



## Agenda

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

3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821

Thursday, May 4, 2023  
3:00 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. 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/85994059811?pwd=Uk5QNnJpaDZUSnl3b2YyZ1pCc0ZYUT09>

**Meeting ID: 859 9405 9811**

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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**

### **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 28, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**  
*Recommendation: Approve the draft minutes of the March 28, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.*

### **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. **Combination Discussions – Communications Plan Update**  
*Recommendation: Receive an update on the Communications Plan's outreach materials, upcoming public outreach efforts, and direct staff as appropriate.*
4. **Consultant Services**  
*Recommendation: Discuss Scope of Work Proposed by Strategy Driver Inc., which will partner the facilitation services effort with Jennifer Persike and Company, and authorize staff to entering into a consultant contract with Strategy Drive Inc., in the amount not to exceed \$75,000.*
5. **Next Meeting of 2x2 Committee**  
*Recommendation: Determine the next meeting of the 2x2 Committee.*

**6. Public Comment**

**Adjournment**

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I certify that the foregoing agenda for the May 4, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Committee was posted by May 2, 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:** May 4, 2023

**Subject:** Minutes of the March 28, 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 28, 2023, Carmichael Water District and Sacramento Suburban Water District 2x2 Committee Meeting.

**Attachment:**

1. Minutes of the March 28, 2023, Carmichael Water District and Sacramento Suburban Water District 2x2 Committee Meeting



## Agenda

### **Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting March 28, 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 #817 2507 2547

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

CWD Director Jeff Nelson (Chair Nelson) called the meeting to order at 4:00 p.m.

#### SSWD Directors

Present: Dave Jones and Craig Locke.

#### SSWD Directors

Absent: None.

#### CWD Directors

Present: Mark Emmerson and Jeff Nelson.

#### CWD Directors

Absent: None.

SSWD Staff Present: General Manager Dan York (SSWD GM York), Assistant General Manager Matt Underwood, Jeff Ott, and Heather Hernandez-Fort.

CWD Staff Present: General Manager Cathy Lee (CWD GM Lee) and Debbie Martin.

Public Present: William Eubanks, Bruce Hartzell, Christine Kohn, Paul Helliker, and Jay Boatwright.

#### **Announcements**

Chair Nelson expressed he would like to present Item 6 before Item 5.

#### **Public Comment**

None.

#### **Consent Items**

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

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

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

**Items for Discussion and/or Action**

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

SSWD GM York presented the staff report and overview of the Draft Outline Report.

SSWD GM York expressed that some Directors have requested to remove the consultant’s name from the report, and to just use the title of the report instead.

Chair Nelson requested to adjust the first sentence in the first paragraph of the Executive Summary in the Draft Outline Report, as the sentence read, “Further shed additional light,” as he suggested to either use further or additional, but not both.

Under Section 1 of the Draft Outline Report, Chair Nelson requested to include the Collaboration Study Report as well.

Under Section 3. A. ii. SSWD GM York expressed he would remove fluoride from the list.

CWD Director Emmerson requested to add Existing Governance to Section 3 under a. and b., including Governance composition and terms.

Chair Nelson requested for CWD GM Lee to include CWD’s ownership of the California Oregon Transmission Line into the report.

Chair Nelson requested to include a table showing surrounding water purveyors, such as other water districts, irrigation districts, etc.

The Committee requested to include a “Joint Board Meeting” column in the Draft Scope of Work.

William Eubanks (Mr. Eubanks) provided comments on the name of the combined agency.

The Committee commended staff on great progress on the Draft Outline Report.

3. **Water Rate Comparison Analysis**

Jeff Ott presented the staff report.

SSWD GM York expressed that the information presented would be placed in the Draft Outline Report.

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

SSWD GM York presented the staff report.

Regarding Attachment 7, The Fact Sheet on Pros and Cons, in the middle of the second paragraph, where it stated, “and expansion to meet regional needs,” SSWD Director Locke was unsure what that meant.

CWD GM Lee expressed that the section was already removed in the redline version.

Regarding Attachment 7, in the first bullet after the title “Potential Advantages and Disadvantages,” it stated, “each organization has areas of strengths and weaknesses...” SSWD Director Locke expressed he did not like to use the phrase “strengths and weaknesses,” and suggested to use the word “expertise” instead.

Regarding Attachment 7, in the sixth bullet after the title “Potential Advantages and Disadvantages,” it states, “upward mobility for staff at a larger organization,” Chair Nelson requested to add, “will help us retain staff and attract a broader spectrum of candidates.”

Regarding Attachment 4, SSWD Director Locke pointed out that the most important Key Findings to the Directors should probably be listed first, noting that the order should mirror the one-page fact sheet.

Regarding Attachment 2, page 3, under the paragraph titled, “What happened after the report was accepted as complete by CWD and SSWD,” SSWD Director Locke pointed out the statement, “the CWD and SSWD Boards of Directors both reviewed the study and accepted the study as complete,” and felt that the study was not accepted as complete, but rather the Boards just accepted the report.

SSWD GM York expressed the plan was to bring the draft documents to the Joint Board meeting for potential approval.

Chair Nelson recommended ensuring “draft” was over each of the draft documents, including the Draft Scope and Draft Outline Reports.

6. **Consultant Services**

SSWD GM York presented the staff report.

Chair Nelson felt that the proposed \$30,000 was not enough and expressed that he wanted to be sure staff budgeted enough.

SSWD Director Locke suggested staff draft the scope of work and expressed to present it to the 2x2 Committee if there was enough time, otherwise, it was suggested to have the two Committee Chairs look at it.

Mr. Eubanks suggested to propose a higher budget amount with a “not to exceed” clause.

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

SSWD GM York presented the staff report and expressed all 10 Directors were available on April 10, 2023, at 6:00 p.m. for a Joint Board Meeting.

The Committee agreed to hold the Joint Board Meeting on April 10, 2023, at 6:00 p.m.

The Committee agreed to switch Items 4 and 5, as it made more sense for the Consultant Services item to come after the Continuation of Combination Discussions between CWD and SSWD vote item.

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

The Committee agreed to hold the next meeting on May 4, 2023, at 3:00 p.m.

8. **Public Comment**

None.

**Adjournment**

Chair Nelson adjourned the meeting at 5:09 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 2

**Date:** May 4, 2023

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

**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.

**Discussion:**

Since there were no obvious or compelling deterrents identified in the Report, the next phase would be to develop a scope of work to analyze such items as governance structure, water supplies, administrative, Human Resources, financial, water rates, facilities and equipment, IT, operations, etc.

Staff has developed a Draft Scope of Work and Draft Report Outline (see Attachments 1 and 2) identified as specific areas that need to be analyzed/compared for both CWD and SSWD. Staff is in the process of analyzing/comparing each of the different categories.

As you will see in the Draft Report Outline, staff has updated the following sections, updates are in red in the report:

- The Communication and Outreach Approach
- Districts – Current Structure
- Model Merged District
- How Combination Could Affect Customers, Employees and Other Stakeholders

Staff will continue updating categories in the Draft Report Outline and provide updates to the 2x2 Committee and respective Boards. A 2x2 Committee meeting has been scheduled for May 4, 2023.

**Attachments:**

1. Draft Report Outline
2. Draft Scope of Work



**DRAFT**

## **REPORT OUTLINE**

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

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  - ii. Water Contract Rights, Well Inventory, and Fluoride
  - iii. Water Rate Structure
  - iv. Human Resources, Salaries, Benefits
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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

#### **(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 shed additional light on issues and questions the executive staff, 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, a consulting firm 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, customers, and employees from both districts.

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

## **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 its 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 its approximately 36 square miles of service area.

### **c. Sacramento Regional Water Utility Collaboration Study**

In March of 2018, SSWD and San Juan Water District (SJWD) re-initiated combination discussions that last took place in 2015. However, in late 2018, the respective Boards directed staff to initiate collaboration discussions with neighboring water agencies that could identify additional operational and financial efficiencies and to improve service provisions to customers. The following agencies were invited, and accepted, to participate in the collaboration discussions: SSWD, SJWD, Citrus Heights WD, Carmichael WD, Rio Linda / Elverta Community WD, Del Paso Manor WD, and City of Folsom. The effort was identified as the Sacramento Regional Water Utility Collaboration Study (Study). The Study was completed and accepted by the respective Boards in early 2021. Based on the results of the Study, the CWD and SSWD Boards directed staff to continue seeking collaboration/combination opportunities.

### **d. Business Case for a Potential Combination Study Report**

CWD and SSWD began the Combination Discussions in July 2021, by developing a 2x2 Committee to identify opportunities to maximize/enhance the reliability of water supplies, and identify benefits or impacts related to cost saving opportunities, as well as combining into a single organization.

The Committee retained an independent financial consulting firm that specializes in working with government agencies and utilities, to conduct a Combination Study Business Case Analysis.



The goal was to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

The study explored trends in the water industry and community, such as changing water demands, pressure to keep rates affordable, regulatory changes, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination. The analysis included 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 intent of the analysis was to determine if there were fatal flaws/deterrents identified that would hinder the Combination Discussions between CWD and SSWD. Based on the results of the analysis, there were no obvious or compelling deterrents in combining the two districts.

The Report was accepted by the CWD Board on February 21, 2023, and by the SSWD Board on February 27, 2023.

## 2. Communication and Outreach Approach

### a. Meetings, Identification of Stakeholders and Outreach Strategy

#### **Board of Directors and 2x2 Meetings**

- Public updates at Board meetings and through the CWD-SSWD 2x2 Committee since July 2021
- Draft PowerPoint/summary of initial study delivered to SSWD and CWD on September 14, 2022
- Full draft study provided to SSWD and CWD on September 23, 2022
- Draft study delivered to the public via the 2x2 Committee meeting on October 13, 2022
- Study accepted with amendments at the 2x2 Committee meeting on February 8, 2023
- Vote to move forward with discussions and host public information workshops at a CWD-SSWD Joint Board meeting on April 10, 2023

### b. Retention of Communication Firm

On January 24, 2023, CWD and SSWD Boards approved the Memorandum of Understanding for a Communications Plan for Public Outreach on the Combination Discussions. The estimated cost for the Public Outreach is not to exceed \$20,000, which will be split 50/50 between CWD and SSWD.

SSWD had a public relations firm, In-Communications, already under contract for the District's external customer outreach program. The contract with In-Communications was amended on February 9, 2023, to include assisting with the public outreach for the CWD/SSWD Combination Discussions.

### c. Summary of Concerns, Opinions, and Findings from Outreach

### d. Public Involvement Process

At the April 10, 2023 CWD / SSWD Joint Board meeting, the following Foundational Materials were approved:

- Created fact sheets to communicate with the public about outreach milestones and Combination Discussions, including:
  - **Road map/milestones for the outreach process:** *Outlines the steps and overall approach for the public outreach/engagement process (final).*
  - **Fact Sheet on Pros and Cons:** *Highlights perceived advantages and disadvantages to combination (final).*
  - **Exploration One-Pager:** *Provides a one-page document highlighting the opportunities, process, and ways to learn more (final).*
  - **Postcard for the public information session:** *Invites the public to an information session to learn about combination discussions and the findings of the initial study, ask questions and provide input (final).*

- **Fact Sheet on the Combination:** *Provides an overview of why the districts are discussing combination, activities to date and how the public can learn more* (in design).
- **Fact Sheet on CWD/SSWD Report Findings:** *Provides an overview of the initial study findings and seeks to anticipate/answer likely questions* (in design).
- Created a comprehensive CWD-SSWD stakeholder list for outreach to elected officials, business groups, neighboring and partnering water providers, homeowners associations and others
- Additional materials include: Key messages (external and internal audiences), comment and question tracking sheet (external and internal audiences) and a PPT design template

## **Outreach: Sacramento Suburban Water District**

### **External Communications**

- Website updated/link added to home page—central location for all audiences to find information
- Included in fall 2022 newsletter mailed September 15, 2022
- Slide included at the monitor during Open House on October 6, 2022
- Direct mail postcard with QR code mailed to 45,000 SSWD customers (property owners) received on/about October 7, 2022
- Advertising on Facebook and the Google Display Network began the week of October 10, 2022 and ended on October 30<sup>th</sup> on Facebook and on November 10<sup>th</sup> on the Google Display Network.
- Included in bill inserts for October and November 2022
- Slide included on the Customer Service monitor PowerPoint starting in October 2022
- SSWD posted to Facebook page on October 13, 2022
- Outreach to SSWD stakeholders with postcard distributed electronically on/about October 20, 2022

### **SSWD Staff Outreach**

- All Hands Meeting/staff update on study on July 20, 2022, and August 17, 2022
- Internal information hub for information and questions created/Dan emailed link to staff on September 15, 2022
- All Hands Meeting/staff update on study and internal hub/answer questions on September 21, 2022
- Internal key messages and Frequently Asked Questions provided to SSWD staff and Board members
- Update at Managers Meeting with distribution of key messages on October 18, 2022

- Email from the GM to SSWD team, inviting questions and providing link to key messages and FAQs on October 19, 2022
- All Hands Meeting/staff update on study on March 1, 2023

### **Outreach: Carmichael Water District**

#### **External Communications**

- Website updated/link added to home page—central location for all audiences to find information
- Article in May 2023 bill insert

#### **CWD Staff Outreach**

- All Hands Meeting/staff update on study and Q&A with GM – October 14, 2022
- The SSWD General Manager attended a Carmichael Water District staff meeting to discuss his experience with consolidations on October 31, 2022
- All Hands Meeting/staff update and Q&A with two CWD Board of Directors – April 21, 2023

### **Upcoming Outreach: Both Carmichael Water District and Sacramento Suburban Water District**

#### **Public Information Workshops Scheduled:**

- Carmichael Water District: Thursday, June 15, 2023, at 6:30 p.m.
- Sacramento Suburban Water District: Wednesday, June 21, 2023, at 6:30 p.m.

