



Agenda

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

3701 Marconi Avenue
Sacramento, CA 95821

Tuesday, July 11, 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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Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/84555745262?pwd=SXhhb1NMVGJRSEgvaklhUnk5TWWhSUT09>

Meeting ID: 845 5574 5262

Password: 845538

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Please mute your line.

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

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

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

Call to Order

Roll Call

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. **Draft Minutes of the June 8, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**
Recommendation: Approve the Draft Minutes of the June 8, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Items for Discussion and/or Action

2. **Combination Discussions – Communications Plan Update**
Recommendation: Provide direction and support to staff on one of the following recommendations to the respective Boards: the public outreach efforts to date are sufficient and continue with proposed communications plan efforts, or the public outreach efforts to date are not sufficient and additional public outreach is necessary.
3. **Communications Plan Consulting Contract Amendment**
Recommendation: Direct staff to request a contract amendment to In-Communications, in the amount of \$15,000, to the Carmichael Water District and Sacramento Suburban Water District Board of Directors for services related to the public outreach efforts for the Combination Discussions.

4. **Draft Combination Discussion Process and Timeline**
Recommendation: Receive presentation and provide direction on the Draft Combination Discussion Process and Timeline to be presented for approval at the July 2023 Carmichael Water District and Sacramento Suburban Water District regular Board meetings.

5. **Carmichael Water District / Sacramento Suburban Water District Financial and Debt Comparison**
Recommendation: Receive presentation on financial and debt comparisons and recommendation to apply the information in the Technical Analysis Report.

6. **Carmichael Water District / Sacramento Suburban Water District Rate Comparison**
Recommendation: Receive presentation on comparison of rate structures and recommendation to apply the information in the Technical Analysis Report.

7. **Powers of Authority for Water Agencies**
Recommendation: Direct legal counsel to provide a summary of powers and authority for which public water agencies can provide additional services other than potable water service.

8. **Municipal Services Review Update**
Recommendation: Receive an update on the status of Carmichael Water District and Sacramento Suburban Water District's Municipal Services Review and Sphere of Influence.

9. **Public Comment**

Adjournment

I certify that the foregoing agenda for the July 11, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Committee was posted by July 7, 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.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 1

Date: July 11, 2023

Subject: Draft Minutes of the June 8, 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 June 8, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes of the June 8, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.



Minutes

Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting June 8, 2023

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #813 3672 9624

Call to Order – Videoconference/Audioconference Meeting

CWD Director Mark Emmerson (Chair Emmerson) called the meeting to order at 3:01 p.m. Director Nelson was not present at the time to chair the meeting.

SSWD Directors

Present: Dave Jones and Craig Locke.

SSWD Directors

Absent: None.

CWD Directors

Present: Jeff Nelson (joined the meeting at 3:34 p.m.) and Mark Emmerson.

CWD Directors

Absent: None.

SSWD Staff Present: Sacramento Suburban Water District (SSWD) General Manager Dan York (SSWD GM York), Matt Underwood, Greg Bundesen, Jeff Ott, and Heather Hernandez-Fort.

CWD Staff Present: Carmichael Water District (CWD) General Manager Cathy Lee (CWD GM Lee), and Debbie Martin.

Public Present: Legal Counsel Josh Horowitz, William Eubanks, Ellen Cross, Jennifer Persike, Christine Kohn, Kevin Thomas, Greg Zlotnick, Jose Henriquez, Ron Davis, Kyler Raydel, Jay Boatwright, Ron Greenwood, and Cody Brown.

Public Comment

None.

Consent Items

1. **Minutes of the May 4, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**

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

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

Items for Discussion and/or Action

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

SSWD GM York presented the staff report and PowerPoint presentation, reviewed the steps and process going forward, and answered clarifying questions.

Chair Emmerson inquired if there was to be an election, if it would be a vote of the registered voters, or landowners.

Jose Henriquez (Mr. Henriquez), Executive Officer of LAFCo, answered that it would be a vote of the registered voters.

William Eubanks (Mr. Eubanks) asked clarifying questions about procedures during the public information workshops, as well as the LAFCo process and timeline for combination.

Mr. Henriquez explained the LAFCo process for a combination of two agencies.

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

SSWD GM York presented the staff report.

CWD Director Nelson joined the meeting at 3:34 p.m.

Christine Kohn provided a verbal update of the public outreach status.

CWD Director Nelson inquired if Directors were able to attend each of the Public Information Workshops.

Josh Horowitz (Mr. Horowitz) legal counsel, expressed that the Directors were allowed to attend the Public Information Workshops, noting the Directors of the opposite agency should be mindful not to commit Brown Act violations.

