-

Metered Usage Rates:

Description Usage Rate	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Residential – 1 <sup>st</sup> Tier (0-15 ccf)	\$ 0.98	\$ 1.01	\$ 1.01	\$ 2.06	\$ 2.26	\$ 2.47	\$ (1.08)	\$ (1.25)	\$ (1.46)
Residential – 2 <sup>nd</sup> Tier (16 + ccf)	1.28	1.32	1.32	2.06	2.26	2.47	(0.78)	(0.94)	(1.15)
Multi-Family Residential	1.39	1.43	1.43	2.06	2.26	2.47	(0.67)	(0.83)	(1.04)
Non-Residential	1.47	1.52	1.52	2.06	2.26	2.47	(0.59)	(0.74)	(0.95)

SSWD's average usage rate for 2022 was \$1.20 per CCF

Fire Services:

Description	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
2" Connection	\$ 15.40	\$ 15.87	\$ 15.87	\$ 54.88	\$ 60.10	\$ 65.82	\$ 39.68	\$ 44.23	\$ 49.95
3" Connection	28.89	29.76	29.76	82.32	90.15	98.73	(53.73)	(60.39)	(68.97)

Water Rate Comparison Analysis

March 28, 2023

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Description	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
4" Connection	47.03	48.45	48.45	109.76	120.20	131.64	(63.13)	(71.75)	(83.19)
6" Connection	93.60	96.41	96.41	164.64	180.30	197.46	(71.64)	(83.89)	(101.05)
8" Connection	165.58	170.55	170.55	219.52	240.40	263.28	(54.74)	(69.85)	(92.73)
10" Connection	258.68	266.45	266.45	274.4	300.50	329.10	(16.72)	(34.05)	(62.65)
12" Connection	288.30	296.95	296.95	329.28	360.60	394.92	(42.18)	(63.65)	(97.97)

Backflow Charge:

Description	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Per Connection	\$ 2.57	\$ 2.65	\$ 2.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Revenue Analysis:

The information in the following tables is from SSWD 12/31/2022 and CWD 06/30/2022 financial reports.

Average Billing per Month, by Customer Type:

	Residential		Non-Residential	
	Dollars	Percent	Dollars	Percent
CWD	\$ 954,364	83%	\$ 199,487	17%
SSWD	3,246,459	77%	959,022	23%

Average Billing per Month, by Charge Type:

	Fixed Charge		Variable Charge	
	Dollars	Percent	Dollars	Percent
CWD	\$ 7,620,715	55%	\$ 6,225,489	45%
SSWD	34,920,697	69%	15,545,075	31%

Financial Metrics:

2022 Metric	CWD	SSWD	Difference
Average Monthly Bill - Account	\$ 99.19	\$ 92.79	\$ 6.40
Average Monthly Bill - Connection	96.57	87.75	8.82
Annual Water Revenue - Account	1,190.25	1,113.49	76.76
Annual Water Revenue - Connection	1,158.87	1,053.02	105.85
Average Monthly Residential Bill	86.34	76.39	9.95
Average Monthly Non-Residential Bill	343.94	339.36	4.58



Water Rate Comparison Analysis

March 28, 2023

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The following tables assume the future authorized rate increases for both CWD and SSWD as described above.

2023 Metric (Forecast)	CWD	SSWD	Difference
Average Monthly Bill - Account	\$ 108.61	\$ 95.57	\$ 13.04
Average Monthly Bill - Connection	105.75	90.38	15.37
Annual Water Revenue - Account	1,303.33	1,146.90	156.43
Annual Water Revenue - Connection	1,268.96	1,084.61	184.35
Average Monthly Residential Bill	94.55	78.69	15.86
Average Monthly Non-Residential Bill	376.62	349.54	27.08

2024 Metric (Forecast)	CWD	SSWD	Difference
Average Monthly Bill - Account	\$ 118.93	\$ 98.44	\$ 20.49
Average Monthly Bill - Connection	115.79	93.10	22.69
Annual Water Revenue - Account	1,427.14	1,181.31	245.84
Annual Water Revenue - Connection	1,389.52	1,117.14	272.38
Average Monthly Residential Bill	103.53	81.05	22.48
Average Monthly Non-Residential Bill	412.40	360.02	52.38

2025 Metric (Forecast)	CWD	SSWD	Difference
Average Monthly Bill - Account	\$ 130.23	\$ 98.44	\$ 31.78
Average Monthly Bill - Connection	126.79	93.10	33.69
Annual Water Revenue - Account	1,562.72	1,181.31	381.41
Annual Water Revenue - Connection	1,521.52	1,117.14	404.38
Average Monthly Residential Bill	113.36	81.05	32.31
Average Monthly Non-Residential Bill	451.57	360.02	91.55

## Agenda Item: 4

**Date:** March 28, 2023

**Subject:** Combination Discussions – Communications Plan Update

**Staff Contact:** Dan York, SSWD General Manager  
Cathy Lee, CWD General Manager

**Recommended Committee Action:**

Approve the updated draft Communications Plan documents and direct staff to present them to the Carmichael Water District and Sacramento Suburban Water District Boards for final approval.

**Discussion:**

Per direction of the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Boards, staff was directed to appropriately amend the Communications Plan documents to ensure they were addressing actual information.

The attached documents were amended and are provided in red-line and final draft. If the 2x2 Committee approves the subject documents, they will be presented to the respective Boards in April 2023.

**Attachments:**

1. Outreach Road Map
2. Fact Sheet on Combination – Redline
3. Fact Sheet on Combination – Clean Version
4. Fact Sheet on Report Findings – Redline
5. Fact Sheet on Report Findings – Clean Version
6. Fact Sheet on Pros and Cons – Redline
7. Fact Sheet on Pros and Cons – Clean Version
8. Exploration One-Pager
9. Information Workshop Invitation Postcard



# OUTREACH ROAD MAP FOR THE CWD-SSWD COMBINATION STUDY



Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) initiated a study that explores combination opportunities. The goal is to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service. The following are outreach steps for communicating the study and its findings:

## STEP 1:

### Exploring the Possible:

*Discussing and Analyzing Potential Combination*

#### COMPLETE:

Occurred when the combination study was in progress.

Educated audiences that CWD and SSWD are in the process of identifying collaboration opportunities and that an independent, third-party researcher conducted an analysis.

## STEP 2:

### Community Conversation:

*Sharing the Case for Considering Combination and Initial Study Results*

#### WE ARE HERE:

Began when the initial study was released and accepted as complete by the CWD and SSWD Boards.

Educate audiences about the study findings, taking a neutral, fact-based perspective.

The goal is to share information and hear initial questions and feedback for consideration by the Boards of Directors and to help shape the ongoing technical work.