#### **Planned Outreach Activities:**

- Direct mail postcard target mail dates: CWD by May 22, 2023, and SSWD by May 29, 2023
- Outreach to prioritized stakeholders on list to begin in May 2023
- Workshop preparation: Materials (approved fact sheets) are in design with a goal of finalizing by the end of May 2023
- Outreach via existing CWD and SSWD communication channels, including websites, bill inserts bill messages, etc. in May and June 2023
- News media outreach (press release) in May and June 2023
- Digital Advertising (Facebook and news/weather sites via the Google Display Network) in late May 2023 through workshop dates
- Social media monitoring (ongoing) and outreach in late May 2023 through workshop dates
- Print advertising (Carmichael Times) planned for early June 2023

**3. Districts – Current Structure**

**a. Carmichael Water District**

- i. **Personnel, Organizational Structure and Chart** – 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 (see Exhibit 1). Customer accounts per employee is 428. Population served per employee is 1,250.
- ii. **Water Rights and Well Inventory** – 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 approximately 6,400 gallons per minute.
- iii. **Water Rate Structure** – CWD has the following water rate characteristics:
  - 1. Rates are comprised of a fixed charge and usage charge component. The usage charge is based on one-hundred cubic foot (CCF) measurement and the fixed charge is based on meter size.
  - 2. Primary residential meter size is 1.0”.
  - 3. A single tier usage rate for all customers.
  - 4. A Water Shortage Surcharge.
  - 5. 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.

Description Fixed Rate	CWD		
	2023	2024	2025
5/8" Meter	\$ -	\$ -	\$ -
3/4" Meter	35.05	38.38	42.03
1" Meter	54.90	60.12	65.83
1 1/2" Meter	104.53	114.45	125.33
2" Meter	164.07	179.66	196.73
3" Meter	303.02	331.80	363.33
4" Meter	501.51	549.15	601.32
6" Meter	997.74	1,092.53	1,196.32
8" Meter	1,593.22	1,744.58	1,910.31

Description Fixed Rate	CWD		
	2023	2024	2025
10" Meter	-	-	-
12" Meter	-	-	-
Condo Living Units	35.05	38.38	42.03
MF Living Units with Separate Meter	35.05	38.38	42.03
Usage Rate	2023	2024	2025
All Customers	\$ 2.06	\$ 2.26	\$ 2.47

Fire Services:

Description Fire Service	CWD		
	2023	2024	2025
2" Connection	\$54.88	\$ 60.10	\$ 65.82
3" Connection	82.32	90.15	98.73
4" Connection	109.76	120.20	131.64
6" Connection	164.64	180.30	197.46
8" Connection	219.52	240.40	263.28
10" Connection	274.40	300.50	329.10
12" Connection	329.28	360.60	394.92

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%

**iv. Human Resources, Salaries, Benefits**  
**1. Salary and Benefit Costs**

		<b>Annual Salary</b>	<b>Total Comp</b>	<b>Benefits</b>	<b>FICA Medicare, Etc</b>
<b>CWD FYE 06-30-22</b>	<b>30</b>	<b>2,487,770</b>	<b>4,093,710</b>	<b>1,605,940</b>	<b>210,400</b>
	<b>% of O&amp;M</b>	<b>30%</b>	<b>50%</b>	<b>19%</b>	<b>2%</b>
	<b>% of Total Exp</b>	<b>14%</b>	<b>23%</b>	<b>9%</b>	<b>1%</b>
<b>CWD Budget 2022-23</b>	<b>30</b>	<b>2,677,638</b>	<b>4,155,652</b>	<b>1,478,014</b>	
	<b>% of O&amp;M</b>	<b>27%</b>	<b>43%</b>	<b>15%</b>	
	<b>% of Total Exp</b>	<b>13%</b>	<b>20%</b>	<b>7%</b>	

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 a 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.

California Oregon Transmission Line:

The CA-OR Transmission Pipeline/Project (COTP) is an electric transmission project consisting of 340 miles of 500-kilovolt alternating current transmission line between Southern Oregon and Central California. The COTP has a capacity of 1,600 megawatts (MW) of which CWD has 1 MW. CWD sits on the Board of COTP.

- vii. **Policies and Procedures** - CWD has twenty-two (22) Directors' Policy Manuals and thirty-seven (37) Policy Manuals. (See Exhibits 2 and 3)
- viii. **Communities Served** – CWD provides water service to customers in the Carmichael Community.
- ix. **Existing Governance**  
CWD recently completed its election by division process. The process began in January 2022 with the Board adopting a Resolution declaring its intent to initiate procedures to transition from at-large elections to division based elections, per the procedures provided in the Elections Code. After the required public outreach, map preparations, and four Public Hearings, CWD finalized the transition on November 15, 2022. CWD elections by divisions will commence in November 2024.

b. **Sacramento Suburban Water District**

- i. **Personnel, Organizational Structure and Chart** – 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 (see Exhibit 4). Customer accounts per employee is 671. Population served per employee is 2,570.
- 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 SJWD, 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 approximately 86,238 gallons per minute. Three– 5 million gallon reservoirs, One-500,000 gallon elevated storage tank, One-150,000 gallon elevated storage tank, and One-125,000 gallon elevated storage tank. SSWD's South Service Area (SSA) is fluoridated. Capital funding was derived from **the First Five Commission (FFC)** in 2007 with a twenty-year **Agreement to fluoridate in SSWD's SSA, of which the** subject Agreement terminates in 2027.



At the April 10, 2023 CWD / SSWD Joint Board meeting, staff was directed to obtain a legal opinion that if CWD and SSWD were to Combine, could SSWD discontinue fluoridating water served in the SSA after the Agreement between SSWD and the FFC Expires in 2027. Below is the legal opinion.

At the outset, it should be noted that a combined district generally would be subject to continuing to honor all contractual obligations of the two former districts. There is no legal basis for invalidating contracts simply because SSWD and CWD decide to combine. This is not only a requirement of the LAFCO Law, but a matter of the federal and state constitutions' clauses prohibiting the impairment of public contracts. The only exception to the general rule would be contracts which by their terms permit SSWD or CWD to terminate for convenience or on certain conditions. Given these restrictions, the agreement between SSWD and the FFC for fluoridating the water in SSWD SSA likely will remain in effect through its June 30, 2027 expiration.

The question asked is whether a combined district, as successor to SSWD, would have a legal obligation to continue fluoridating water in the former district's SSA after the June 30, 2027 of the FFC contract. The answer is that a combined district (or SSWD, if a combination does not occur) would not be obligated to continue fluoridating the former SSWD SSA after the FFC agreement expires unless SSWD or a combined District voluntarily continue paying the ongoing costs of operating and maintaining the fluoridation system through rate or other district revenues, or are mandated to continue because the state has identified an outside funding source available for this purpose.

The statutes governing fluoridation by public water supplies are found in the Health & Safety Code and related regulations in Title 22 of the Code of California Regulations ("CCR"). Health and Safety Code section 116410 states the California Legislature's policy preference that all public water systems with at least 10,000 service connections and an insufficient natural level of fluorides in their water supplement those levels to the state-recommended minimum limits for dental health. However, Section 116410 does not mandate that covered water suppliers fluoridate their water systems with ratepayer funds, but rather permits voluntary fluoridation through private funding sources or mandates fluoridation if the state makes sufficient funding available through grants or other outside funding sources. Section 116410 also provides that, if a public water system with multiple water sources is fluoridating a portion of its system,

it is not required to fluoridate any portion of its system for which funding is not available.

Under subdivision (a)(1)(B) of Health and Safety Code section 116415, SSWD or any successor agency is not required to continue fluoridating the SSWD SSA if, in any state fiscal year (July 1 to June 30), “funding is not available to the public water system sufficient to pay the noncapital operation and maintenance costs . . . from any outside source other than the system’s ratepayers, shareholders, local taxpayers, bondholders, or any fees or charges levied by the water system.” (See, also, subdivision (f)(2) of Title 22 CCR, section 64433.) Absent the availability of guaranteed outside funding for the fluoridation system’s noncapital operation and maintenance costs for at least 12 months, SSWD or its successor could stop fluoridating unless and until such funding become available or the SSWD or successor district Board voluntarily decide to pay those costs from district sources. SSWD or the successor district would have to advise DDW of the lack of funding for operation and maintenance costs and its decision to therefore not continue fluoridating after June 20, 2027, and DDW would have to amend the district’s permit accordingly.

A combined district would be subject to continuation of all contractual obligations of the two former districts. There is no legal basis for invalidating contracts simply because two districts decide to combine. This is not only a requirement of the LAFCO law, but a matter of the federal and state constitutions’ clauses prohibiting the impairment of public contracts.

The only exception to the general rule would contracts that by their terms permit SSWD or CWD to terminate for convenience or on certain conditions. In such cases, the district would need to take whatever action is required to affirmatively terminate the Agreement.

iii. **Water Rate Structure** – CWD has the following water rate characteristics:

1. Rates are comprised of a fixed charge and usage charge component. The usage charge is based on one-hundred cubic foot (CCF) measurement and the fixed charge is based on meter size.
2. Primary residential meter size is 3/4”.
3. A single tier usage rate for non-residential customers. 2 tier usage rate for residential customers.

4. Approved a 5-year rate schedule in 2019 that covers the calendar years 2020 – 2024 at 5%, 4%, 3%, 3%, 3% per year and has implemented scheduled increases through 2023.