4. **Carmichael Water District and Sacramento Suburban Water District Board of Directors Interviews**

SSWD GM York presented the staff report and introduced Ellen Cross with Strategy Driver, and Jennifer Persike with Jennifer Persike and Company, who presented the PowerPoint presentation of an overview of the interviews with the Directors.

Chair Emmerson pointed out that there were collaborative projects, combining staff resources, and cooperative efforts that the two districts could engage with currently, while the LAFCo process was in process. He further suggested the two districts consider a resolution to engage in cooperative efforts now.

Mr. Horowitz agreed that the two districts could work together on a joint resolution to set direction and currently work on collaborative projects.

SSWD GM York supported the suggestion, further suggesting it could be beneficial to begin with combining the staff of both agencies at a more informal gathering to meet and network together.

Mr. Eubanks asked clarifying questions.

5. **Rate Comparison Analysis Update**

SSWD GM York introduced Jeff Ott who presented the staff report and answered clarifying questions.

Mr. Eubanks asked clarifying questions.

6. **Setting Future Meetings of the 2x2 Committee**

SSWD GM York presented the staff report.

Due to Committee member scheduling conflicts, the Committee agreed to reschedule the August 14, 2023, meeting to August 9, 2023, at 3:00 p.m.

7. **Public Comment**

None.

Adjournment

Chair Emmerson adjourned the meeting at 4:28 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 2

Date: July 11, 2023

Subject: Combination Discussions – Communications Plan Update

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

Recommended Committee Action:

Provide direction and support to staff on one of the following recommendations to the respective Boards:

1. The public outreach efforts to date are sufficient and continue with proposed communications plan efforts.
2. The public outreach efforts to date are not sufficient and additional public outreach is necessary.

Discussion:

The Communications Plan outreach efforts have continued as planned. The Public Information Workshops (Workshop) were held at Carmichael Water District (CWD) on Thursday, June 15, 2023, and at Sacramento Suburban Water District (SSWD) on Wednesday, June 21, 2023.

At the CWD Workshop, there were approximately 50 members of the public that attended in person, and 20 members of the public that attended virtually.

At the SSWD Workshop, there were approximately 30 members of the public that attended in person, and 22 members of the public that attended virtually.

The major themes expressed by attendees at the CWD Workshop were:

- **Representation and Governance:** Concerns were raised about the representation of CWD residents in the water district, as they would constitute only 17 percent of the population in a larger district and have only one board member. The desire for more representation from CWD was expressed, and attendees requested clarity on how the pie will be divided to ensure fair representation.
- **Surface water availability:** There was a concern about whether the combination would result in decreased surface water availability for CWD customers, especially if there was a water shortage situation and SSWD required more water.
- **Infrastructure condition:** The fear was expressed that if SSWD's infrastructure was in poor condition, CWD ratepayers would have to bear the cost of fixing it without receiving any advantage.

- **Water quality:** Some individuals express their satisfaction with the current water quality, particularly with the absence of fluoride. They emphasized the importance of maintaining the same water quality.
- **Change in district status:** The potential change in CWD’s status from an irrigation district to adopting county water was mentioned, and the legal distinction and potential gains or losses from such a change were raised.
- **The cost of inaction:** Concerns were expressed about future water reliability and cost if the combination does not proceed. The Boards and general managers were commended for their efforts, and attendees were encouraged to consider the benefits of moving forward.
- **Previous consolidation talks and water rights:** The past experience of potential consolidation with other districts was mentioned, highlighting concerns about losing water rights. The possibility of CWD annexing SSWD was suggested, and the idea of a combination of equals was discussed.
- **Concerns about the Initial Report:** Some individuals expressed their view that the report was high-level and too preliminary. They desired more in-depth analysis and information, including scenarios and potential risks. Another attendee expressed skepticism about the report, questioning the credibility and motivations of the entities involved in its creation.
- **Employee contracts:** The potential combination raised questions about the voiding of current contracts and the need to rewrite them. Attendees sought clarity on this matter.
- **Alternatives to combination:** Attendees expressed their desire to explore alternatives to combination such as joint projects through Memorandums of Understanding or Joint Powers Authorities instead of a full combination.
- **Concerns about rate increases:** Some attendees expressed their opposition to the combination, citing fears of potential water rate increases. They expressed satisfaction with the current services provided by CWD and question the need for a combination.
- **Influence on the State Water Board:** Attendees expressed frustration with the State Water Resource Control Board and suggested that instead of combining, efforts should be made to have someone fight for their interests at the political level.
- **Decision-making process and community input:** Attendees inquired about who ultimately made the final decision regarding the combination and whether there would be a vote by the community. They expressed a desire for greater involvement.
- **Opposition to the combination:** Some individuals expressed their opposition to the combination and inquired about any CWD Board members who are in opposition.