## STEP 3:

### A Deeper Dive:

*Exploring the Findings of the Additional Technical Analysis*

Begins when the Additional Technical Analysis is complete and accepted by the CWD and SSWD Boards.

Educate audiences about the findings of the Additional Technical Analysis.

The goal is to share information and hear questions and feedback for consideration by the Boards of Directors as they consider whether to move forward.

## STEP 4:

### Decision Time:

*Providing Perspectives on Combination*

Begins when the CWD and SSWD Boards take a position on whether to move forward with the LAFCO process.

Educate audiences about the position and perspective of the CWD and SSWD Boards of Directors and next steps.

- If the position is to stop moving forward, then educate audiences about the reasons. Outreach concludes.
- If the position is to move forward with combination, then outline next steps for action by the Boards of Directors, including opportunities for audiences to learn more and provide input.

The goal is to share information about the position of the Boards of Directors either in favor of or against combination.

## STEP 5:

### Seeking Approval:

*Engaging in the LAFCO Process*

Occurs during the LAFCO Process.

Educate audiences about the position of the Boards of Directors in favor of combination, next steps for combination, the LAFCO process and how the public can provide input.

The goal is to share information about the position of the Boards of Directors and to hear questions and feedback per the LAFCO process.

**Carmichael Water District—Sacramento Suburban Water District  
Fact Sheet on Combination—~~joint product for both Districts~~  
~~February 23~~March xx, 2023**

**FACT SHEET**

**Carmichael Water District and Sacramento Suburban Water District  
Combination Study**

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) commissioned a study that explores combination opportunities. The goal is to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

**Background**

The study is part of an ongoing exploratory process that grew from a Sacramento Regional Water Utility Collaboration Study initiated in 2020 in which CWD and SSWD participated with five other regional water providers. The CWD and SSWD Boards of Directors decided to continue exploring the possibility of increased collaboration and created a committee comprised of Board members from both water utilities. The Committee began meeting in July 2021, and in 2022, retained [Raftelis](#), an independent financial consulting firm that specializes in working with government agencies and utilities, to conduct a Combination Study Business Case Analysis.

**Content**

The study explores trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination. The analysis includes a top-to-bottom review of both water providers, including a comparison of organizational structures, management, customer services, billing, staffing, water treatment operations, capital improvement projects, and finances. The analysis [addresses details](#) the benefits and [associated](#) costs of potential combination, as well as options for next steps.

**Status**

The CWD and SSWD Board of Directors ~~are considering whether to have~~ [accepted](#) the study as complete, [signaling their desire to continue the exploration process](#), and have directed their respective staffs to do a detailed technical analysis on additional issues and questions raised during the study's initial review. Ultimately, any decisions about moving forward will occur after a deliberative, public process that ~~explores the study's findings and~~ provides opportunities for input.

**Stay Updated and Share Your Thoughts**

A copy of the study, ~~—Business Case for a Potential Combination~~, updates about combination discussions and details about public meetings, are available on the ~~Carmichael Water District~~ website at [carmichaelwd.org](http://carmichaelwd.org) and SSWD website at [sswd.org](http://sswd.org).

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*[If possible, please place this text near the top, right as a pull-out box (and/or we can create a graphic)]*

**YOU'RE INVITED!**

**Public Information Workshops Exploring a ~~Study on~~ Potential Combination of Carmichael Water District and Sacramento Suburban Water District!**

We invite you to learn more about ~~the study's findings~~ ongoing discussions exploring potential combination, ask questions and provide input during a public workshop hosted by each District, and we welcome you to participate the workshops in person or virtually.

*A virtual option will also be available—access details are available at [carmichaelwd.org](http://carmichaelwd.org) and [sswd.org](http://sswd.org).*

**Sacramento Suburban Water District**  
**3701 Marconi Ave. Sacramento, CA 95821**  
**[Insert Date and Time]**

**Carmichael Water District Board Room**  
**7837 Fair Oaks Blvd., Carmichael, CA 95608**  
**[Insert Date and Time]**

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**FREQUENTLY ASKED QUESTIONS**

**Why did Carmichael Water District and Sacramento Suburban Water District initiate a study to explore potential combination opportunities?**

The water industry and our communities are facing several changes and challenges, including the projected impacts of climate change on our water supplies and increasing regulations that will potentially make it difficult to keep rates affordable. The goal in initiating this independent initial study is to explore how combining our two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability and enhance customer service.

**What does the study examine?**

The study explores trends in the water industry and our communities, such as changing water demands, ~~pressure to keep long term water~~ rates affordability, regulatory change, water supply reliability, ~~and expansion to meet regional needs~~, and the feasibility for addressing those trends through combination. The analysis included ~~d~~ a top-to-bottom review of both water providers, ~~including comprised of~~ a comparison of organizational structures, management, customer services, billing, staffing, water operations, capital improvement projects, finances, and water supply. The analysis ~~addresses~~ detailed the benefits and associated costs of potential combination, as well as options for next steps.

**Who has been involved in shaping the study?**

The study was developed with input from the CWD and SSWD Boards of Directors and staff. Staff provided input as part of the 2020 Sacramento Regional Water Utility Collaboration Study (conducted by CWD, SSWD, and five other water providers), which was used as a foundation for the current study.

Customer input avenues have occurred through public meetings of the CWD/SSWD -2x2 Committee, which includes leadership and management from both water providers and has been hosting public meetings since July 2021, and regular Board meeting updates. In addition, information is posted to the [CWD website at carmichaelwd.org](http://carmichaelwd.org) and [SSWD website at sswd.org](http://sswd.org) and articles have been included in SSWD bill inserts and newsletter.

### **When was the draft study released?**

A draft of the study—[Draft Business Case Study](#)—was released October 10, 2022, and is available on [the CWD website at carmichaelwd.org](http://carmichaelwd.org) and [SSWD website at sswd.org](http://sswd.org). ~~our Meeting Agendas, Packets, and Minutes.~~

### **What happened ~~s~~ after the report ~~is was~~ accepted as complete by CWD and SSWD?**

The CWD/SSWD 2x2 Committee and the CWD and SSWD Boards of Directors ~~have~~ both reviewed the study and ~~are considering whether the study is~~ [have accepted the study as complete. In doing so, they signaled their desire to continue the exploration process.](#) The CWD and SSWD Board of Directors ~~have~~ also directed their staffs to begin a detailed technical analysis of questions and issues raised by the initial study.

After the technical study is completed, reviewed and shared with the public, the Boards of Directors will then determine whether to continue exploring combination opportunities, utilizing the information and data developed by the studies, as well as public and staff input, for continued conversations.