Description Fixed Rate	SSWD		
	2023	2024	2025
5/8" Meter	\$ 35.32	\$ 36.38	\$ 36.38
3/4" Meter	48.99	50.46	50.46
1" Meter	76.34	78.63	78.63
1 1/2" Meter	144.72	149.07	149.07
2" Meter	226.77	233.57	233.57
3" Meter	445.58	458.95	458.95
4" Meter	691.74	712.49	712.49
6" Meter	1,375.51	1,416.77	1,416.77
8" Meter	2,469.54	2,543.63	2,543.63
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	-	-	-
MF Living Units with Separate Meter	-	-	-
<b>Usage Rate</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Residential – 1 <sup>st</sup> Tier (0-15 ccf)	\$ 0.98	\$ 1.01	\$ 1.01
Residential – 2 <sup>nd</sup> Tier (16 + ccf)	1.28	1.32	1.32

Description Fixed Rate	SSWD		
	2023	2024	2025
Multi-Family Residential	1.39	1.43	1.43
Non-Residential	1.47	1.52	1.52

Fire Services:

Description Fire Service	SSWD		
	2023	2024	2025
2" Connection	\$15.40	\$ 15.87	\$ 15.87
3" Connection	28.89	29.769	29.76
4" Connection	47.03	48.45	48.45
6" Connection	93.60	96.41	96.41
8" Connection	165.58	170.55	170.55
10" Connection	258.68	266.45	266.45
12" Connection	288.30	296.95	296.95

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%

Billing per Year, 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%

iv. **Human Resources, Salaries, Benefits**

**1. Salary and Benefit Costs**

		<b>Annual Salary</b>	<b>Total Comp</b>	<b>Benefits</b>	<b>FICA Medicare, Etc</b>
<b>SSWD CYE 12-31-22</b>	<b>71</b>	<b>6,609,823</b>	<b>9,755,486</b>	<b>3,145,663</b>	<b>524,119</b>
	<b>% of O&amp;M</b>	<b>28%</b>	<b>41%</b>	<b>13%</b>	<b>2%</b>
	<b>% of Total Exp</b>	<b>12%</b>	<b>17%</b>	<b>6%</b>	<b>1%</b>
<b>SSWD Budget 2023</b>	<b>73</b>	<b>7,897,500</b>	<b>11,494,309</b>	<b>3,596,809</b>	
	<b>% of O&amp;M</b>	<b>32%</b>	<b>46%</b>	<b>14%</b>	
	<b>% of Total Exp</b>	<b>14%</b>	<b>21%</b>	<b>7%</b>	

v. **Finances and Budget** – SSWD has a Calendar Year (CY) budget. CY2023 Budget is \$24,860,000 O&M, \$22,805,000 Capital and \$6,995,000 Debt Service. 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 to accommodate 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 regard 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. (See Exhibits 5 and 6)

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.

ix. **Existing Governance**

Sacramento Suburban Water District is governed by a five-member Board of Directors elected by divisions. Directors are elected to serve four-year terms. Elections are held on even numbered years.

#### 4. **Model Merged District**

a. **What it Could Be: Discuss Advantages/Disadvantages of Irrigation District vs. County Water District** – Carmichael Water District is an Irrigation District and Sacramento Suburban Water District is a County Water District. At previous

2x2 Committee and Board meetings, staff was directed to obtain a legal analysis on what are the differences in the powers of authority of a County Water District and an Irrigation District, as well as what are the advantages/disadvantages. In addition, a question was asked if there are higher powers and authority obtainable if the two districts were to combine. Legal opinion is provided below.

1. What are the Differences in the Powers and Authority of County Water Districts and Community Services Districts and Advantages and Disadvantages of Each?

SSWD was formed and operates under the County Water District Law, Water Code sections 30000 through 33901, and CWD was formed and operated under the Irrigation District Law, Water Code sections 20500 through 29978. The different “enabling acts” under which each District was formed and operates provide for somewhat different scopes of authority, although they share many powers in common as will be outlined below.

i. Summary of Powers and Authority of Each Form of District

Under the County Water District Law, SSWD is authorized to provide water service and to take associated actions to develop water rights and resources, to build, operate, maintain, and upgrade necessary infrastructure, and to engage in related activities to ensure its authority to supply water to its customers. County water districts also may provide wastewater, fire protection, and solid waste services. They also have limited powers for electric (leasing water for hydroelectric generation purposes) and recreational services (construct and operate ancillary recreational facilities on property owned for water supply and distribution services). SSWD, however, does not exercise any of these “latent” additional powers.

Under the Irrigation District Law, CWD also is authorized to take all necessary actions to provide water service to its customers. Originally, irrigation districts were authorized to construct projects to provide water to irrigate agricultural lands. Later, the Legislature authorized irrigation districts to also provide treated water service. The Irrigation District Law also permits irrigation districts to provide drainage, retail and wholesale electric power generation and service, and sewer services. Like SSWD, however, CWD only provides treated water service and does not exercise any of these additional powers.

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (called here the “LAFCO Law”), neither District may exercise any latent power -- that is a power it is not actively exercising now -- unless and until that District applies to Sacramento County Local Agency Formation Commission

(“LAFCO”) for approval to exercise the proposed latent power and LAFCO approves the application. While either District could apply to the LAFCO to exercise one or more of its latent powers, both Districts serve mainly built out areas that already receive sewer, electricity, and other utility services by other established providers. In these circumstances, it is unlikely that LAFCO would approve an application by either District to exercise a latent power or that any existing provider (e.g., SMUD) would consent to such a proposal. In any case, the current combination discussion does not include a proposal to expand a combined agency’s powers beyond the two District’s existing mission of providing treated water service.

#### ii. Differences and Advantages and Disadvantages of Each Form of District

As noted above, SSWD’s and CWD’s authority under their respective enabling acts are more similar than different. This is particularly the case given their common existing missions and the likely limitations on either District being able to obtain LAFCO approval to exercise any of their additional, latent powers. For purposes of the two Boards’ discussion and in light of the realities of their existing missions, there are two advantages that a county water district holds over an irrigation district.

First, SSWD, as a county water district, is not subject to any of the requirements and limitations imposed by the public bidding laws. CWD, as an irrigation district, is partially subject to those laws if it proposes to pay for public works construction with proceeds of bonds or assessments (the latter would not apply to CWD since it does not levy assessments and presumably would not impose one in the future). Both types districts are still subject to the prevailing wage and other laws that govern public works construction.

Second, the County Water District Law was designed specifically to permit water districts formed under it to provide treated water service in urbanized areas and to be governed by an elected board of directors who represent all residents in the district. The law also has a modern management scheme which requires the hiring of a general manager who acts as chief executive officer with defined powers over a district’s operations. While the Irrigation District Law has a few statutes that permit the operation of a treated water system and permits election of a board of directors by all voters in such cases, the preponderance of this law addresses the concerns and operation of districts that supply untreated water for agricultural irrigation and that are governed by a board of elected landowners. Unlike the County Water District Law, the Irrigation District Law does not provide for a modern management structure that requires the employment of a general manager or other chief executive. Rather, this law presumes that the Board will directly



operate the District and makes hiring of professional staff a discretionary decision.

In summary, while SSWD and CWD both have the same mission and their respective enabling acts provide sufficient powers to carry out those missions, the County Water District Law provides the most flexibility in the area of public works project bidding and also offers a more modern and tailored set of statutes for the operation of a larger urban water agency.

## 2. Are there “Higher Powers and Authority Obtainable if CWD and SSWD Were to Combine?”

There is no legal hierarchy of special district enabling acts, so a question regarding which enabling act is higher or lower in power or priority is not consistent with the structure of special water district enabling acts. The discussion should focus more on comparing the relative powers provided under a particular enabling act and their suitability for the specific circumstances of the community being served and whether the type of water district proposed to provide service has sufficient powers to address all service requirements and any changes circumstances that might arise in the future. A related consideration focuses on ease of operations and administrative convenience.

In legal counsel’s opinion, a county water district form is better than an irrigation district for the reasons discussed above. While one could argue that another form of district, for example, a municipal water district or community services district, might provide a combined district with a broader set of powers, the potential exercise of those powers do not make such entities more legally robust or potent. More to the point, the question is if the combined district would have sufficient powers to carry out its mission and to deal with possible evolution of its customers and service area under one of the existing enabling acts under which CWD and SSWD are formed and operating. This question includes the latent powers concept discussed in Part A. Given the practical realities of CWD’s and SSWD’s current mission and circumstances and forecasted future operations, it does not appear that a combined district would be somehow limited if the two Boards chose to continue using the County Water District Law or Irrigation District Law as the new agency’s enabling act. In fact, such a choice would be efficient because the existing Districts’ governance, operations, and policies conform to these acts and would easily transfer to the new district. In any case, this question ultimately should be revised to be the following – Do the CWD and SSWD Boards believe that the existing Districts lack any essential powers that the Boards believe should be acquired and, if so, what are those missing powers? If the answer to this question is in the negative, there are no existing gaps in the

existing enabling acts that restrict existing or likely future operations. If the Boards identify one or more missing powers that another type of special district enabling act might provide, then it would be appropriate to consider changing the new district's form.

As an option, the two Boards should keep in mind that the LAFCO Law provides for a "cookie cutter" statutory process. If the Boards would like to form the new district with additional powers, a combination of SSWD and CWD would not be a cookie cutter situation. If adding new powers and a consequent change to another enabling act were a consideration, the other option that the SSWD and CWD Boards may wish to consider would be to pursue special legislation to complete the combination. Special legislation may be desirable in terms of resource conservation, avoidance of LAFCO proceedings and potential of a protest, and to accommodate the unique circumstances that a combination of SSWD and CWD into a new type of agency with additional powers might entail.

**b. How the Merged District Could 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;
- 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 agencies remains (albeit now with a larger service area), it is less disruptive than a consolidation. All assets/liabilities/revenues/expenses are transferred to successor;
- 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;
- 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://saclaftco.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.** – If CWD and SSWD were to combine:
- Population = 240,000
  - Connections = 59,000
  - Registered Voters = 94,000 SSWD / 24,300 CWD – 118,300
  - 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/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 (Exhibit 7)**
  - ii. **Budget and Fiscal Cost**
- f. **Integration of Software** - Both agencies are Microsoft Windows based organizations utilizing Microsoft SQL Server for most of their Enterprise System's databases and also share some of the same Enterprise Systems.

Accounting Systems: Both agencies utilize Microsoft Dynamics Great Plains. Merging data into one system will not be extremely challenging as the data tables are identical. Mapping and combining vendors, merging asset records, and merging general ledger accounts should account for the bulk of the challenge in merging the two systems. More detail is needed for purchase order history, miscellaneous receivables, and capital project accounting. Merging would require assistance of a consultant.

Utility Billing and Customer Information (CIS) – CWD utilizes Cogsdale CSM as their CIS. SSWD utilizes Truepoint's Truebill for their CIS. SSWD previously

used Cogsdale CSM and converted to Truebill in 2014. The Truebill system is more robust than Cogsdale and is supported by a local company in Penryn. As SSWD has converted from Cogsdale, staff does not believe that it will be overly challenging to convert CWD's Cogsdale into the SSWD Truebill system. Merging would require the assistance of Truepoint.

Geographic Information System (GIS) - Both agencies utilize ESRI for their GIS platform. Both agencies utilize the County's based map for referencing asset locations. Both agencies utilize MS SQL Server for the geodatabase that houses the asset data. While data mapping will be necessary for merging the data into one system, this will not be overly burdensome and could be performed by inhouse staff.

Computerize Maintenance Management System (CMMS) - CWD utilizes Mainboss from Thinkage while SSWD utilizes Cityworks from Trimble Systems (formerly Azteca Systems). The Cityworks CMMS is specifically developed to manage linear assets (pipes and appurtances) as it uses GIS as its asset repository. It does not work as well with plant assets. Additional analysis is needed to determine how CWD utilizes Mainboss for their linear and plant assets.

Meter Reading – SSWD is completing the final phases of implementing a full Advanced Metering Infrastructure (AMI) system for automated meter reading. SSWD utilizes two independent AMI system providers; Badger Beacon, a cellular-based AMI, and Xylem (Sensus) FlexNet, and radio-based AMI. CWD utilizes Neptune Nsight for meter data collection.

SCADA – Both agencies utilize Aveva Wonderware for their HMI. SSWD utilizes Tesco Controls for SCADA design and support.

Backflow – CWD utilizes Tokay to manage their backflow program while SSWD utilizes the Truepoint CIS to manage its backflow program.

Electronic Document Management – SSWD utilizes Onbase from Hyland for its electronic document management system (EDMS). CWD does not have an EDMS.

**g. Human Resources**

**i. Salary and Benefit Costs**

		<b>Annual Salary</b>	<b>Total Comp</b>	<b>Benefits</b>
<b>2023 Budget</b>	<b>103</b>	<b>10,575,138</b>	<b>15,649,961</b>	<b>5,074,823</b>
	<b>% of O&amp;M</b>	<b>31%</b>	<b>45%</b>	<b>15%</b>
	<b>% of Total Exp</b>	<b>14%</b>	<b>21%</b>	<b>7%</b>

**h. Financial**

- i. Revenue: \$75,149,240**
- ii. O&M: \$34,632,660**
- iii. Capital: \$32,841,944**
- iv. Debt Service: \$6,995,000**

**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.



## 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**

At the April 10, 2023 CWD / SSWD Joint Board meeting, staff was directed to obtain a legal opinion the water rights and entitlements held by CWD and SSWD, as well as what are their limitations if the two agencies combine. Legal opinion is provided below:

In summary, SSWD has significant rights to groundwater and two contractual surface water entitlements and CWD has significant surface water rights, but limited ability to pump groundwater. Both agencies also have intermittent access or undeveloped entitlements to other water supplies. But because these supplies are not reliable or permanent, they are not addressed here. While many pages could be written about the issues and nuances involved in each District's water rights and entitlements, this memorandum presents only a summary of the nature of and key issues involved in each permanent, reliable water right or entitlement.