- **Data to support increased efficiency:** Attendees inquired about the efficiency data that would result from the combination. They expect that merging the districts should lead to increased efficiency, but they sought clarification on specific data regarding the anticipated efficiencies.
- **Potential cost savings:** Attendees questioned whether proceeding with the combination would result in unnecessary expenses and suggested that savings could be achieved by not merging.
- **Further consolidation and dilution of voice:** Attendees discussed the potential for CWD and SSWD to further consolidate beyond the current combination, expressing concern that as districts combine and become larger, the individual voices and influence of ratepayers may diminish.
- **Maintaining water rights:** Attendees raised concerns about curtailment and the need to demonstrate use of water rights to avoid potential loss. The challenges of perfecting water rights were emphasized.
- **Considering the bigger picture:** One attendee emphasized the importance of taking a long-term perspective, looking ahead 15 years, and considering the implications for rates and pay in the future.
- **Appreciating the process:** Some individuals acknowledged that they entered the meeting without preconceived notions and appreciated that it was the first step in a long process. They expressed willingness to absorb the information and pass it along to others.
- **Timeline for future steps:** Attendees inquired about the approximate timeline for steps 3, 4, and 5 of the process, seeking clarity on the timeline for further stages of combination talks.

The major themes expressed by attendees at the SSWD Workshop were:

- **Impact on incorporation efforts:** Attendees questioned how the combination of water districts would affect the incorporation efforts of Arden Arcade or Carmichael as cities.
- **Public vote on the decision:** Concerns were raised regarding whether the decision on the combination or reorganization of the districts would go to a public vote.
- **Discussions with Del Paso Manor Water District:** Attendees inquired about discussions with Del Paso Manor Water District regarding the combination, particularly considering its infrastructure issues.
- **Water supply reliability:** Questions were raised about how the combination of different water supplies, rights, permits, and distribution systems would affect water supply reliability.

- **Contracts and expansion:** Attendees expressed concerns about the impact from combination on contracts with the City of Sacramento and PCWA if they were curtailed, and inquired about the benefits of the combination if the place of use could not be expanded.
- **Financial aspects and consultants:** Concerns were raised about the role of consultants and corporations profiting from the project. Attendees requested that financial information and details of consultant fees be made available online. There were also concerns about potential layoffs, benefit cuts, and the overall cost of consultants.
- **Debt and combination:** Questions were asked about the current debt of each water district and how the debt would be addressed in the event of a combination.
- **Satisfaction with the status quo:** An attendee expressed satisfaction with the current state of their water district and a desire to maintain the status quo.
- **Support for combination and outreach:** Some attendees expressed support for the combination and suggested outreach to other jurisdictions, including recreation and park districts. Continued outreach to the public was also encouraged.
- **Cost concerns and rate increases:** Concerns were expressed about the cost of studies, potential rate increases, and temporary short-term increases becoming permanent.
- **Liability and contamination:** Attendees inquired about liability issues related to contamination potentially infiltrating wells in CWD and whether such liabilities have been addressed.
- **Cost reductions:** Questions were raised about how costs would go down with the combination.
- **Water pressure for fire protection:** An attendee asked which water district, SSWD or CWD had better water pressure for fire protection.
- **Groundwater accounting and excess water:** Questions were asked about the Groundwater Sustainability Agency groundwater accounting system, SSWD's usage percentage, and the possibility of selling excess stored water.
- **Surface water rights and diversification:** Attendees discussed the potential benefits for SSWD in gaining surface water rights through the combination with CWD.
- **Weighted vote and transparency:** Concerns were raised about the concept of a weighted vote, and attendees expressed the need for clear explanations regarding this voting system.

- **Support for combination but frustration with process:** Attendees expressed support for the combination but voiced frustration over the lengthy process involved with LAFCo.
- **Support with careful execution:** One attendee supported the consolidation effort but emphasized the importance of careful execution, appreciating the opportunity for customer input.
- **Layperson-friendly information:** Attendees requested more layperson-friendly information in future reports and studies to help customers understand how water supply reliability could be enhanced.

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 30th on Facebook and on November 10th 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.
- July 2023: Bill insert article.

SSWD Staff Outreach

- Employee 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.
- Employee 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.
- Employee Meeting/staff update on study on March 1, 2023.
- Employee Meeting/staff update and PowerPoint presentation on July 6, 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 on 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 Directors on April 21, 2023.
- All Hands Meeting and Q&A opportunity with two CWD Directors on June 23, 2023.