### **Who paid for the study?**

The costs were equally shared by CWD and SSWD.

### **How can I find out more and provide input?**

CWD and SSWD are posting regular updates on their websites ([carmichaelwd.org](http://carmichaelwd.org) and [sswd.org](http://sswd.org)). Customers are also invited to attend public meetings discussing combination opportunities. Complete details on how to attend are available at [carmichaelwd.org](http://carmichaelwd.org) and [sswd.org](http://sswd.org).

### **How are CWD and SSWD being thoughtful in exploring combination opportunities?**

CWD and SSWD are taking care to undergo a deliberative, public process to explore combination opportunities. To date, this has included public discussions since July 2021 through the CWD/SSWD 2x2 Committee, which includes leadership and management from both water providers, and regular Board meeting reports.

The districts also retained [Raftelis](#), a financial consulting firm that specializes in working with government agencies and utilities, to conduct an independent, third-party analysis that ~~explores~~ combination opportunities. ~~Raftelis released a draft study, which is currently under review by each organization and will inform discussions about combination. In addition, t~~The CWD and SSWD Board of Directors [have accepted the initial study as complete and](#) have directed their respective staffs to do a detailed technical analysis on additional issues and questions raised during the study's ~~initial~~ review.

Ultimately, any decisions about moving forward will occur after an open, public process that ~~explores the study's findings and~~ provides opportunities for input.

**Carmichael Water District—Sacramento Suburban Water District  
Fact Sheet on Combination—joint product for both Districts  
March XX, 2023**

**FACT SHEET**

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**Background**

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**Content**

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**Status**

The CWD and SSWD Board of Directors have accepted the study as complete, signaling their desire to continue the exploration process, and have directed their respective staffs to do a detailed technical analysis on additional issues and questions raised during the study's initial review. Ultimately, any decisions about moving forward will occur after a deliberative, public process that provides opportunities for input.

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**[Insert Date and Time]**

**Carmichael Water District Board Room  
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**[Insert Date and Time]**

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**Who has been involved in shaping the study?**

The study was developed with input from the CWD and SSWD Boards of Directors and staff. Staff provided input as part of the 2020 Sacramento Regional Water Utility Collaboration Study (conducted by CWD, SSWD, and five other water providers), which was used as a foundation for the current study. Customer input avenues have occurred through public meetings of the CWD/SSWD 2x2 Committee, which includes leadership and management from both water providers and has been hosting public meetings since July 2021, and regular Board meeting updates. In addition, information is posted to the



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The CWD/SSWD 2x2 Committee and the CWD and SSWD Boards of Directors both reviewed the study and accepted the study as complete. In doing so, they signaled their desire to continue the exploration process. The CWD and SSWD Board of Directors also directed their staffs to begin a detailed technical analysis of questions and issues raised by the initial study.

After the technical study is completed, reviewed and shared with the public, the Boards of Directors will then determine whether to continue exploring combination opportunities, utilizing the information and data developed by the studies, as well as public and staff input, for continued conversations.

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CWD and SSWD are taking care to undergo a deliberative, public process to explore combination opportunities. To date, this has included public discussions since July 2021 through the CWD/SSWD 2x2 Committee, which includes leadership and management from both water providers, and regular Board meeting reports.

The districts also retained a financial consulting firm that specializes in working with government agencies and utilities, to conduct an independent, third-party analysis that explored combination opportunities. The CWD and SSWD Board of Directors have accepted the initial study as complete and have directed their respective staffs to do a detailed technical analysis on additional issues and questions raised during the study’s review.

Ultimately, any decisions about moving forward will occur after an open, public process that provides opportunities for input.

**Carmichael Water District-Sacramento Suburban Water District  
Fact Sheet on CWD-SSWD Report Findings—Joint Product  
DRAFT—~~February 23~~March xx, 2023**

**FACT SHEET**

**Study: A Business Case for a Potential Combination**

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) initiated a study to explore combination opportunities. The goal is to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

Produced by [an](#) independent financial consulting firm [Raftelis](#), the study explores trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination.

The analysis includes a top-to-bottom review of both water providers, ~~comprised of~~including a comparison of organizational structures, management, customer services, billing, staffing, water treatment operations, capital improvement projects, water supplies, and finances. The analysis details the benefits and costs of potential combination, as well as options for next steps.

In addition, ~~to~~the [CWD and SSWD Boards of Directors accepted the current](#) study, [signaling their desire to continue combination discussions, the Boards of Directors for CWD and SSWD](#) have requested additional technical analysis to further review and define potential governance structures, water rights assurances, administration, operations, cost savings and other topics.

Pull-quote: -----

*“SSWD itself is a product of combination, having been created through the merging of the Arcade Water District and the Northridge Water District. Over time, SSWD has come to recognize that effort as a successful one that allowed for better cost control and more reliable service. CWD has recognized the potential for scale and greater regional coordination to improve the sustainability of its services through an award-winning partnership with Golden State Water Company and Aerojet Rocketdyne.”*

**KEY FINDINGS**

Following are highlights from the study’s key findings. It is important to note that **combination opportunities outlined in the report are *conceptual* in nature**. The full report, “A Business Case for a Potential Combination” is available at [carmichaelwd.org](#) and [sswd.org](#).

**GOVERNANCE AND ORGANIZATION**

The study primarily considers two potential organizational structures. These include:

- **Reorganization**--where one organization absorbs the other.

- **Consolidation**--where both entities dissolve and merge to create a new utility.

The end result is essentially the same, with one agency assuming the rights, responsibilities, assets, and liabilities from the current organizations.

### Organizational Structure

The study examines existing organizational structures and job descriptions to identify conceptual organizational structures (both interim and long-term) for a potential combination, finding that:

- Operations would be less impacted because each ~~district~~ District has ~~similar~~different assets (groundwater wells, water treatment plants and distribution networks).
- There are opportunities to align staff performing similar functions.
- There are opportunities for efficiency that optimize specialization over time.
- There are efficiencies in administration and management over time.

Over the long-term, combination could, in concept:

- Consolidate the combined boards as terms end, from ~~nineteen~~ to five members.
- Consolidate the General Manager positions.
- ~~Allow up to \$1.25 million in operational savings (equivalent to 11 full-time employees) every year once fully implemented, to be achieved over time through attrition.~~

### FINANCES

#### Rates

- CWD and SSWD have similar rate structures and bill levels.
- According to the report, the impact of combination on rates is expected to have minimal impact on the bottom lines of a typical household in either district.
- While there are initial net costs to combining, it is expected that over time the rate of growth in rates would be less than otherwise expected given the scale efficiencies of a larger and more efficient combined organization.