#### 1. **SSWD Water Rights and Entitlements**

SSWD has three major water sources, including established rights to pump groundwater to supply all customer demands and two contractual entitlements to surface water, one from the City of Sacramento ("City") and one from the Placer County Water Agency ("PCWA"). A summary of each of SSWD's water sources follows.

##### a. **Groundwater**

SSWD has established rights to pump groundwater to supply the entire needs of District customers in any one year. Under California law, SSWD is not required to obtain a permit or other approval from the State of California, Sacramento County, or another agency to establish its right to pump this groundwater supply. SSWD is required to comply with all applicable state water quality and drinking water standards. As a municipal pumper, SSWD may extract and serve groundwater anywhere within its service area or outside of it.

SSWD has approximately 70 operable wells to pump groundwater and can turn wells on and off depending upon demand, water quality, and availability of surface water. SSWD pumps from the North American Groundwater Basin, which is jointly managed on behalf of SSWD, CWD, and other municipal pumpers by the Sacramento Groundwater Authority ("SGA") under a groundwater management plan adopted consistent with state law. Previously, the applicable

state law was AB 3030, which provided loose standards and no state oversight of SGA's management of groundwater in the basin. However, SSWD's groundwater pumping is now subject to the Sustainable Groundwater Management Act ("SGMA"). SGMA requires SSWD, CWD, and other groundwater pumpers in the North American Groundwater Basin to comply with a Groundwater Sustainability Plan ("GSP"), which establishes a safe yield for the basin and ensures that the collective groundwater pumping from the basin does not cause any undesirable impacts, including any sustained pumping in excess of the safe yield established in the GSP.

The portion of the basin administered by SGA and the safe yield assigned to it is also subject to the Water Accounting Framework. The framework permits SSWD to pump slightly in excess of 35,000 acre-feet of groundwater annually. Customer demands in SSWD have required annual pumping of about 30,000 to 32,000 acre-feet annually in recent years, even with an increase in population and connections due to water conservation resulting from voluntary efforts through customer education and state mandates. SSWD's groundwater pumping allocation under the GSP and Water Accounting Framework is expected to be adequate to serve forecasted demands into the foreseeable future due to its largely built-out service area and continued voluntary and mandated conservation efforts.

In addition, SSWD has operated an active conjunctive use program since 1998. Under this program, SSWD supplies treated surface water to its customers under its City of Sacramento and PCWA contractual entitlements (discussed below), which permits its groundwater supplies to be naturally recharged by wet season rains and other water sources. This operation is referred to as "in-lieu recharge." SSWD's in-lieu recharge program has resulted in the banking of over 350,000 acre-feet of groundwater since 1998. SSWD's Board has adopted a resolution which asserts SSWD's right to recover and use this banked groundwater. SSWD files annual reports with the State Water Resources Control Board to document its banked water. Also, under the Water Accounting Framework, SSWD receives credit for its active groundwater banking and can draw on these credits to supplement its assigned groundwater pumping limit.

b. City of Sacramento Wholesale Water Supply Agreement

SSWD's predecessor, Arcade Water District ("AWD"), entered into an agreement with the City of Sacramento to reserve a supply of "Area D Water." That agreement committed a portion of the City's surface water supplies for future use by AWD, subject to annual payments. After SSWD was formed in 2002, it continued AWD's payments to the City for the Area D Water and AWD's

planning and design of facilities that would enable SSWD to receive treated water from the City's E.A. Fairbairn Water Treatment Plant.

In 2004, SSWD and the City entered into a Wholesale Water Supply Agreement under which the City agreed to supply up to 20 million gallons per day ("mgd") of treated surface water to SSWD. The Wholesale Water Supply Agreement, however, contains three significant limitations. First, SSWD may use treated surface water received from the City only in Area D, which covers most, but not all, of the District's South Service Area (most of the former AWD territory), and none of SSWD's North Service Area (the former NWD territory). Second, SSWD may only obtain surface water from the City when flows in the American River exceed the "Hodge Flow Limitations," which generally means that City surface water is available for limited times in wetter water years. Third, the City has complete discretion to set the price of treated surface water supplied to SSWD, which has become prohibitively expensive because of City wholesale pricing practices. However, in recent years, SSWD and the City have been working to reduce the cost of the wholesale water. In addition, in years when SSWD and the City collaborate on water transfers, the City provides an amount of treated surface water in proportion to the amount of groundwater SSWD pumps for transfer. In sum, SSWD's City water supplies are not very reliable and when available, have historically been relatively expensive.

It should be noted that the Area D place of use also covers a portion of CWD. Subject to discussion with the City, it may be possible to serve City water when available within the portion of CWD lying within Area D.

c. Placer County Water Agency Contract for up to 25,000 Acre Feet Per Year

In 2000, SSWD's predecessor, Northridge Water District ("NWD"), entered into an agreement to purchase water from PCWA. When it was formed in 2002, SSWD assumed this contract. The PCWA water supply contract provides that SSWD would buy an increasing amount of surface water each year from PCWA until the maximum contract amount of 29,000 acre-feet per year was reached in 2014 through the expiration of the contract in 2025. SSWD's PCWA water supply contract has a "take or pay" provision requiring SSWD to pay for its annual firm allocation of PCWA water regardless of whether SSWD is able to take delivery of the entire amount that is made available by PCWA.

PCWA may not deliver water to SSWD in any year when the March through November unimpaired inflow into Folsom Reservoir is less than 1,600,000 acre-feet, although SSWD may take water in the following December through

February whenever water is being spilled from the reservoir for flood protection. The contract also is subject to cutback if PCWA needs any portion of the SSWD entitlement to serve PCWA customers in Placer County or to meet PCWA's Middle Fork Project power generation obligations to PG&E. SSWD may use the PCWA water in PCWA's expanded place of use covering the portion of SSWD comprising the former NWD (North) service area. SSWD also may sell or transfer any portion of its available PCWA entitlement. It is not clear if any portion of CWD is included in the PCWA expanded place of use.

In 2008, SSWD and PCWA amended the PCWA water supply contract to reduce SSWD's annual "take or pay" entitlement to 12,000 acre-feet per year, although if PCWA can make additional water available to SSWD in any year, SSWD has the right to take up to 17,000 acre-feet of additional water in that year on a "pay-go" basis. The contract was further amended in 2016 to extend its term to December 31, 2045, which then permitted SSWD to secure a long-term Warren Act contract for the same term from the Bureau of Reclamation to wheel PCWA water supplies through Folsom Reservoir to the San Juan Water District for treatment and delivery to SSWD through the Cooperative Transmission Pipeline. The PCWA contract was further amended in 2020 to make several changes to the operational provisions of the contract and, most significantly, to further reduce SSWD's annual "take or pay" obligation from 12,000 acre-feet to 8,000 acre-feet.

## 2. CWD Water Rights and Entitlements

CWD holds three post-1914 appropriative water rights. It also has limited groundwater pumping capacity. A summary of each of CWD's surface water supplies and its groundwater supplies follows.

### a. Post-1914 Appropriative Water Right Under License 1387

CWD holds License 1387 issued by the California State Water Resources Control Board ("SWRCB"). This license is the most senior of CWD's water rights with a priority date of September 18, 1915. This makes it one of the most senior post-1914 rights on the American River. License 1387 permits CWD to divert a maximum of 15 cubic feet per second ("cfs") and limits total diversions to 10,859 acre-feet annually. This is a year-round water right for irrigation and domestic uses. Water diverted under License 1387 can be used on 4,500 acres within CWD, as further defined and shown on a map filed with the SWRCB in 1964.

b. Post-1914 Appropriative Water Right Under License 8731

CWD's License 8731 has a priority date of August 22, 1925. Under this license, CWD may divert water from the American River at the rate of 10 cfs and an annual maximum of 3,669 acre-feet. This water right has a limited season of diversion of May 1 to November 1 each year. The right permits diversions for irrigation, domestic, and municipal uses and has a place of use of 4,500 acres within CWD, as further defined and shown in a map filed by CWD with the SWRCB in 1968.

c. Post-1914 Appropriative Water Right Under Permit 7356

CWD's final water right is held under Permit 7356. The priority date of this right is March 1, 1948. Under Permit 7356, CWD is authorized to divert water from its Ranney Collector system in the American River at the maximum rate of 25 cfs. Annual diversions are limited to 18,099 acre-feet with the season of use of January 1 through December 31. Water diverted under the permit may be used for domestic and municipal uses on 4,500 acres within CWD, as further defined and shown on a map filed with the SWRCB in 1968. As will be further discussed in section 3 below, the status of Permit 7356 is unclear because the SWRCB denied the District's petition for an extension of time to complete perfecting this right in 2009, and the District has not pursue licensing the right to secure at least some portion of the right consistent with its historical use under the permit.

In total, and taking into consideration the varying seasons of diversion, purposes of use, and places of use, in normal to wet years CWD has sufficient surface water supplies to serve the demands of its customers. In fact, the District's total diversions permitted under its surface water rights exceed customer demands. This is due to several reasons, such as CWD serving a largely built-out service area and voluntary and state-mandated conservation measures reducing per-capita customer demand even with some growth in connections and population. This explains in part why CWD has been unable to perfect its right under Permit 7356.

d. Groundwater Supplies

CWD has five active wells with a total extraction capacity of 6,400 gallons per minute. CWD normally uses only four of these wells to serve customers. CWD also has additional decommissioned wells that could possibly be rehabilitated to add pumping capacity and reliability. In addition, CWD is about to begin drilling and constructing two new wells that will have aquifer, storage, and recovery ("ASR") capabilities for enhance conjunctive use. CWD also has a potentially significant limitation on pumping groundwater. This limitation results from

CWD's proximity to the Aerojet contamination plume, which limits where the District can locate new wells and how hard it can pump wells in order to avoid pulling the Aerojet plume into its pumping zone. It is thus unknown how much CWD could replace surface water with groundwater given the risks.

### 3. Limitations on Use of SSWD and CWD Water Rights and Entitlements

#### a. CWD Water Right and Supply Limitations

The greatest risk to CWD's surface water supplies result from their regulation by the SWRCB. In drought years, the SWRCB takes an active role in monitoring the natural flow in the Sacramento-San Joaquin and tributary stream system and makes determinations about the availability of natural flows for diversion by water right holders. In the past droughts, the SWRCB has curtailed CWD's diversions of surface water under its three post-1914 rights. While in some past curtailments, CWD was permitted to divert under its most senior right, in the most recent drought year, its rights were totally curtailed, requiring the District to rely on its groundwater wells and emergency purchase of supplemental surface water supplies.

A related issue is the uncertain status of Permit 7356 and the amount of water CWD may divert under it. The SWRCB's 2009 denial of CWD's petition for an extension of time was based on CWD's alleged failure to develop the right by diverting and putting the water to beneficial use in the time allowed in the permit. The SWRCB's order did not contain a characterization of the extent of CWD's use of the right up to the expiration of the time to develop it, and CWD did not at the time pursue licensing whatever amount of use could be shown under the permit. Since 2009, however, CWD has continued to divert water under this right and file annual reports with the SWRCB demonstrating water use under Permit 7356. But given the uncertainties, and assuming CWD does not pursue licensing Permit 7356 before any combination might occur, a combined district should expeditiously pursue remedying the status of Permit 7356 as soon as possible.

The other issue with CWD's rights that should be resolved is the place of use. CWD's service area totals approximately 5,000 acres, but none of its surface water rights cover the entire service area and the individual maps filed to support each right have slightly different coverage. While taken together the three water rights, together with pumped groundwater, ensure that all of CWD's service area can be legally served, the best-case scenario would be for a successor district to petition the SWRCB to amend all three surface water rights to permit use of the water anywhere within the outer boundaries of the new district's service area.