Promotion for Public Information Workshops

Outreach Activities:

- Press release distributed to media outlets May 11 (early deadlines) and June 5.
- CWD postcard received in mailboxes on May 17.
- Letter to HOAs/Neighborhood Associations into the mail on May 18.
- Outreach to elected officials and other influencers on the stakeholder list starting May 22 (ongoing).
- SSWD postcard received in mailboxes on May 24.
- Outreach via existing CWD and SSWD communication channels, including websites, bill inserts bill messages, etc. in May and June.
- Social media post and monitoring (ongoing) and outreach May 18.
- Digital Advertising (Facebook and news/weather sites via the Google Display Network) May 27-June 21.
- Print ads in Carmichael Times and Arden-Carmichael News on June 9 (both workshops).
- Print ad in Carmichael Times on June 16 (SSWD only).

Media and Public Exposure Secured:

- May 18: Carmichael Times story on upcoming information sessions.
- May 19 and June 21: Carmichael Creek Neighborhood Association email to members.
- May 23: Advocates for Arden-Arcade email to members.
- June 13: Email from Supervisor Rich Desmond to constituents.
- June 15: KCRA (interview with CWD Director Jeff Nelson).
- June 13 and 21: NextDoor: Customer post promoting information session.
- June 21: Carmichael Times coverage of CWD information session.
- July Issue: Inside Arden mention of workshops.

Stakeholder Presentations:

- April 30: Carmichael Colony Neighborhood Association Annual Meeting: CWD invited the public to upcoming workshops.
- May 30: LAFCO Special Districts Advisory Committee: SSWD provided an overview and current status of the CWD-SSWD Combination discussions.
- June 13, 10 a.m.: SSWD presentation to the Women’s Group at the St. Mark’s United Methodist Church in Sacramento).
- July 18: CWD-SSWD briefing scheduled with McClellan Park
- July 14: CWD-SSWD briefing scheduled for Assemblymember Josh Hoover
- TBD: CWD-SSWD briefing scheduled for Assemblymember Kevin McCarty

Agenda Item: 3

Date: July 11, 2023

Subject: Communications Plan Consulting Contract Amendment

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

Recommended Committee Action:

Direct staff to request a contract amendment to In-Communications, in the amount of \$15,000, to the Carmichael Water District and Sacramento Suburban Water District Board of Directors for services related to the public outreach efforts for the Combination Discussions.

Discussion:

The Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Boards approved a Memorandum of Understanding for a Communications Plan (MOU) for Public Outreach on the Combination Discussions and authorized the General Manager's to sign the MOU, which was executed on January 24, 2023. The estimated cost for the Public Outreach was approved not to exceed \$20,000, which is being split 50/50 between CWD and SSWD.

With the extensive public outreach efforts thus far, and the proposed schedule going forward, staff believes it is necessary to amend the MOU to assist with continued public outreach efforts for the CWD/SSWD Combination Discussions. Attached is the amended Scope for Public Outreach and Engagement (see Attachment 1). The amended amount is \$15,000, which will be split 50/50 between CWD and SSWD.

Depending if the respective Boards choose to continue the Combination Discussions to the point the districts choose to submit an application with LAFCo, there will be a need to request additional funding for public outreach as each districts will be required to hold a Public Workshop within their service area.

Attachments:

1. Amended Scope for Public Outreach and Engagement.

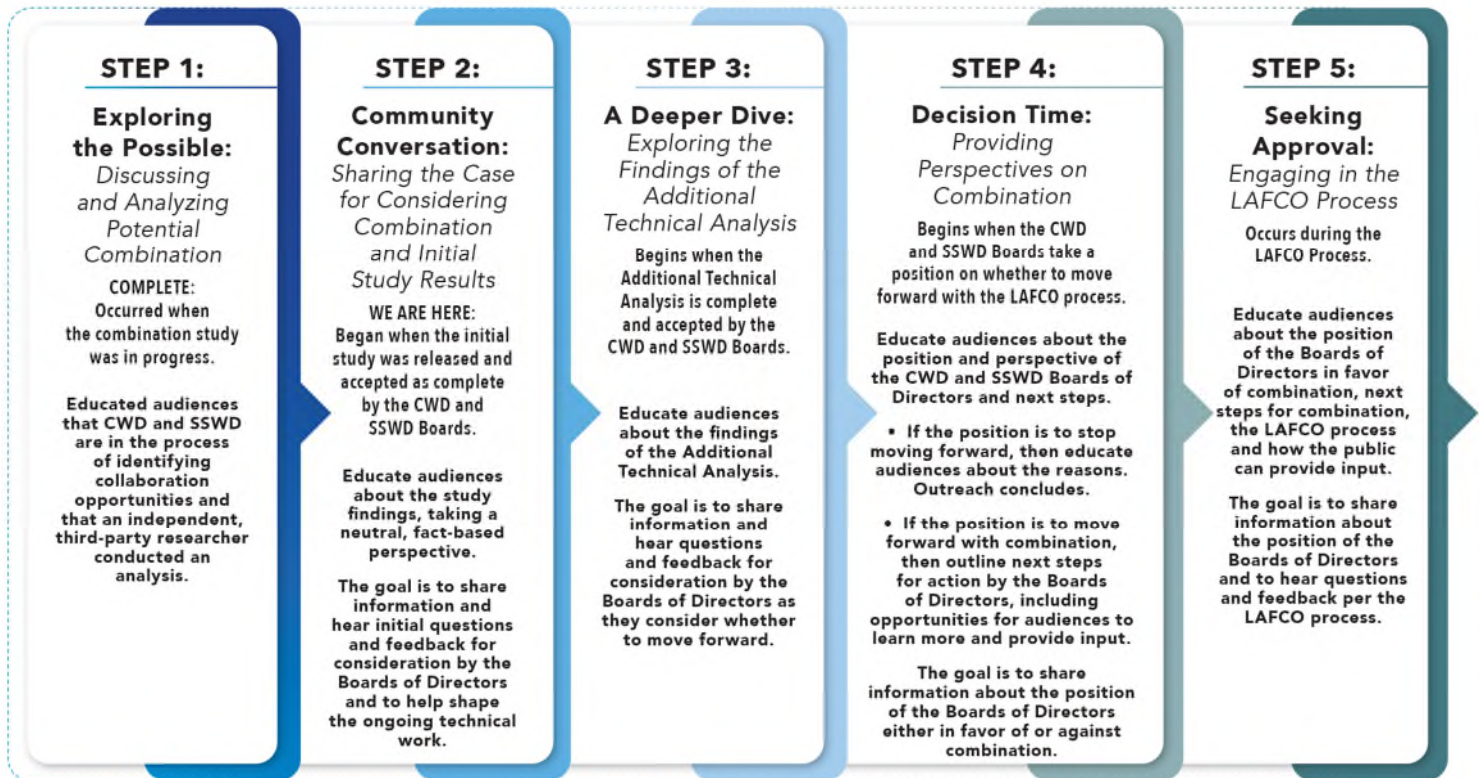


**Carmichael Water District-Sacramento Suburban Water District
Combination Discussions
Scope for Public Outreach and Engagement
DRAFT—July 6, 2023**

PUBLIC OUTREACH AND ENGAGEMENT

Continue to support the Carmichael Water District and Sacramento Suburban Water District with a comprehensive engagement program to inform customers about combination discussions and gather input and questions. As of July 1, 2023, Step 1 is complete, and Step 2 is nearly complete.

The following activities are intended to complete Step 2 and support outreach for Steps 3-4.





STEP 2: COMMUNITY CONVERSATION

Summary Report

Develop a report that summarizes initial public feedback gathered during Public Information Workshops and other avenues for consideration by the CWD and SSWD Boards of Directors. Report will document outreach activities and materials to date. Estimate assumes basic graphic design for report and one round of major and one round of minor edits.

STEP 3: A DEEPER DIVE

Customer Outreach

Outreach to customers to invite them to learn about the findings of the Additional Technical Analysis as presented during a joint Board meeting. The strategy is to provide another opportunity for the public to hear additional considerations regarding potential combination, and to ask questions and provide feedback. Unlike the meetings in Step 2 (Community Conversation), information sharing will take place during a joint board meeting rather than two separate meetings.

Outreach and materials will include:

- Direct mail postcard inviting customers to attend the joint board meeting
- Outreach to local and regional media
- Advertising: Digital and print
- Stakeholder outreach
- Update existing fact sheet: Summary: Exploring the Combination of CWD and SSWD, as needed
- Frequently Asked Questions sheet that addresses questions and comments raised during Public Information Workshops
- Provide updates for CWD and SSWD websites
- Develop LAFCo process fact sheet
- Assistance with a PowerPoint presentation on the results of the Additional Technical Analysis

This estimate does not include a fact sheet on the Technical Analysis, assuming that the Executive Summary will serve as an appropriate summary.

Formatting for Additional Technical Analysis Document

Assist the CWD-SSWD team by formatting the Additional Technical Analysis to facilitate ease of reading. Estimate assumes basic graphic design for report and one round of major and one round of minor edits.

STEP 4: DECISION TIME

Customer Outreach

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

Outreach and materials will include:



- Direct mail postcard advising customers about the decision of the Boards of Directors (if the decision is to move forward)
- Outreach to local and regional media
- Advertising: Digital and print
- Update existing fact sheets, as needed
- Update Frequently Asked Questions sheet
- Provide updates for CWD and SSWD websites
- Stakeholder outreach

STRATEGIC ADVICE AND PROGRAM COORDINATION

Continue to provide strategic advice to the CWD and SSWD teams during coordination meetings and to provide updates and gather feedback during Board of Directors and 2x2 meetings. In addition, continue to track outreach activities and results and public feedback.