#### Bookkeeping

- ~~Both Districts operate as enterprise funds.~~
- ~~The current accounting structures could continue as-is, but would be united in a single set of books with a combined enterprise fund.~~
- ~~The most difficult aspect of combining finances would be merging into a single chart of accounts and unifying accounting practices and systems.~~

#### Revenues and Expenses

- Revenues for each agency are unlikely to be greatly affected by a combination and would remain largely unchanged from current projections in the near- to mid-term.
- In the short-term (two to five years), expenses are likely to increase as the combined utility implements one-time expenditures for aligning and integrating systems and structures.
- Over time, costs are expected to decline as the newly combined entity moves forward and begins to benefit from efficiencies and economies of scale.

#### Salaries

- ~~The pay scale between the organizations may would need to be aligned.~~

- ~~• A classification and compensation study can equalize pay ranges for similar jobs and potentially inform staff decisions around collective bargaining, if collective bargaining remains.~~
- ~~• Part of the challenge in projecting salaries in any combination model is that employee roles and responsibilities might change under varying approaches.~~

### **Benefits**

- ~~• Benefits are generally aligned between the Districts. Each offers a similar range of benefits with reasonable employer contributions for insurance premiums.~~
- ~~• A larger pool of employees may result in lower premiums.~~
- ~~• A combined agency would need to redefine eligibility for all benefit types and determine a single consistent offering to staff.~~

### **Debt and Debt Service**

- As of 2021, total debt obligations were \$34.2 million for CWD (2037 latest maturity) and \$65.3 million for SSWD (2034 latest maturity), or nearly \$100 million combined.
- Annual combined debt service was \$9.7 million for fiscal year 2021.
- There is the potential for future combination of debt and refinancing (pending a more favorable interest rate environment).
- SSWD and CWD credit ratings are both AA+.
- There is the potential for rating agencies to look more favorably on a larger ratepayer base, potentially resulting in cheaper debt.

### **Capital Improvement Plans**

The study reviewed the Capital Improvement Plans (CIP) for each District, which outline each utility's current and planned investments in the water system from 2018 to 2031. The study found:

- A steady upward trend in investment levels for SSWD.
- Steady investment levels for CWD with a brief peak due to a period of more intensive investment in the system to replace filtration membranes at the CWD water treatment plant.

### **Bookkeeping**

- Both districts operate as enterprise funds.
- The current accounting structures could continue as-is, but would be united in a single set of books with a combined enterprise fund.
- The most difficult aspect of combining finances would be merging into a single chart of accounts and unifying accounting practices and systems.

### **Rates**

- ~~• CWD and SSWD have similar rate structures and bill levels.~~
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- Benefits are generally aligned between the Districts. Each offers a similar range of benefits with reasonable employer contributions for insurance premiums.
- A larger pool of employees may result in lower premiums.
- A combined agency would need to redefine eligibility for all benefit types and determine a single consistent offering to staff.

### **FACILITIES**

- Treatment facilities would be largely unaffected by combination.

### **WATER SUPPLY**

- CWD and SSWD currently have ample surface water and groundwater supplies to meet their current needs, and both ~~D~~istricts provide reliable water supplies even under extreme drought cycles.
- Both ~~D~~istricts face future water reliability challenges from the projected impacts of climate change and increased regulatory requirements ~~to maintain water quality in the Sacramento-San Joaquin Delta.~~
- CWD and SSWD have potential numerous opportunities to integrate and diversify their water asset portfolios to meet both short-term and long-term water reliability objectives.

### **~~POTENTIAL COST IMPACTS AND SAVINGS FROM COMBINATION~~**

- ~~Short-term costs from combining the two organizations could range from \$334,000 to \$1.1 million over a one-year period.~~
- ~~Long-term savings over the first 10 years of combination could range from \$225,000 to nearly \$14.8 million.~~

*Potential Pull-Out Box, potentially near the front if it can fit-----*

### **COMBINATION PROCEDURES**

Both organizational structures examined in the study—whether reorganization or consolidation—would require an application to the Sacramento County Local Area Formation Commission (LAFCo).

LAFCO works with residents, counties, cities, and special districts to encourage the orderly formation of appropriate local agencies. They have the authority to approve and manage combination efforts, as well as enable the transition from one organizational form to another.

In addition, formal notice will need to be sent to all landowners and registered voters within the boundaries of the any ~~D~~istrict(s) being dissolved.

### **Near-Term Timeline**

Section 7.1 of the report outlines an implementation timeline if combination is pursued:

- Conduct public outreach to educate CWD and SSWD stakeholders about reasons to consider combination

- Boards review study and vote to move forward with combination next steps including any further studies required to confidently initiate LAFCo process
- Prepare reorganization/consolidation application for LAFCo
- Continue public outreach during LAFCo application process and respond to LAFCo comments and questions
- Establish staff teams to work on key issue areas of HR, IT, facilities, operations, capital delivery, and finance
- LAFCo process activities
- Implement work team recommendations
- Utilities formalize interim combined structure at start of new fiscal year
- Begin interim phase

Potential Pull-Out Box-----  
 The report notes that while the advantages to combination are significant, there also are some notable disadvantages.

**Potential Advantages to Combination**

- **Ability to achieve greater scale efficiencies through a larger organization:** Each organization has areas of strengths and weaknesses, as well as under- and over-utilized staff. Combining the two entities could provide efficiencies if resources are used strategically.
- **Greater water resource sharing and utilization:** Maximizing the use of water resources is a complex process filled with regulatory and political hurdles. However, there are significant opportunities to maximize water resources with a combined portfolio of groundwater, imported, remediated, and surface water assets possessed by both Districts.
- **Greater political advocacy:** A larger organization that covers a broader service area will likely be able to increase its political advocacy in the region, helping it protect resources and ensure customer needs are represented.
- **Higher levels of customer service,** allowing more specialization of staff, greater levels of scale efficiency, and perhaps new or expanded services.
- **More rate and financial stability** with a larger and more stable supply of water resources, a broader customer base, and an improved ability to address changes in operating conditions brought on by water resource challenges, staffing shortages, and inflation.
- **Upward mobility for staff** at a larger organization.

**Potential Disadvantages to Combination**

- **A perceived loss of local control and the dilution of representation:** A combined entity would have Board members representing a larger number of constituents, assuming the Board is the same size as the current Boards.

- **More bureaucracy that could come with a larger organization:** Sound leadership will need to ensure scale efficiency is created while avoiding the pitfalls of a larger organization.
- **Adapting to changes can be challenging for staff:** This will require attention and management effort to effectively navigate and thoughtfully consider as a new organization takes shape.
- **Challenges to water resources and/or limited ability to maximize resources:** The regulatory and political environment may make it difficult to use water resources with maximum efficiency and could even invite some challenges to current arrangements.