The most significant issue confronting CWD's water supply situation is the lack of reliability in drier and drought years when SWRCB curtailments of post-1914 water rights can significantly reduce or terminate surface water diversions. In such cases, CWD can be forced to purchase supplemental water supplies, if available, or impose significant emergency water conservation measures on its customers. While a combined district could ameliorate this situation because SSWD might have excess groundwater supplies available to backfill some of CWD customer demands, the amount of excess groundwater SSWD might be able to provide could be less than CWD's total need and the combined district might still need to purchase surface water supplies, if available, to satisfy all demands. As I understand it, there also are some water conveyance constraints due to elevation and capacity that might limit the ability of SSWD to push additional water supplies into CWD. In addition, CWD's construction of new ASR wells and the development of the regional water bank may resolve some of these supply risks longer-term.

b. **SSWD Water Right and Supply Limitations**

There are some limitations on the use of SSWD's groundwater supplies, although those limitations probably are more theoretical than real. The greatest hypothetical risk is SSWD groundwater pumping in excess of its assigned share of the safe yield of the basin as established by SGA and the GSP.

As discussed above in the summary of SSWD's surface water rights, its City of Sacramento entitlement is limited by the Hodge Flow Limitations, the cost of that supply, and the Area D place of use limitation. The PCWA water entitlement also is limited by the Folsom unimpaired flow limitation and Placer County use priority discussed above. But these surface supplies also have the potential to increase reliability longer-term if the regional water bank is developed and these supplies are used when available as banking water to increase supply availability and reliability in dry years through water bank withdrawals.

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 purpose of the combination is to provide cost-effective and efficient water service to customers within each district. A map that identifies regional water purveyors is attached as Exhibit 8.

d. **Employees, Suggested HR Principles (Job Status, Salaries and Benefits, Other)**

e. **Staff Efficiencies/Employee Opportunities**



**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. Perceived Benefits of a Combination**
  
- 11. Facts About the Combination Discussions**
  
- 12. Findings**
  
- 13. Recommendations**

Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

Chapter		Internal Draft	2x2 Committee	Board Meeting	Joint Board Meeting
<b>1</b>	<b>History/Background</b>				04/10/23
a.	Carmichael Water District	03/12/23	03/28/23		04/10/23
b.	Sacramento Suburban Water District	03/12/23	03/28/23		04/10/23
c.	Sacramento Regional Water Utility Collaboration Study			02/27/2023	04/10/23
d.	Business Case for a Potential Combination Study Report				04/10/23
<b>2</b>	<b>Communication and Outreach Approach</b>				
a.	Meetings, Identification of Stakeholders and Outreach Strategy	02/24/23	05/04/23		
b.	Retention of Communication Firm	12/21/22	12/21/22 05/04/23	01/26/23 – fully executed	
c.	Summary of Concerns, Opinions, and Findings from Outreach				
d.	Public Involvement Process		05/04/23		
<b>3</b>	<b>Districts – Current Structure</b>				
a.	<b>Carmichael Water District</b>				04/10/23
i.	Personnel, Organizational Structure and Chart	03/13/23	03/28/23		04/10/23
ii.	Water Rights and Well Inventory	03/13/23	03/28/23		04/10/23
iii.	Water Rate Structure				04/10/23
iv.	Human Resources, Salaries, Benefits	4/18/23	05/04/23		
v.	Finances and Budgets	03/13/23	03/28/23		04/10/23
vi.	Facilities and Equipment		03/28/23		04/10/23
vii.	Policies and Procedures	03/17/23	03/28/23		04/10/23
viii.	Communities Served		03/28/23		04/10/23
ix.	Existing Governance				04/10/23

Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

b.	<b>Sacramento Suburban Water District</b>				
i.	Personnel, Organizational Structure and Chart	03/13/23	03/28/23		04/10/23
ii.	Water Contract Rights, Well Inventory, and Fluoride	03/13/23	03/28/23 05/04/23		04/10/23
iii.	Water Rate Structure				04/10/23
iv.	Human Resources, Salaries, Benefits	4/18/23	05/04/23		
v.	Finances and Budget	03/13/23	03/28/23 05/04/23		04/10/23
vi.	Facilities and Equipment		03/28/23		04/10/23
vii.	Policies and Procedures	03/17/23	03/28/23		04/10/23
viii.	Communities Served		03/28/23		04/10/23
ix.	Existing Governance				04/10/23
<b>4</b>	<b>Model Merged District</b>				
a.	What it Could be: Discuss Advantages/Disadvantages of Irrigation District vs. County Water District	Week of 04/01/23	03/28/23 05/04/23		04/10/23
b.	How the Merged District Could be Created: Consolidation vs. Reorganization	03/13/23	03/28/23		04/10/23
c.	Statistics and Demographics: Population, Customers, Registered Voters, Geographic Service Area/Communities, Combined Water Resources/Water Availability	03/13/23	03/28/23		04/10/23
d.	Board of Directors: Interim and Long-Term	03/16/23	03/28/23		04/10/23
e.	Organizational Structure and Chart: i. General Manager and Executive Staff ii. Budget and Fiscal Cost				
f.	Integration of Software		05/04/23		
g.	Human Resources		05/04/23		

Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

h.	Financial		05/04/23		
i.	Provision of Water Service		03/28/23		04/10/23
j.	Water Rates – Short/Long Term				04/10/23
<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 Plan, Perfection of Water Rights and Groundwater		05/04/23		
b.	Residential and Business Customers, Local Governments, Rates and Debt				
c.	Impacts of Reorganization on Other Agencies	03/16/23			04/10/23
d.	Employees, Suggested HR Principles (Job Status, Salaries and Benefits, Other)				
e.	Staffing Efficiencies/Employee Opportunities				
<b>6</b>	<b>Governance – Board of Directors</b>				04/10/23
a.	Transition from 10 to 7 to 5	03/16/23	03/28/23		04/10/23
b.	Election Boundaries for Each Phase	03/16/23	03/28/23		04/10/23
c.	Options for Advisory Committees	03/16/23	03/28/23		04/10/23
<b>7</b>	<b>Lessons Learned from Arcade/Northridge Consolidation</b>	01/20/23	02/08/23		04/10/23
<b>8</b>	<b>Findings and Recommendations</b>				
a.	2x2 Recommendation to Joint Boards				
b.	Joint Board Meeting and Approval by Each Board				

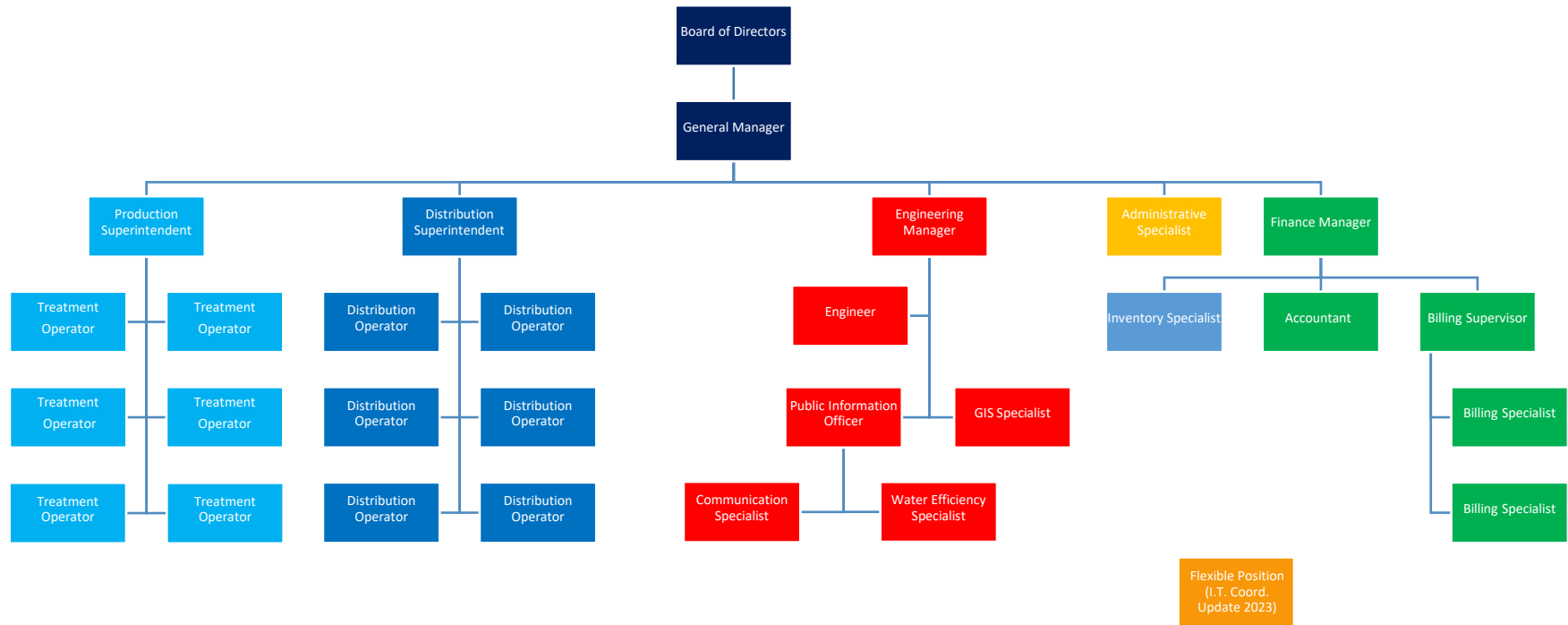


Draft Scope of Work Schedule  
Combination Discussion  
CWD and SSWD

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>Perceived Benefits of a Combination</b>				
<b>11</b>	<b>Facts about the Combination Discussions</b>				
<b>12</b>	<b>Findings</b>				
<b>13</b>	<b>Recommendations</b>				
	<a href="#">Additional Items</a>				
	<b>Functional Setup of Combined Entity</b>				
	<b>Appendices</b>				
	<b>Acronyms</b>				
Overall Report	<b>Final Report</b>				

Exhibit 1

# Carmichael Water District Organizational Structure



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

**TABLE OF CONTENTS**

**POLICY #      POLICY TITLE**

**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**

**TABLE OF CONTENTS**

<b><u>POLICY #</u></b>	<b><u>POLICY TITLE</u></b>
<b>SERIES 1000 -- GENERAL</b>	
1000	Purpose of Board Policies
1010	Executive Officer
1020	Use of District Property
<b>SERIES 2000 – HIRING AND EMPLOYMENT</b>	
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
4010	Compensation
4020	Pay Periods
4030	Performance Evaluation
4050	Employee Training, Education and Conferences
4060	Vehicle Cost Reimbursement
4070	Retirement