TOTAL ESTIMATE:

\$15,000

Agenda Item: 4

Date: July 11, 2023

Subject: Draft Combination Discussion Process and Timeline

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

Recommended Committee Action:

Receive presentation and provide direction on the Draft Combination Discussion Process and Timeline to be presented for approval at the July 2023 Carmichael Water District and Sacramento Suburban Water District regular Board meetings.

Discussion:

As directed at the at the June 8, 2023, 2x2 Committee meeting, staff has developed a Draft Combination Discussion Process and Timeline (CDPT) document (see Attachment 1) that outlines particular topics, timing, activities/products, decision/recommendation, and who is involved in each task. This is a working document, therefore, particular activities within each task may be subject to change based on priorities in the decision making process. In addition, staff has developed a draft Combination Discussion Meeting Timeline (see Attachment 2) that indicates scheduled 2x2 Committee meetings and proposed Joint Board meetings. The CDPT document evolves from the public outreach portion of the Combination Discussions to receiving a LAFCo Certificate of Completion.

This is a working document, therefore, particular activities within each task may be subject to change based on priorities in the decision making process or direction from the respective Boards. Staff will continue to refine the CDPT to identify and address specific tasks and timelines.

Attachments:

1. CWD/SSWD Combination Discussion Process and Timeline Activities at a Glance
2. CWD/SSWD Combination Discussion Meeting Timeline

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
July 11, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
TASK 1: PUBLIC OUTREACH	June 2023	Public Outreach to both agencies	<ul style="list-style-type: none"> How to respond to public 	<ul style="list-style-type: none"> Boards GMs Communication Facilitators
	July 11, 2023 2x2 Committee Meeting	<ul style="list-style-type: none"> Post Public Outreach Assessment Communications Contract Amendment Combination Discussion Process and Timeline CWD SSWD Financial and Debt Comparison CWD SSWD Water Rate Comparison Powers of Authority Analysis Municipal Services Review Update 	<ul style="list-style-type: none"> Additional outreach needed? Approve communication contract amendment to full Boards Approve draft process and timeline to full Boards Accept report on financial and debt comparison Accept report on water rate comparison Approve legal counsel analysis for powers of authority options 	<ul style="list-style-type: none"> 2x2 GMs
	August 9, 2023 2x2 Committee Meeting	<ul style="list-style-type: none"> Receive legal opinion on alternatives for a Form of District 		<ul style="list-style-type: none"> 2x2 GMs
	TBD - 2023	Joint Board Meeting <ul style="list-style-type: none"> Post Public Outreach Assessment Vote to proceed with Combination or terminate process 	<ul style="list-style-type: none"> Continue with Combo Process Present Draft Technical Analysis Report Additional Studies Needed? 	<ul style="list-style-type: none"> Joint Boards GMs Facilitators Communication
IF JT BOARDS VOTE YES TO MOVE FORWARD				
TASK 2:	TBD - 2023	Joint Board Meeting	<ul style="list-style-type: none"> Consolidation or Reorganization Form of District 	<ul style="list-style-type: none"> Legal GMs

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
July 11, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
BOARD DECISIONS		<ul style="list-style-type: none"> LAFCo Application Process approval 	<ul style="list-style-type: none"> Board #s: 11, 9, 7, or 5 (Develop appropriate draft division maps) Name of Agency Management Structure Main Administration Office Accept final draft Technical Analysis Report 	<ul style="list-style-type: none"> Joint Boards Facilitators
AFTER GROUP 2 DECISIONS				
TASK 3: OPERATIONAL AND FINANCIAL DECISIONS	TBD	Individual Boards <ul style="list-style-type: none"> Draft 2 “Substantially Similar” Resolutions (**) 	<ul style="list-style-type: none"> Employment <ul style="list-style-type: none"> **Retention Staff Assignments / Jt Org Chart Salary Schedule **Unified Benefits Plan **Retirement Supplemental CALPERS Plans Employee Manuals / Policies Consultants/Vendors Inventory <ul style="list-style-type: none"> Selection/retention Real Property Disposition Inventory <ul style="list-style-type: none"> Consolidating Properties Inventory Plan to maintain easements Surplus Property disposal **Real property transfer for Customers Benefit Inventory, consolidate, surplus, dispose of “personal” property <ul style="list-style-type: none"> Leased/rented 	<ul style="list-style-type: none"> 2X2 GMs Joint Boards Legal