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*We invite you to learn more and stay updated. CWD and SSWD are posting regular updates on their websites at [carmichaelwd.org](http://carmichaelwd.org) and [sswd.org](http://sswd.org).*

## FREQUENTLY ASKED QUESTIONS

### Study: A Business Case for a Potential Combination

#### Will rates increase from combining SSWD and CWD?

Section 5.7 of the report details the current rate structures and levels of each organization and discusses potential future states. The study finds that CWD and SSWD have similar rate structures and bill levels. The impact of combination on rates is expected to have minimal impact on the bottom lines of a typical household in either District. And, while there are initial net costs to combining, it is expected that over time the rate of growth in rates would be less than otherwise expected given the scale efficiencies of a larger and more efficient combined organization.

#### What form could the combination take?

Section 3 of the report outlines the current organizational structures and potential structures if combined. The study primarily considers two potential organizational structures. These include:

- **Consolidation:** All agencies are dissolved, and a new one is created in their place with a service area that encompasses the previous districts' service areas. The new agency is the successor entity. This was the approach taken when SSWD was created following the dissolution of the Arcade and Northridge Water Districts. The process initiates when both agencies file for consolidation.
- **Reorganization:** One or more districts are dissolved and one agency annexes all or a portion of their former service areas. An existing agency is the successor entity. The process initiates when one or more districts applies to dissolve, and the remaining district applies to annex the service area of the dissolved district(s).

#### How will the decision be made whether to combine SSWD and CWD? What is the timeline? Will the decision to combine require a public vote?

The study outlines combination procedures in Section 3.1.3 of the report. Both organizational structures examined in the study—whether consolidation or reorganization—would require an application to the Sacramento County Local Area Formation Commission (LAFCo). LAFCo works with residents, counties, cities and special districts to encourage the orderly formation of appropriate local agencies. They have

the authority to approve and manage combination efforts, as well as enable the transition from one organizational form to another. In addition, formal notice will need to be sent to all landowners and registered voters within the boundaries any district(s) being dissolved.

According to Section 7.1 the general process for combination would be as follows:

- Conduct public outreach to educate CWD and SSWD stakeholders about reasons to consider combination
- Boards review study and vote to move forward with combination next steps including any further studies required to confidently initiate LAFCo process
- Prepare reorganization/consolidation application for LAFCo
- Continue public outreach during LAFCo application process and respond to LAFCo comments and questions
- Establish staff teams to work on key issue areas of HR, IT, facilities, operations, capital delivery, and finance
- LAFCo process activities
- Implement work team recommendations
- Utilities formalize interim combined structure at start of new fiscal year
- Begin interim phase

Note that general elections are not automatic under this process.

**What are some of the advantages and disadvantages of combination outlined in the study?**

Section 8 of the study outlines both pros and cons to combination.

Pros include:

- Greater efficiencies of scale
- [Potential for Great](#) water resource sharing and utilization
- Greater political advocacy
- Higher levels of customer service and possibly new or expanded services
- More rate and financial stability

Cons include:

- A perceived loss of local control through having Board members potentially presenting a larger number of constituents
- The potential for a larger bureaucracy
- Challenges to staff as they adapt to the changes brought about by the combination
- Challenges [with](#) water resources

**What is the Sacramento LAFCo?**

LAFCOs were created by the State of California in response to rapid growth experienced in the 20th century and the urban sprawl that resulted. Each LAFCo works with residents, their parent county, and any cities and special districts in their region on jurisdictional issues to discourage urban sprawl and encourage the orderly formation of appropriate local agencies.

LAFCOs have the authority to approve and manage combination efforts, as well enable the transition from one organizational form to another. Applications for combination, and some forms of collaboration, need to be submitted to the local LAFCo for review, public engagement, and approval.



LAFcos are able to work with agencies to provide guidance and temporary rules to facilitate combination. This can include arrangements for transitioning Board seats and finances between agencies, or consolidating them in the case of a combination of two or more entities. As part of a consolidation or collaboration process, CWD and SSWD will need to develop a plan for approval with the LAFCo of Sacramento County.

**Carmichael Water District-Sacramento Suburban Water District  
Fact Sheet on CWD-SSWD Report Findings—Joint Product  
DRAFT—March xx, 2023**

**FACT SHEET**

**Study: A Business Case for a Potential Combination**

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) initiated a study to explore combination opportunities. The goal is to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

Produced by an independent financial consulting firm, the study explored trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination.

The analysis includes a top-to-bottom review of both water providers, comprised of a comparison of organizational structures, management, customer services, billing, staffing, water treatment operations, capital improvement projects, water supplies, and finances. The analysis details the benefits and costs of potential combination, as well as options for next steps.

In addition, the CWD and SSWD Boards of Directors accepted the study, signaling their desire to continue combination discussions, and have requested additional technical analysis to further review and define potential governance structures, water rights assurances, administration, operations, cost savings and other topics.

Pull-quote: -----

*“SSWD itself is a product of combination, having been created through the merging of the Arcade Water District and the Northridge Water District. Over time, SSWD has come to recognize that effort as a successful one that allowed for better cost control and more reliable service. CWD has recognized the potential for scale and greater regional coordination to improve the sustainability of its services through an award-winning partnership with Golden State Water Company and Aerojet Rocketdyne.”*

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**KEY FINDINGS**

Following are highlights from the study’s key findings. It is important to note that **combination opportunities outlined in the report are *conceptual* in nature**. The full report, “A Business Case for a Potential Combination” is available at [carmichaelwd.org](http://carmichaelwd.org) and [sswd.org](http://sswd.org).

**GOVERNANCE AND ORGANIZATION**

The study primarily considers two potential organizational structures. These include:

- **Reorganization**--where one organization absorbs the other.

- **Consolidation**--where both entities dissolve and merge to create a new utility.

The end result is essentially the same, with one agency assuming the rights, responsibilities, assets, and liabilities from the current organizations.

### **Organizational Structure**

The study examines existing organizational structures and job descriptions to identify conceptual organizational structures (both interim and long-term) for a potential combination, finding that:

- Operations would be less impacted because each District has similar assets (groundwater wells, water treatment plants and distribution networks).
- There are opportunities to align staff performing similar functions.
- There are opportunities for efficiency that optimize specialization over time.
- There are efficiencies in administration and management over time.

Over the long-term, combination could, in concept:

- Consolidate the combined boards as terms end, from ten to five members.
- Consolidate the General Manager positions.