# **TABLE OF CONTENTS - continued**

## **POLICY #      POLICY TITLE**

### **SERIES 5000 - LEAVE**

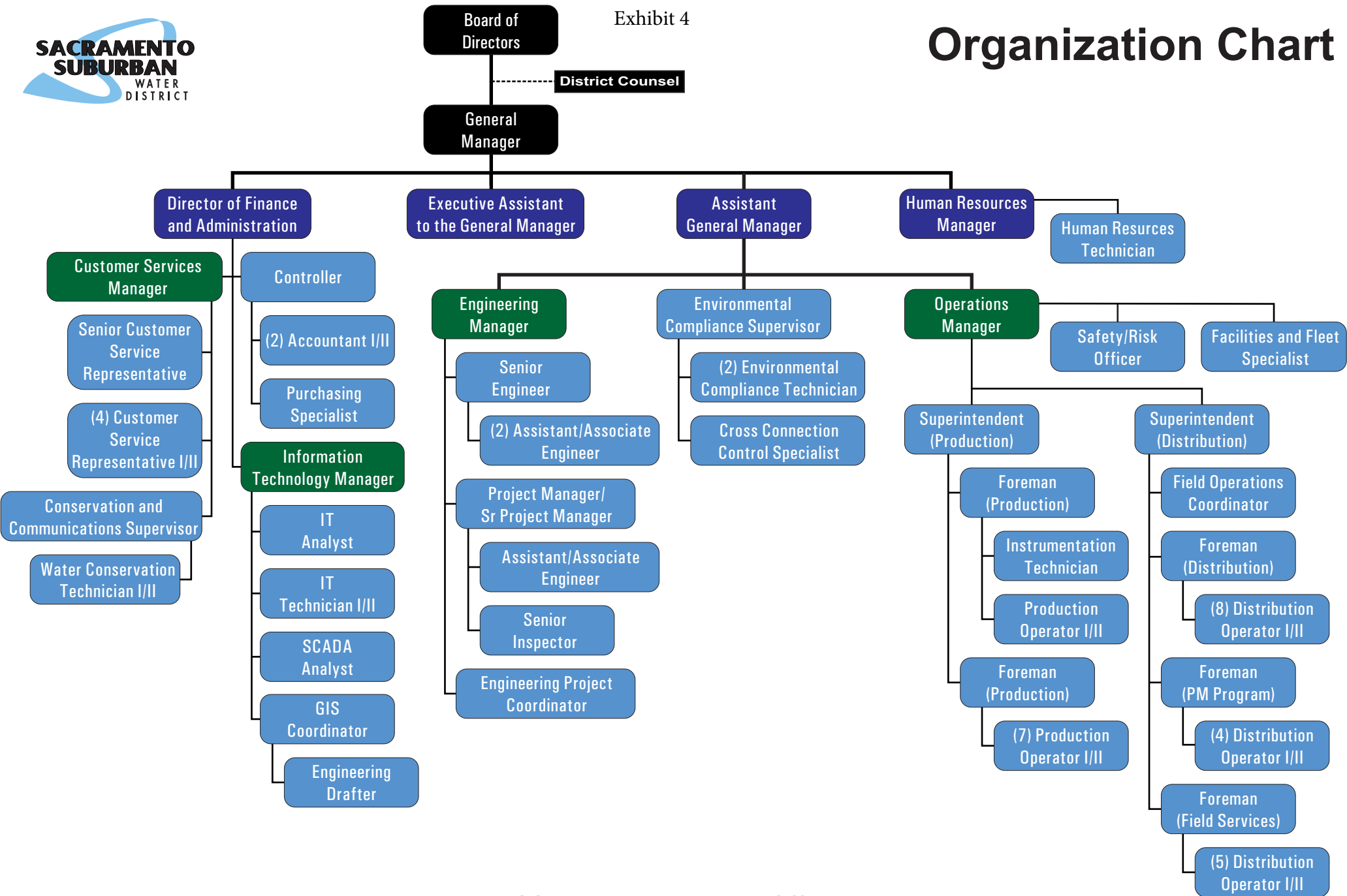
5000	Authorized Leave
5010	Unauthorized Absence
5020	Holidays
5030	Vacation
5040	Sick Leave
5041	Sick Leave – California Healthy Workplaces, Healthy Families Act of 2014

### **SERIES 6000 – HEALTH AND WELFARE**

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
6070	Code of Conduct
6080	Privacy
6090	Global Position Systems Equipment



# 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)

**Policies**  
Table of Contents

**1. Administration (PL - Adm)**

PL - Adm 001	Regulations Governing Water Service (bound separately)
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)**

PL - Eng 001	Improvement Standards and Technical Specifications
PL - Eng 002	Public Works Contracting Policy
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
PL - Fin 005	Procurement Policy
PL - Fin 006	Purchasing Card Policy
PL - Fin 007	Unclaimed Funds Policy
PL - Fin 008	Impaired Capital Asset Policy
PL - Fin 009	Water Service Charges and Rate Setting Policy
PL - Fin 010	Capacity Fee Setting Policy
PL - Fin 011	Debt Management Policy
PL - Fin 012	Budget Policy
PL - Fin 013	Debt Obligation Disclosure Policy

#### **5. Human Resources (PL - HR)**

PL - HR 001	Employment Rules and Procedures Policy
PL - HR 002	Employee Compensation Policy
PL - HR 003	Employee Performance Evaluation, Merit and COLA Policy
PL - HR 004	Training and Career Development Policy
<del>PL - HR 005</del>	<del>Employee Recognition and Retention Expense Policy</del>
PL - HR 006	Driver Record and Insurance Review Policy
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
- PL – HR 014 Reasonable Accommodations and Interactive Process Policy

**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
- PL - IT 004 Technology Maintenance, Security, Protection and Recovery Policy
- PL - IT 005 Technology Use Policy

**7. Customer Service (PL - CS)**

- PL – CS 001 Disconnection of Residential Water Service Policy

**Procedures**  
**Table of Contents**

**1. Administration (PR - Adm)**

PR - Adm 001	Public Records Request Procedure
PR - Adm 002	Declaring and Disposal of Real Property, Vehicles, Equipment and Personal Property Procedure
PR - Adm 003	Marconi Administration Building Security Procedure
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
PR - Adm 008	Claims Processing Procedure
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
- PR – CS 005 Billing Rate Update Procedure
- 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
- PR - HR 014 Employment Rules Procedure

**7. Information Technology (PR - IT)**

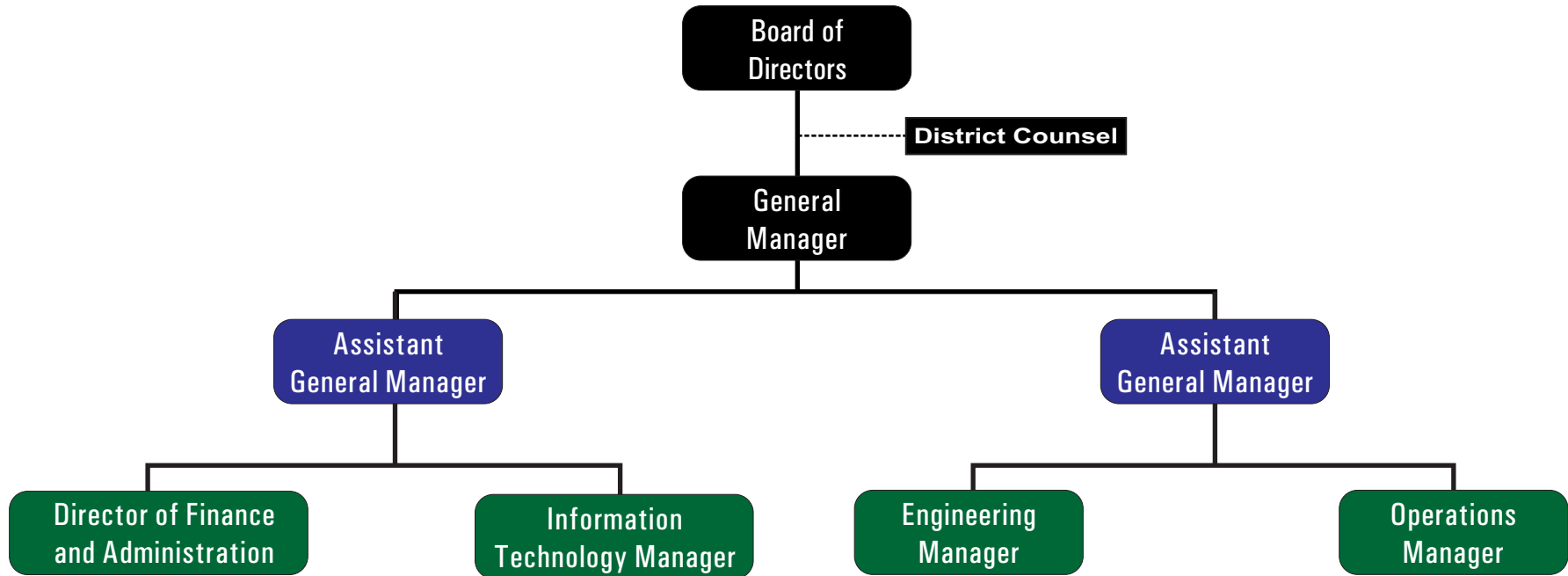
- PR - IT 001 District Electronic Facility Safety Procedure
- PR - IT 002 Electronic Mail Management and Retention Procedure
- PR - IT 003 Information Technology/Disaster Recovery Procedure
- PR - IT 004 Water Facility Data Update Procedure
- PR - IT 005 Social Media Procedure

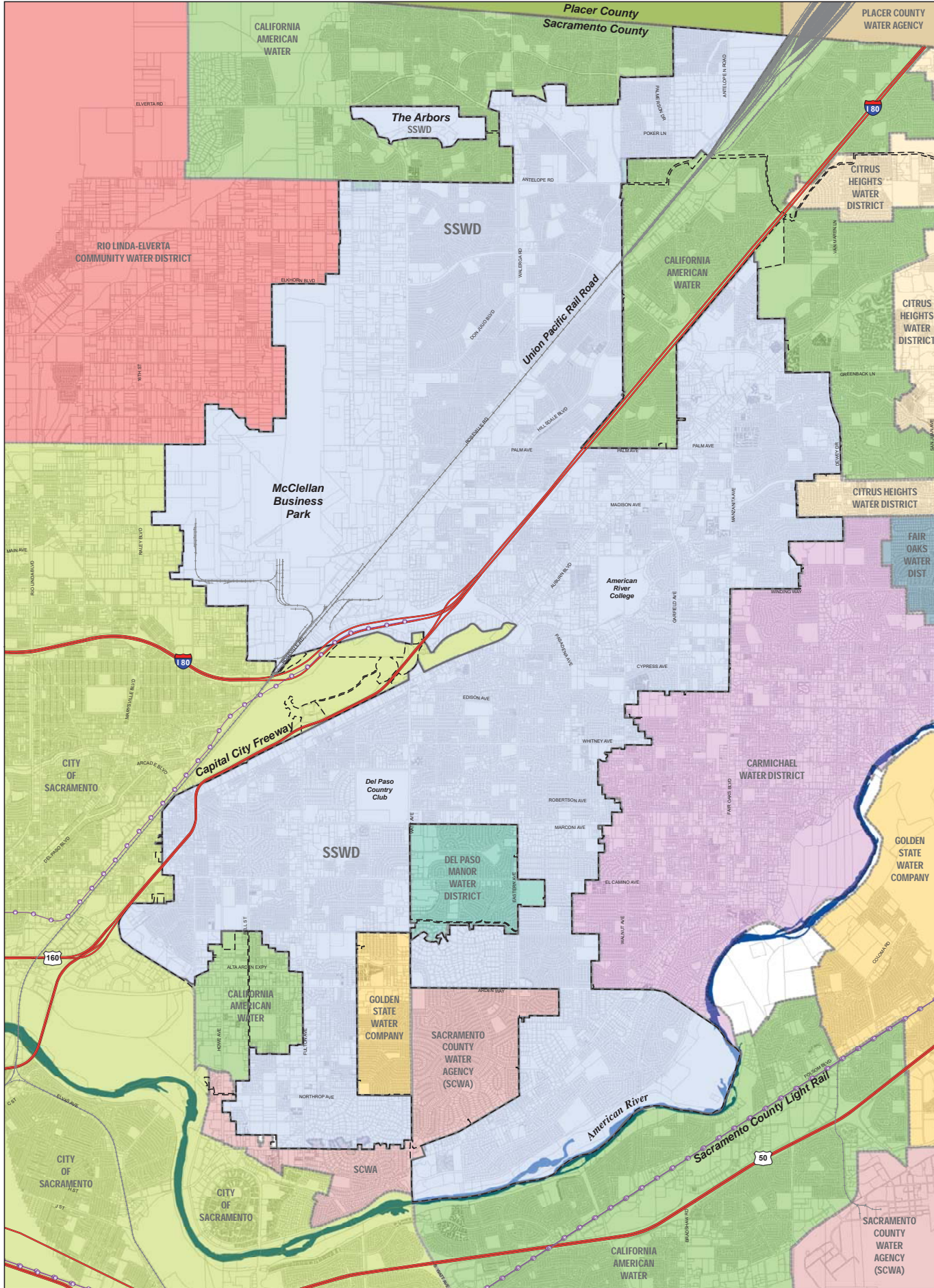
**8. Operations and Maintenance (PR - O&M)**

- PR - O&M 001 Standby Procedure
- PR - O&M 002 Protective Footwear Program Procedure
- PR - O&M 003 Temporary Traffic Control Procedure
- PR - O&M 004 Parking and Backing a District Vehicle Procedure
- PR - O&M 005 Out of Service Public/Private Fire Hydrant Procedure
- PR - O&M 006 Disposal of Scrap Metal and Securing New Brass/Copper Materials Procedure
- PR - O&M 007 Chain of Custody Procedure
- PR - O&M 008 Heat Illness Prevention Procedure

- PR - O&M 009 Easement Access Procedure
- PR - O&M 010 Fire Hydrant Flushing Procedure
- PR - O&M 011 Wildfire Smoke Protection Procedure
- PR - O&M 012 Confined Space Procedure
- PR - O&M 013 Employee Emergency Action Plan Procedure
- PR - O&M 014 Hazard Recognition Program Procedure
- PR - O&M 015 Lockout/Tagout Procedure
- 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

# Organization Chart





- Legend**
- Highways/Freeways
  - Light Rail
  - Union Pacific Rail Road



## Regional Water Purveyors

Exhibit 8



Prepared by: JWS, SSWD  
 Date: February 5, 2019  
 File: District Service Area Poster.mxd

## Agenda Item: 3

**Date:** May 4, 2023

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

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

### **Recommended Committee Action:**

Receive an update on the Communications Plan's outreach materials, upcoming public outreach efforts, and direct staff as appropriate.