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
July 11, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
			<ul style="list-style-type: none"> ○ Fleet ○ Transfer for customer benefit ● Ordinances/Resolutions/Rules and Policies <ul style="list-style-type: none"> ○ Inventory, review & select ● Financial System <ul style="list-style-type: none"> ○ Select Acct System, Software, Financial Reporting Protocols ○ **Determine how cash receivables / liabilities are transferred ● Outstanding Indebtedness <ul style="list-style-type: none"> ○ Notify Bondholders ○ Inventory non-bonded loans/grants and notice ● Software/Operating Systems <ul style="list-style-type: none"> ○ Inventory & Prepare Plan ○ Coordinate, transfer, and terminate ● Insurance claims/litigation <ul style="list-style-type: none"> ○ Identify and notify outstanding items and substitute new district ○ Notify ACWA JPIA and terminate and obtain new coverage ● Due Diligence Plan <ul style="list-style-type: none"> ○ Final Audits ● Determine Schedule for Regulatory DDW 	

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
July 11, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
			<ul style="list-style-type: none"> ○ Water System Permit ○ Assignment surface water transfer of CWD ○ Well Permits for CWD+SSWD 	
DURING COURSE OF GROUP 3 ACTIVITIES, BUT AFTER THOSE ACTIVITIES REQUIRED TO MAKE DECISIONS FOR LAFCO APPLICATION REQUIREMENTS)				
TASK 4: FINAL DECISION BY JOINT BOARD	TBD - 2024	Joint Board Meeting #3 <ul style="list-style-type: none"> ● Adopt “substantially similar” resolutions of application to LAFCo, which then prohibits LAFCo from denying the application and requires it to approve the application with or without condition 	<ul style="list-style-type: none"> ● Final Decision on Consolidation vs Reorganization or Termination <ul style="list-style-type: none"> ○ Reorg will require no public vote (unless protested) ● Official Signatories and Contact to LAFCo on behalf of Board ● Request of LAFCo ● Territory map affected ● Zones of Benefit/Benefit Assessments (confirm as neither agency has them) ● Fiscal / Ops considerations ● Governance Requirements ● CEQA Exemption Evaluation/Notification 	Jt Boards GMs 2X2 Legal
TASK 5: LAFCO APPLICATION AND APPROVAL PROCESS	One Year from filing	<ul style="list-style-type: none"> ● Staff prepares and files application with the Sacramento LAFCo. <ul style="list-style-type: none"> ○ outer boundary survey and related maps ○ plan of service for new agency ○ municipal service review ● Property tax negotiation under Revenue & Taxation Code section 99 with Sacramento County (check box) 	<ul style="list-style-type: none"> ● LAFCo Decision Process <ul style="list-style-type: none"> ○ Step 1: LAFCo Staff Analysis <ul style="list-style-type: none"> ▪ Review for Content ▪ Certificate of Filing ▪ Approval Hearing Date Set (21 days advanced notice) ○ Step 2: Approval Hearing 	<ul style="list-style-type: none"> ● GMs ● Legal ● LAFCo