## **FINANCES**

### **Rates**

- CWD and SSWD have similar rate structures and bill levels.
- According to the report, the impact of combination on rates is expected to have minimal impact on the bottom lines of a typical household in either district.
- While there are initial net costs to combining, it is expected that over time the rate of growth in rates would be less than otherwise expected given the scale efficiencies of a larger and more efficient combined organization.

### **Revenues and Expenses**

- Revenues for each agency are unlikely to be greatly affected by a combination and would remain largely unchanged from current projections in the near- to mid-term.
- In the short-term (two to five years), expenses are likely to increase as the combined utility implements one-time expenditures for aligning and integrating systems and structures.
- Over time, costs are expected to decline as the newly combined entity moves forward and begins to benefit from efficiencies and economies of scale.

### **Debt and Debt Service**

- As of 2021, total debt obligations were \$34.2 million for CWD (2037 latest maturity) and \$65.3 million for SSWD (2034 latest maturity), or nearly \$100 million combined.
- Annual combined debt service was \$9.7 million for fiscal year 2021.
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- Both districts operate as enterprise funds.
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- A combined agency would need to redefine eligibility for all benefit types and determine a single consistent offering to staff.

### **FACILITIES**

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### **WATER SUPPLY**

- CWD and SSWD currently have ample surface water and groundwater supplies to meet their current needs, and both districts provide reliable water supplies even under extreme drought cycles.
- Both Districts face future water reliability challenges from the projected impacts of climate change and increased regulatory requirements.
- CWD and SSWD have potential opportunities to integrate and diversify their water asset portfolios to meet both short-term and long-term water reliability objectives.

*Potential Pull-Out Box, potentially near the front if it can fit-----*

### **COMBINATION PROCEDURES**

Both organizational structures examined in the study—whether reorganization or consolidation—would require an application to the Sacramento County Local Area Formation Commission (LAFCo).

LAFCO works with residents, counties, cities, and special districts to encourage the orderly formation of appropriate local agencies. They have the authority to approve and manage combination efforts, as well as enable the transition from one organizational form to another.

In addition, formal notice will need to be sent to all landowners and registered voters within the boundaries of the District being dissolved.

### Near-Term Timeline

Section 7.1 of the report outlines an implementation timeline if combination is pursued:

- Conduct public outreach to educate CWD and SSWD stakeholders about reasons to consider combination
- Boards review study and vote to move forward with combination next steps including any further studies required to confidently initiate LAFCo process
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Potential Pull-Out Box-----  
The report notes that while the advantages to combination are significant, there also are some notable disadvantages.

### Potential Advantages to Combination

- **Ability to achieve greater scale efficiencies through a larger organization:** Each organization has areas of strengths and weaknesses. Combining the two entities could provide efficiencies if resources are used strategically.
- **Greater water resource sharing and utilization:** Maximizing the use of water resources is a complex process filled with regulatory and political hurdles. However, there are significant opportunities to maximize water resources with a combined portfolio of groundwater, imported, remediated, and surface water assets possessed by both Districts.
- **Greater political advocacy:** A larger organization that covers a broader service area will likely be able to increase its political advocacy in the region, helping it protect resources and ensure customer needs are represented.
- **Higher levels of customer service,** allowing more specialization of staff, greater levels of scale efficiency, and perhaps new or expanded services.

- **More rate and financial stability** with a larger and more stable supply of water resources, a broader customer base, and an improved ability to address changes in operating conditions brought on by water resource challenges, staffing shortages, and inflation.
- **Upward mobility for staff** at a larger organization.

#### Potential Disadvantages to Combination

- **A perceived loss of local control and the dilution of representation:** A combined entity would have Board members representing a larger number of constituents, assuming the Board is the same size as the current Boards.
- **More bureaucracy that could come with a larger organization:** Sound leadership will need to ensure scale efficiency is created while avoiding the pitfalls of a larger organization.
- **Adapting to changes can be challenging for staff:** This will require attention and management effort to effectively navigate and thoughtfully consider as a new organization takes shape.
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#### FREQUENTLY ASKED QUESTIONS

##### Study: A Business Case for a Potential Combination

##### Will rates increase from combining SSWD and CWD?

Section 5.7 of the report details the current rate structures and levels of each organization and discusses potential future states. The study finds that CWD and SSWD have similar rate structures and bill levels. The impact of combination on rates is expected to have minimal impact on the bottom lines of a typical household in either District. And, while there are initial net costs to combining, it is expected that over time the rate of growth in rates would be less than otherwise expected given the scale efficiencies of a larger and more efficient combined organization.

##### What form could the combination take?

Section 3 of the report outlines the current organizational structures and potential structures if combined. The study primarily considers two potential organizational structures. These include:

- **Consolidation:** All agencies are dissolved, and a new one is created in their place with a service area that encompasses the previous districts' service areas. The new agency is the successor entity. This was the approach taken when SSWD was created following the dissolution of the

Arcade and Northridge Water Districts. The process initiates when both agencies file for consolidation.

- **Reorganization:** One or more districts are dissolved and one agency annexes all or a portion of their former service areas. An existing agency is the successor entity. The process initiates when one or more districts applies to dissolve, and the remaining district applies to annex the service area of the dissolved district(s).

**How will the decision be made whether to combine SSWD and CWD? What is the timeline? Will the decision to combine require a public vote?**

The study outlines combination procedures in Section 3.1.3 of the report. Both organizational structures examined in the study—whether consolidation or reorganization—would require an application to the Sacramento County Local Area Formation Commission (LAFCo). LAFCo works with residents, counties, cities and special districts to encourage the orderly formation of appropriate local agencies. They have the authority to approve and manage combination efforts, as well as enable the transition from one organizational form to another. In addition, formal notice will need to be sent to all landowners and registered voters within the boundaries any district(s) being dissolved.

According to Section 7.1 the general process for combination would be as follows:

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Note that general elections are not automatic under this process.

**What are some of the advantages and disadvantages of combination outlined in the study?**

Section 8 of the study outlines both pros and cons to combination.

Pros include:

- Greater efficiencies of scale
- Potential for water resource sharing and utilization
- Greater political advocacy
- Higher levels of customer service and possibly new or expanded services
- More rate and financial stability

Cons include:

- A perceived loss of local control through having Board members potentially presenting a larger number of constituents
- The potential for a larger bureaucracy
- Challenges to staff as they adapt to the changes brought about by the combination
- Challenges with water resources

**What is the Sacramento LAFCo?**

LAFCOs were created by the State of California in response to rapid growth experienced in the 20th century and the urban sprawl that resulted. Each LAFCo works with residents, their parent county, and any cities and special districts in their region on jurisdictional issues to discourage urban sprawl and encourage the orderly formation of appropriate local agencies.

LAFCOs have the authority to approve and manage combination efforts, as well enable the transition from one organizational form to another. Applications for combination, and some forms of collaboration, need to be submitted to the local LAFCo for review, public engagement, and approval.