### **Background:**

The Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Boards approved the Communications Plan materials at the April 10, 2023, CWD SSWD Joint Board meeting. Direction was also provided to staff to continue final materials for public consumption for stakeholder outreach and public meetings.

### **Discussion:**

Below are status updates on the communications plan outreach items:

### **Outreach Materials:**

- Created fact sheets to communicate with the public about outreach milestones and combination discussions, including:
  - **Road map/milestones for the outreach process:** *Outlines the steps and overall approach for the public outreach/engagement process (final) Attachment 1.*
  - **Fact Sheet on Pros and Cons:** *Highlights perceived advantages and disadvantages to combination (final) Attachment 2.*
  - **Exploration One-Pager:** *Provides a one-page document highlighting the opportunities, process, and ways to learn more (final) Attachment 3.*
  - **Postcard for the public information session:** *Invites the public to an information session to learn about combination discussions and the findings of the initial study, ask questions and provide input (final) Attachment 4.*
  - **Fact Sheet on the Combination:** *Provides an overview of why the districts are discussing combination, activities to date and how the public can learn more (in design)*
  - **Fact Sheet on CWD/SSWD Report Findings:** *Provides an overview of the initial study findings and seeks to anticipate/answer likely questions (in design)*
- Created comprehensive CWD-SSWD stakeholder list for outreach to elected officials, business groups, neighboring and partnering water providers, homeowners associations and others. (See Attachment 5)
- Additional materials include: Key messages (external and internal audiences), comment and question tracking sheet (external and internal audiences) and a PPT design template



## **Upcoming Outreach: Both Carmichael Water District and Sacramento Suburban Water District**

### Public Information Workshops:

The public information workshops are to present the findings of the Business Case for a Potential Combination Study Report, further analysis to be conducted jointly by both districts, and steps for approval. The public information workshops are also intended to gather information and address any concerns from the public.

### Workshops Scheduled:

- Carmichael Water District: Thursday, June 15, 2023, at 6:30 p.m.
- Sacramento Suburban Water District: Wednesday, June 21, 2023, at 6:30 p.m.

### Planned Outreach Activities:

- Direct mail postcard target mail dates: CWD by 5/22, and SSWD by 5/29
- Outreach to prioritized stakeholders on list to begin in May
- Workshop preparation: Materials (approved fact sheets) are in design with a goal of finalizing by the end of May
- Outreach via existing CWD and SSWD communication channels, including websites, bill inserts bill messages, etc. in May and June
- News media outreach (press release) in May and June
- Digital Advertising (Facebook and news/weather sites via the Google Display Network) in late May through workshop dates
- Social media monitoring (ongoing) and outreach in late May through workshop dates
- Print advertising (Carmichael Times) planned for early June

## **Additional Outreach: Sacramento Suburban Water District**

### External Communications

- Website updated/link added to home page—central location for all audiences to find information
- Included in fall 2022 newsletter mailed September 15, 2022
- Slide included at the monitor during Open House on October 6, 2022
- Direct mail postcard with QR code mailed to 45,000 SSWD customers (property owners) received on/about October 7, 2022
- Advertising on Facebook and the Google Display Network began the week of October 10, 2022 and ended on October 30<sup>th</sup> on Facebook and on November 10<sup>th</sup> on the Google Display Network.
- Included in bill inserts for October and November 2022
- Slide included on the Customer Service monitor PowerPoint starting in October 2022
- SSWD posted to Facebook page on October 13, 2022
- Outreach to SSWD stakeholders with postcard distributed electronically on/about October 20, 2022

### SSWD Staff Outreach

- All Hands Meeting/staff update on study on July 20, 2022, and August 17, 2022
- Internal information hub for information and questions created/Dan emailed link to staff on September 15, 2022
- All Hands Meeting/staff update on study and internal hub/answer questions on September 21, 2022
- Internal key messages and Frequently Asked Questions provided to SSWD staff and Board members
- Update at Managers Meeting with distribution of key messages on October 18, 2022
- Email from the GM to SSWD team, inviting questions and providing link to key messages and FAQs on October 19, 2022
- All Hands Meeting/staff update on study on March 1, 2023

### **Additional Outreach: Carmichael Water District**

#### External Communications

- Website updated/link added to home page—central location for all audiences to find information
- Article in May 2023 bill insert

#### CWD Staff Outreach

- All Hands Meeting/staff update on study and Q&A with GM – October 14, 2022
- The SSWD General Manager attended a Carmichael Water District staff meeting to discuss his experience with consolidations on October 31, 2022
- All Hands Meeting/staff update and Q&A with two CWD Board of Directors – April 21, 2023

### **Fiscal Impact:**

The estimated cost for the Public Outreach is not to exceed \$20,000, which will be split 50/50 between CWD and SSWD.

### **Attachments:**

1. Road map/milestones for the outreach process
2. Fact Sheet on Pros and Cons
3. Exploration One-Pager
4. Postcard for the public information session
5. Stakeholders List



# 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.

## FACTSHEET

# 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.

**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 different areas of strengths and expertise and combining the two entities could provide efficiencies if resources are used strategically.
- **Greater Water Resource Sharing and Utilization:** CWD possesses numerous surface water supplies and groundwater wells. CWD also has access to additional surface water supplies that it has not yet fully activated. SSWD obtains its water supplies from groundwater extraction and surface water supplies delivered under contracts with neighboring water agencies. All of these supplies could be integrated to maximize benefit for both districts through a combination effort.
- **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.

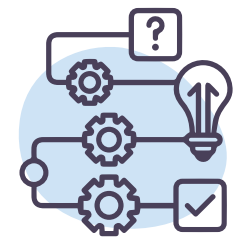


- **Higher levels of customer service**, allowing more specialization of staff, greater levels of scale efficiency, and perhaps new or expanded services.
- **More rate and financial stability** with a larger and more stable supply of water resources, a broader customer base, and an improved ability to address changes in operating conditions brought on by water resource challenges, staffing shortages, and inflation.
- **Upward mobility for staff** at a larger organization will create more opportunities for staff increasing staff retention and attracting a wider base of potential candidates.
- **Transparent and well preceded process** with LAFCo and SSWD history of success.



## 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.



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.





## 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 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 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 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. 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
- 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

Wednesday, June 21, 2023,  
at 6:30 p.m.



## Attachment 4

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 Water District.

*See next side for details.*



3701 Marconi Ave #100  
Sacramento, CA 95821

## PUBLIC INFORMATION WORKSHOP

WEDNESDAY, JUNE 21, 2023, AT 6:30 P.M.

Sacramento Suburban Water District Boardroom  
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.



# YOU'RE INVITED!

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

Thursday, June 15, 2023,  
at 6:30 p.m.



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 Carmichael Water District.

*See next side for details.*



7837 Fair Oaks Blvd  
Carmichael, CA 95608

## PUBLIC INFORMATION WORKSHOP

**THURSDAY, JUNE 15, 2023, AT 6:30 P.M.**

**Carmichael Water District Boardroom**

**7837 Fair Oaks Blvd.**

**Carmichael, CA 95608**

*A virtual option will also be available*

Visit [carmichaelwd.org](http://carmichaelwd.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) 483-2452  
[mail@carmichaelwd.org](mailto:mail@carmichaelwd.org)  
[carmichaelwd.org](http://carmichaelwd.org)

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

**Sacramento Suburban Water District-Carmichael Water District  
Stakeholder Database Overview  
As of May 1, 2023**

The SSWD-CWD Stakeholder Database includes the stakeholders below as potentially having an interest in discussions about combination. Many represent the SSWD and CWD service areas and/or neighboring communities and/or have an interest in water issues. (List of local and regional news media is separate.)

**Elected Officials-Commissions**

- Sacramento County—Supervisors (and their chiefs of staff), the County Executive plus Water Agency management
- City of Sacramento—Mayor, Councilmembers and City Manager (and their chiefs of staff) plus the Utilities Director
- City of Citrus Heights—Mayor, Councilmembers and City Manager
- SMUD—Board of Directors and CEO/General Manager
- Assembly members (and their chiefs of staff) that represent SSWD and CWD areas
- State senators (and their chiefs of staff) that represents the SSWD and CWD areas
- Congressional representatives (and their chiefs of staff) that represent SSWD and CWD areas

**Influencer, Business and Community Groups**

- Regional and local chambers of commerce
- Sacramento Association of Realtors
- Sacramento County Farm Bureau
- Carmichael Business Improvement District
- Kiwanis Club of Carmichael
- Rotary Club of Carmichael
- Carmichael Elks Lodge

**Significant Water Users**

- Park and Recreation districts
- School districts
- Hospitals
- Fire districts
- McClellan Park

**Taxpayer and Advocacy Groups**

- Eye on Sacramento
- Howard Jarvis Taxpayers Association
- Sacramento Taxpayer Association/Taxpayer Advocate
- ProSmallBiz CA
- Advocates for Arden Arcade
- Taxpayers' Advocate
- California Alliance of Taxpayer Advocates

## Neighborhood and Homeowner's Associations

### SSWD

- Allante Walnut Place Homeowners Association
- Arden Oaks Estates Homeowners Association
- Beverly Heights Homeowners Association
- Bohemian Village Homeowners Association
- Brentwood Estates Condominiums Homeowners Association
- Brentwood Place Homeowners Association
- Camelot Townhomes Homeowners Association
- Cameron Ranch Homeowners Association
- Carro Village Owners Association
- Cottage Park Neighborhood Association
- Eastern Gardens Cooperative, Inc
- Eskaton Clearlake Oaks Manor
- Evergreen Commons Homeowners Assoc
- Exeter Square Homeowners Association
- Fulton Avenue Improvement Association
- Gerle Creek Summer Home Tract Association
- Greenfarms Estates Homeowners Association
- Hackberry Estates Homeowners Association
- Hillsdale Oaks Homeowners Association
- Hillsvilla Homeowners Association
- Mission Oaks North Homeowners Association
- Palisade Homeowners Association
- Pape Place Association
- Park Oaks Neighborhood Association (Area 5)
- Park Place South Homeowners Assc.
- President Abraham Lincoln Manor et. Al
- Rivara Circle Condo Association
- River College Square Association
- Riviera Townhomes Owners Association
- Royal Heights Townhouse Homeowners Association
- Sacramento County Morse Glen Homeowners Association
- Shady Creek Homeowners Association
- Shakewood Park Homeowners Association
- Shasta Manor Homeowners Association
- Sierra Meadows of Sacramento
- Sierra Mills Homeowners Association
- Sierra Oaks Neighborhood Association
- Sierra Oaks Vista Homeowners
- Sierra Park Vista Homeowners Association

- South Park Townhouse Homeowners Association
- Sportland Courts Homeowners Association
- Sudbury Place Homeowners Association
- Sun Shadows Homeowners Association
- Sunset Village Homeowners Association
- Tapestry Greens Homeowners Association
- Timberlake Homeowners Association
- Tributary Point Homeowners Association
- Verner Oaks Townhouses Homeowners Association
- Vista Del Verde Homeowners Association
- Walnut Trees Homeowners Association
- Windsong Planned Development Homeowners
- Woodside Homeowners Association
- Woodside Pointe Condo Association

#### **CWD**

- American River East Ranch Homeowners Association
- Ashwood Park Homeowners Association
- Barrett Hills Neighborhood Association
- Carmichael Canterbury Village Owners Association
- Carmichael Colony Neighborhood Association
- Carmichael Creek Neighborhood Association
- Carmichael Hidden Oak Homeowners Association
- Carmichael Whispering Oaks Homeowners Association
- Cody Water Association
- Deterding Ranch Estates Homeowners Association
- Fountaindale Homeowners Association
- Grantwood Estates Homeowners Association
- Laguna Pointe Homeowners Association
- Retreat Owners Association
- Sunwood Homeowners Association
- Woodridge Homeowners Association

#### **Environmental Groups—*Notified through Water Forum disclosures***

- Save the American River Association
- ECOS
- Friends of the River
- Sierra Club Mother Lode Chapter

**Water Provided Elected Boards of Directors and General Managers (Neighboring and Partnering Organizations) —Notified through the Regional Water Authority**

- City of Sacramento
- Del Paso Manor
- Fair Oaks Water District
- San Juan Water District
- Placer County Water Agency
- Rio Linda CWD
- Citrus Heights Water District
- California American Water
- Sacramento County Water Agency

## Agenda Item: 4

**Date:** May 4, 2023

**Subject:** Consultant Services

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

### **Recommended Committee Action:**

Discuss Scope of Work Proposed by Strategy Driver Inc., which will partner the facilitation services effort with Jennifer Persike and Company, and authorize staff to entering into a consultant contract with Strategy Drive Inc., in the amount not to exceed \$75,000.