LAFCOs are able to work with agencies to provide guidance and temporary rules to facilitate combination. This can include arrangements for transitioning Board seats and finances between agencies, or consolidating them in the case of a combination of two or more entities. As part of a consolidation or collaboration process, CWD and SSWD will need to develop a plan for approval with the LAFCo of Sacramento County.



**Combination Discussions  
SSWD-CWD—~~joint product~~  
Fact Sheet on Pros and cons  
UPDATED DRAFT—March 10, 2023**

*Note: This document has been updated to provide space to list additional advantages to combination that are not included in the initial study.*

**FACT SHEET**

**Perceived Advantages and Disadvantages to Combination**

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) are currently exploring combination opportunities. The goal is to examine how combining neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

The following are potential advantages and disadvantages of combination, as outlined in Section 8 of ~~the~~ study by ~~an~~ independent financial consulting firm ~~Raftelis~~. The study explores trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination.

CWD and SSWD are continuing to consider initial study findings and are conducting additional technical analysis to further review and define potential governance structures, water rights assurances, administration, operations, cost savings and other topics.

The full study, “A Business Case for a Potential Combination,” is available at [sswd.org](http://sswd.org) and [carmichaelwd.org](http://carmichaelwd.org).

**Potential Advantages to Combination**

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- **Greater water resource sharing and utilization:** Maximizing the use of water resources is a complex process filled with regulatory and political hurdles. ~~However, t~~there are significant opportunities to maximize water resources with a combined portfolio of groundwater, ~~imported surface water, and~~ remediated ~~water, and surface water~~ assets possessed by both Districts.
- **Greater political advocacy:** A larger organization that covers a broader service area will likely be able to increase its political advocacy in the region, helping it protect resources and ensure customer needs are represented.
- **Higher levels of customer service,** allowing more specialization of staff, greater levels of scale efficiency, and perhaps new or expanded services.

- **More rate and financial stability** with a larger and more stable supply of water resources, a broader customer base, and an improved ability to address changes in operating conditions brought on by water resource challenges, staffing shortages, and inflation.
- **Upward mobility for staff** at a larger organization.
- **Transparent and well preceded process** with LAFCo and SSWD history of success.

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**Pull-out box:**

The following are additional potential advantages to combination not identified in the independent study:

- [Insert bullet: TBD]
  - [Insert bullet: TBD]
  - [Insert bullet: TBD]
  - [Insert bullet: TBD]
- 

**Potential Disadvantages to Combination**

- **A perceived loss of local control and the dilution of representation:** A combined entity would have Board members representing a larger number of constituents, assuming the Board is the same size as the current Boards.
- **More bureaucracy that could come with a larger organization:** Sound leadership will need to ensure scale efficiency is created while avoiding the pitfalls of a larger organization.
- **Adapting to changes can be challenging for staff:** This will require attention and management effort to effectively navigate and thoughtfully consider as a new organization takes shape.
- **Challenges to combining existing water resources and/or limited ability to maximize resources:** The current regulatory and political framework environment may make it difficult to combine use water resources and with maximize their utilization and efficiency. Political and environmental needs and could even invite some challenges to current arrangements.

~~The study goes on to say that savings in the range of 8-20 percent annually could be achieved once a combination reaches its full potential, typically within 10 years of the planning stage of integration, according to industry data. This proceeds from broad worker productivity gains attributable to increased specialization, systems optimization, and the ability of the combined larger ratepayer base to bring down costs per unit and drive additional efficiencies. The variability in this figure may be driven by the scale of improvements in the use of water resources, which are possible, but may take time to realize.~~

~~Given that some of the pros and cons of combination are subjective, a decision to combine cannot be based solely on a quantitative cost-benefit analysis. However, the financial consultant Raftelis estimates that a combined CWD-SSWD entity could over time at least achieve the same level of cost per customer~~

as SSWD currently achieves. This would provide value to current CWD customers and is highly likely to provide some savings to current SSWD customers.

Nevertheless, the biggest potential benefits carry the biggest number of unknowns. Integrating water resources would buttress existing water supplies and has the possibility of substantial monetization, but there are regulatory and political challenges. Integrating the staff and operations of the two entities could provide a host of benefits, but if not managed well could result in new inefficiencies and a host of staffing problems.

DRAFT

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**Perceived Advantages and Disadvantages to Combination**

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) are currently exploring combination opportunities. The goal is to examine how combining neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

The following are potential advantages and disadvantages of combination, as outlined in Section 8 of the study by an independent financial consulting firm. The study explores trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination.

CWD and SSWD are continuing to consider initial study findings and are conducting additional technical analysis to further review and define potential governance structures, water rights assurances, administration, operations, cost savings and other topics.

The full study, “A Business Case for a Potential Combination,” is available at [sswd.org](http://sswd.org) and [carmichaelwd.org](http://carmichaelwd.org).

**Potential Advantages to Combination**

- **Ability to achieve greater scale efficiencies through a larger organization:** Each organization has areas of strengths and weaknesses and combining the two entities could provide efficiencies if resources are used strategically.
- **Greater water resource sharing and utilization:** Maximizing the use of water resources is a complex process filled with regulatory and political hurdles. There are significant opportunities to maximize water resources with a combined portfolio of groundwater, surface water, and remediated water assets possessed by both Districts.
- **Greater political advocacy:** A larger organization that covers a broader service area will likely be able to increase its political advocacy in the region, helping it protect resources and ensure customer needs are represented.
- **Higher levels of customer service,** allowing more specialization of staff, greater levels of scale efficiency, and perhaps new or expanded services.

- **More rate and financial stability** with a larger and more stable supply of water resources, a broader customer base, and an improved ability to address changes in operating conditions brought on by water resource challenges, staffing shortages, and inflation.
- **Upward mobility for staff** at a larger organization.
- **Transparent and well preceded process** with LAFCo and SSWD history of success.

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*Pull-out box:*

The following are additional potential advantages to combination not identified in the independent study:

- [Insert bullet: TBD]
- [Insert bullet: TBD]
- [Insert bullet: TBD]
- [Insert bullet: TBD]

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**Potential Disadvantages to Combination**

- **A perceived loss of local control and the dilution of representation:** A combined entity would have Board members representing a larger number of constituents, assuming the Board is the same size as the current Boards.
- **More bureaucracy that could come with a larger organization:** Sound leadership will need to ensure scale efficiency is created while avoiding the pitfalls of a larger organization.
- **Adapting to changes can be challenging for staff:** This will require attention and management effort to effectively navigate and thoughtfully consider as a new organization takes shape.
- **Challenges to combining existing water resources :** The current regulatory framework may make it difficult to combine water resources and maximize their utilization and efficiency. Political and environmental needs ad could even invite some challenges to current arrangements.

**Carmichael Water District-Sacramento Suburban Water District  
Exploration One-Pager—**Joint Product**  
DRAFT—March 24, 2023**

## **SUMMARY**

### **Exploring the Combination of Carmichael Water District and Sacramento Suburban Water District**

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) are exploring the potential to combine the two neighboring water utilities.

#### **The Threats**

The water industry and our communities are facing several changes and challenges, including the projected impacts of climate change on water supplies and increasing regulations that will potentially make it difficult to keep rates affordable.

#### **The Opportunities**

The goal in examining combination is to see how merging the two districts might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

#### **The Process**

The CWD and SSWD Boards commissioned a study by an independent consulting firm to provide an initial look at the potential benefits and disadvantages to combination.

After a comprehensive public review, the boards accepted the initial study as complete. In doing so, board members signaled that the initial study offered many potential benefits that should continue to be explored and uncovered no fundamental flaws that should stop discussions. The boards also requested staff to undertake additional technical analysis that further reviews and defines potential governance structures, water rights assurances, administration, operations, cost savings and other topics.

#### **Learn More**

Detailed information is available online on the CWD website at [carmichaelwd.org](http://carmichaelwd.org) and SSWD website at [sswd.org](http://sswd.org), including:

- The initial study, *Business Case for a Potential Combination*
- Fact sheets and Frequently Asked Questions about combination discussions and the initial study
- Coming soon: Public information workshops exploring combination discussions that provide opportunities for the public to ask questions and offer input

# YOU'RE INVITED!

Public Information  
Workshop Exploring  
a Study on Potential  
Combination with  
Carmichael  
Water District

DATE & TIME



Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) are considering the results of a new study exploring combination opportunities between the two districts.

The study, which was conducted by an independent consulting firm, explores how combining the two neighboring water utilities might improve efficiencies, reduce costs, increase water supply reliability, and enhance customer service

We invite you to learn more about the study's findings, ask questions and provide input during a public workshop hosted by Sacramento Suburban District.

*See next side for details.*



3701 Marconi Ave #100  
Sacramento, CA 95821

## PUBLIC INFORMATION WORKSHOP

### DATE & TIME

Sacramento Suburban Water District Board Room  
3701 Marconi Ave.  
Sacramento, CA 95821

*A virtual option will also be available*

Visit [sswd.org](http://sswd.org) to find:

- A copy of the study
- Fact sheet and Frequently Asked Questions
- Details about the upcoming Public Information Workshop, including access for a virtual option



916.972.7171  
[feedback@sswd.org](mailto:feedback@sswd.org)  
[sswd.org](http://sswd.org)

← Scan the QR code with the camera app on your phone.



## Agenda Item: 5

**Date:** March 28, 2023

**Subject:** Carmichael Water District and Sacramento Suburban Water District – Joint Board Meeting - Draft Agenda

**Staff Contact:** Dan York, SSWD General Manager  
Cathy Lee, CWD General Manager

**Recommended Committee Action:**

Review and approve the agenda for Carmichael Water District and Sacramento Suburban Water District Joint Board Meeting related to Combination Discussions.

**Background:**

On October 6, 2021, the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Boards held a Joint Board meeting to receive an update on the progress of the 2x2 Committee. In total, there have been eleven 2x2 Committee meetings regarding progress on the Combination Discussions.

**Discussion:**

The CWD and SSWD Combination Discussion efforts are at a point there is a need to bring forth information to the CWD and SSWD Board of Directors. The intent of the Joint Board meeting is to update the respective Boards on efforts related to communications, further analysis components, consulting services, and if the respective Boards want to continue Combination Discussions.

**Attachments:**

1. Carmichael Water District and Sacramento Suburban Water District Joint Board Meeting - Draft Agenda



## **Agenda**

### **Carmichael Water District/Sacramento Suburban Water District Joint Board Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821

XX, 2023  
6:00 p.m.

**This meeting will be conducted both in-person in the Sacramento Suburban Water District's Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The Board President will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call. If a member of the public chooses to participate in this public meeting via videoconference and/or teleconference, please see the instructions below.**

**For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:**

**Join the meeting from a computer, tablet or smartphone:**

**Meeting ID:  
Password:**

**You can also dial in using your phone: 1 (669) 900-6833**

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>  
Zoom uses encryption of data during Zoom meetings. The two Agencies use a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

**Please mute your line.**

Where appropriate or deemed necessary, the Boards may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Boards less than 72 hours before the meeting are available for public inspection at each Agency's Administrative Offices.

The public may address the Boards concerning an agenda item either before or during the Board’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to either one of the General Managers. The Board President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**Call to Order**

**Roll Call**

**Announcements**

**Public Comment**

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Boards. Comments are limited to 3 minutes.

- 1. Minutes of the October 6, 2021, Joint Board Meeting  
*Recommendation:*

**Items for Discussion and/or Action**

- 2. Communications Plan Update  
*Recommendation:*
- 3. Further Analysis Report Update  
*Recommendation:*
- 4. Consultant Services  
*Recommendation:*
- 5. Continuation of Combination Discussions between Carmichael Water District and Sacramento Suburban Water District  
*Recommendation:*

**Adjournment**

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I certify that the foregoing agenda for the XX, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water Joint Board was posted by XX, 2023 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and at the Carmichael Water District office, 7837 Fair Oaks Boulevard, Carmichael, CA 95608, and was made available to the public during normal business hours.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

## Agenda Item: 6

**Date:** March 28, 2023

**Subject:** Consultant Services

**Staff Contact:** Dan York, SSWD General Manager  
Cathy Lee, CWD General Manager

**Recommended Committee Action:**

Provide direction to staff regarding a potential to retain the services of a consultant to assist in developing and following a road map that will provide the appropriate information to the Carmichael Water District and Sacramento Suburban Water District Board of Directors that will allow them to make a decision to combine into a single organization, or not.

**Discussion:**

To date, staff has been providing all of the report and analysis functions to bring forward to the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Boards and 2x2 Committee in the efforts to provide sufficient information to allow them to make a decision to combine the agencies, or not.

The consultant could focus on assisting staff to address the efforts in compiling necessary information and finalizing the Further Analysis Report Outline currently being conducted.

The consultant can also assist in facilitating 2x2 Committee meetings and Joint Board meetings to assist in ensuring all Director's questions, comments, and concerns are being addressed.

Staff's estimate to engage with a consultant to provide these services is anticipated to be between \$20,000 and \$30,000. These fees would be split 50/50 between CWD and SSWD.