### **Discussion:**

Per direction from the Carmichael Water District (CWD) and Sacramento Suburban Water District Board of Directors at the April 10, 2023 Joint Board Meeting, staff requested a proposal and Scope of Work from Strategy Driver Inc., and Jennifer Persike and Company, to facilitate future CWD and SSWD Combination Discussions to ensure all Directors' questions, comments, and concerns are addressed, identify risks and opportunities, assist in prioritizing issues, and allow staff to better evaluate process for desired outcomes, and allow staff to utilize resources efficiently. Based on the consultant's strengths and familiarity with the districts, the consultants have jointly proposed a the attached Scope of Work to assist in this Combination Discussion. The Scope of Work includes the following tasks:

- Task 1: Project Management & Coordination – including meetings with staff and attending 2x2 Committee meetings
- Task 2: Assess Desired Outcomes from Process Stakeholders – including stakeholder interviews
- Task 3: Facilitate (4) Joint Board Meetings and (2) Public Workshops
- Task 4: Implementation of next steps – including reviewing governance analysis and prioritize next steps

The level of effort is for the above Scope of Work is \$69,750, based on time and materials. As such, staff recommends a 7.5% contingency for a total not-to-exceed total contract amount of \$75,000 to accommodate the changes due to the potential long contractual period for the Combination Discussion.

### **Fiscal Impact:**

The not-to-exceed contract amount of \$75,000 will be split 50/50 between CWD and SSWD. SSWD will be the lead and invoice appropriately.

### **Attachments:**

1. Consultant Agreement



**STRATEGY DRIVER INC**  
7015 Elverton Drive, Oakland, CA 94611  
T 510 316 9657 www.strategydriver.com

## Consultant Agreement

Agreement made as of the 2nd day of March 2023 by and between Sacramento Suburban Water District hereinafter referred to as the **Client**, and Ms. Ellen Cross, of **Strategy Driver, Inc.**, hereinafter referred to as the **Consultant**.

WHEREAS, Client desires to obtain the services of the Consultant as a private business consultant to Client; and

WHEREAS, the Consultant desires to provide consulting services to Client;

NOW, THEREFORE, in consideration of the premises aforesaid and the covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. The Consultant agrees that she will make her services available to Client for advice, consultation and other purposes mutually agreed upon.

During the period of this Agreement, Client will not guarantee the Consultant any minimum number of days, nor will the Consultant be required to guarantee her availability for any specific number of days. It is understood that the Consultant's services will be on an "as required" and "as available" basis. The Consultant must obtain specific approval of services, expenses, and direction from **Mr. Dan York**, in writing via letter or email, prior to providing services to Client. Mr. York will be responsible to approve Consultant invoices on a task order basis. This contract authorizes a not-to-exceed amount of **\$75,000.00**. Task orders will be authorized through separate work authorizations as attached.

- a) The Consultant agrees that she will make her services available to Client for advice, consultation and other purposes mutually agreed upon.
- b) Client agrees to pay the Consultant for her professional services required during the period of this Agreement at a rate of **\$310 per hour**. Consultant will provide her own benefits and insurance consistent with the work being provided and laws applicable and will not rely on the Client for said coverages or costs. Mileage will be reimbursed at IRS rates. Out of pocket expenses will be reimbursed at cost.





- c) Consultant is an independent consultant, not Client's employee. Consultant's employees or subcontractors are not Client's employees. Consultant has the sole right to control and direct the means, manner, and method by which the services required by this agreement will be performed.
- d) Payment for the Consultant's services shall be made within 30 days of receipt and approval of Consultant's invoice to Client for services performed and reimbursable expenses incurred in the preceding billing period. Reimbursable expenses will be itemized and include copies of receipts and other cost-support data required for Client's approval and Internal Revenue purposes.
- e) The Consultant agrees that the Client can use her name and biodata with the Consultant's advance knowledge and approval.
- f) The Consultant shall not disclose any confidential information relating to Client, to any third party without specific written permission of Client.

The parties agree that during the term of this Agreement, the Consultant may engage in consulting activities with other clients without prior approval of the Client.

- 2. This Agreement shall expire **on March 2, 2024** unless extended as the parties hereto agree in writing. The initial contract amount is limited to **\$75,000.00**.
- 3. The effective date of this Agreement is **March 2, 2023**.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the 2nd of March 2023.

\_\_\_\_\_  
Ellen M Cross, President  
Strategy Driver, Inc.  
7015 Elverton Drive  
Oakland, CA 94611  
(510) 316 9657

\_\_\_\_\_  
Dan York, General Manager  
Sacramento Suburban Water District  
3701 Marconi Avenue  
Sacramento, CA 95821  
(916) 679-3973



## SCOPE OF WORK

**Strategic Communications and Organizational Support Services:** Consultant will facilitate Sacramento Suburban Water District and Carmichael Water District to envision a jointly integrated Vision & Why Framework of two merged organizations.

The Framework will effectively communicate the merged organizations Vision and Why and the multi-benefits the re-established joint agencies will create for rate payers, employees, the Board and other critical stakeholders.

Objectives of the scope of work will be determined jointly with the Client, however, generally facilitated meetings will address:

- Exploration of each organizations **“Why” or Mission** that can provide additional value to stakeholders if missions were co-created into one organization.
- Create an expectation of an **“Envisioned Future”** if the organizations merged on how the **Vision and Values** would create greater benefit.
- Consider how the merged organization can more effectively work to achieve joint **Goals and Priority Objectives**.
  - How would new co-created goals, based on existing goals be optimized or reduce risk?
  - How would the **Business & Operations (B&O)** goals change?
    - What financial benefits would occur?
    - What financial liabilities would increase?
    - How could they be leveraged and mitigated?
    - What economies of scale would be created?
    - How would a joint financial strategy improve (competitive edge for grants? Bonds, Financing, Loans)
  - How would the **Services & Products (S&P)** be delivered more effectively?
    - What S&P would be redundant or provide necessary depth and expansion?
  - How would combined and integrated **Human Resources (HR)** serve the merged organization to create a more Sustainable Organization?
    - Where are the redundancies that would create benefit to the bottom line?
    - How would greater bench of depth or resources plan for future needs?
    - How would key positions be impacted?
    - What do new salaries / benefits look like when reviewing comparable positions
  - How would the merged organization’s **Stakeholders** benefit or be impacted?
    - Rate Payers
    - Staff
    - Board
    - Consultants
    - The Public
    - Professional Organizations



- Resource Agencies (RWQCB, State Board, DWR, etc.)

The Vision & Why Framework will

- Create a Shared Mission, Vision and Values that can be communicated internally and externally
- Create new Goals that would be mutually beneficial
- Create an understanding of the opportunities that can be leveraged for the mutual benefit and mitigations to potential challenges.

Tasks for further discussion and refinement include:

Estimated costs for the anticipated Scope of Work are on Times and Materials basis of \$310/hour for an estimated not to exceed cost of \$75,000.00 with estimated hours presented below. Please note that we can work together to refine and finalize the presented Scope of Work and Estimated Hours to reflect the Client’s requested scope of services:

TASK	ESTIMATED HOURS \$310/Hour
<b>Task 1: Project Management &amp; Coordination</b>	
<ul style="list-style-type: none"> <li>▪ Weekly Alignment Meetings with Executive Committee/General Managers ( 20 Meetings through August 2023)               <ul style="list-style-type: none"> <li>○ Develop Weekly Agenda</li> <li>○ Update Master Schedule</li> <li>○ Update Task List Status</li> </ul> </li> </ul> <p>*Remote Meetings by Teams            *May reduce depending on level of effort (e.g. ½ hour meetings vs 1 hr. meetings)</p>	(50) \$15,500.00
<ul style="list-style-type: none"> <li>▪ Meetings with 4x4 from both agencies to align approach (once/month for 2 hrs. through August 2023)               <ul style="list-style-type: none"> <li>○ Progress Review</li> <li>○ Input to Data</li> </ul> </li> </ul>	(10) \$3,100.00
<ul style="list-style-type: none"> <li>▪ Background review of work to date and supporting documents               <ul style="list-style-type: none"> <li>○ Raftelis Business Case</li> <li>○ Analysis</li> </ul> </li> </ul>	(20) \$6,200.00
<ul style="list-style-type: none"> <li>▪ Develop a Master Schedule for Pre-LAFCo work; LAFCo duration and Post LAFCo</li> </ul> <p>*Work with Agencies’ staff for schedule graphics</p>	(8) \$2,480.00
<b>Task 1 Subtotal</b>	<b>(88) \$27,280</b>
<b>Task 2: Assess Desired Outcomes from Process Stakeholders</b>	
<ul style="list-style-type: none"> <li>▪ Meet with General Managers/Executive Team/4X4 to develop scope Expectations + Approach</li> </ul>	4 (\$1,240.00)



▪ Prepare Interview Questions	4 (\$1,240.00)
▪ Interview 10 Initial Key Stakeholders and Consolidate Responses	20 (\$6,200.00)
<b>Task 2 Subtotal</b>	<b>(28) \$8,680.00</b>
<b>Task 3: Facilitate (4) Joint Board and (2) Public Workshops</b>	
▪ Develop <u>four</u> Board Workshops Agenda *Agencies' Staff will distribute agendas and assist in materials development as needed	(12) \$3,720.00
▪ Facilitate <u>four</u> 3 Hour Joint Board meetings and notate outcomes *In Person Travel Required	(20) \$6,200.00
▪ Develop <u>two</u> Joint Public Workshops Agenda *Agencies' Staff will distribute agendas and assist in materials development as needed	(6) \$1,860.00
▪ Facilitate <u>two</u> 3 Hour Joint Public Meetings and notate outcomes *In Person Travel Required	(10) \$3,100.00
▪ Update Governance Analysis with Input from Joint Board and Public Workshops *Level of Effort will vary depending on outcome	(8) \$2,480.00
<b>Task 3 Subtotal</b>	<b>(56) \$17,360.00</b>
<b>Task 4 Implementation of Next Steps</b>	
▪ Follow up to 6 Workshop with Water Agencies to: <ul style="list-style-type: none"> <li>○ Review Governance Analysis</li> <li>○ Update Governance Analysis</li> <li>○ Prioritize Next Steps</li> </ul> *Level of Effort will vary depending on Workshop Input	(20) (\$6,200.00)
▪ Other Prioritized Actions per Concurrence with Client	TBD
<b>Task 4 Subtotal</b>	<b>(20) \$6,200.00</b>
<b>Total Estimated Costs for Tasks 1-4</b>	<b>(192) \$59,520.00</b>
<ul style="list-style-type: none"> <li>• Includes a rough estimate for Task 4 (dependent on outcomes from 6 Workshops)</li> <li>• Reimbursable expenses not included.</li> <li>• Travel not included as estimated below.</li> </ul>	
<b>Travel Time for 6 Workshops and 5 Monthly Meetings with 4x4</b>	<b>(33) \$10,230.00</b>
<b>GRAND TOTAL</b>	<b>\$69,750.00</b>



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DRAFT