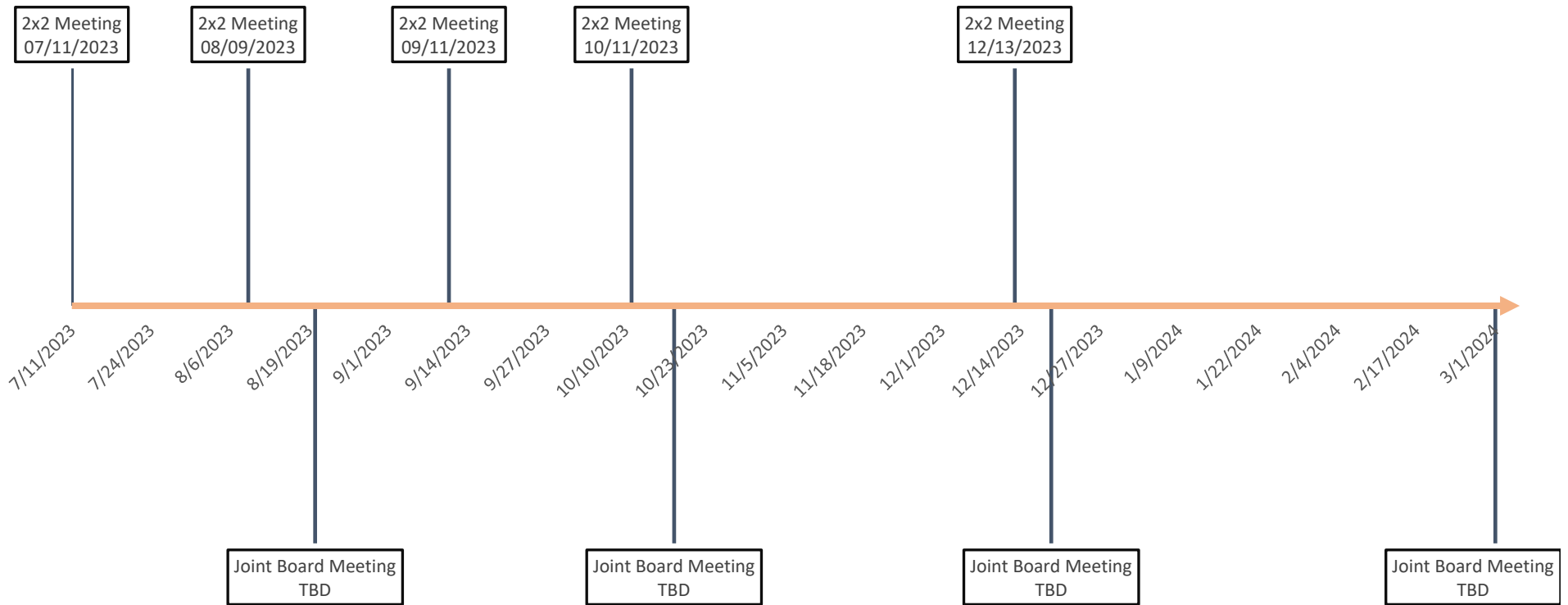
SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
July 11, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
		<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> ▪ LAFCo considers facts (written / oral, environmental review) ▪ Commission approves with or without conditions / or denies. <ul style="list-style-type: none"> • If Denies process stops • If Approves w/o conditions will issue a Certificate of Completion and consolidation / reorg completed • If Approves with conditions, one year for SSWD/CWD to satisfy conditions 	

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
July 11, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
			<ul style="list-style-type: none"> ○ Step 3: 30 Day Consideration Period <ul style="list-style-type: none"> ▪ Open to the public? ○ Step 4: Conducting Authority Hearings (21 day advance notice) (by passed if decision is Reorganization) <ul style="list-style-type: none"> ▪ Protest Hearing ▪ Voting details in doc 	
<p>TASK 6: POST-COMBINATION ACTIONS TO IMPLEMENT NEW AGENCY</p>	<p>ASAP from LAFCO Certificate of Completion</p>	<ul style="list-style-type: none"> • Initial meeting of new agency board • Roster of Public Agencies filings with the Secretary of State for new agency and CWD and SSWD • Complete Group 3 Actions • Consolidation: <ul style="list-style-type: none"> ○ Prop 218 proceedings ○ Mitigation fee Act • Record notice of transfer of real property interests, if deemed appropriate by management and legal counsel 	<ul style="list-style-type: none"> • Actions to continue or adopt amended or new ordinances, resolutions, and policies • Elect board officers • Appoint secretary, treasurer, auditor, and legal counsel. 	<ul style="list-style-type: none"> • New Agency Board • GM • Legal

SSWD/CWD Combination Discussion Meeting Timeline



Agenda Item: 5

Date: July 11, 2023

Subject: Carmichael Water District / Sacramento Suburban Water District Financial and Debt Comparison

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

Recommended Committee Action:

Receive presentation on financial and debt comparisons and recommendation to apply the information in the Technical Analysis Report.

Discussion:

Staff have prepared a draft comparison of the financial condition of each district. The analysis looks at various financial metric comparisons between the two districts utilizing number of accounts. The following table summarizes some of the key metric comparisons.

Metric	CWD	CWD per Account	SSWD	SSWD per Account
Reserves: Capital	\$ 6,712,741	\$ 577	\$ 16,206,400	\$ 358
<u>Operating</u>	<u>5,543,643</u>	<u>477</u>	<u>25,827,633</u>	<u>570</u>
Total	12,256,384	1,054	42,034,033	928
Net Fixed Assets	65,454,326	5,627	324,541,471	7,161
Debt	32,508,528	2,795	54,915,515	1,212
Net Invest in Capital Assets	43,193,529	3,713	270,541,612	5,969
Net Pension Liability*	815,854	70	5,806,835	128
Net OPEB Liability	2,285,307	196	3,139,340	69
Water Revenue	13,846,204	1,190	48,973,275	1,113
Operating Expenses**	8,014,335	689	22,454,573	495
Annual Debt Service	2,500,000	215	7,000,000	154
Capital Asset Acquisition	6,181,810	531	24,328,128	537
Days Cash on Hand	939		796	
Debt to Net Asset Ratio	0.497		0.169	
Coverage Ratio	2.87		4.50	
Current Budget%: O&M	44%		45%	
CIP	45%		42%	
Debt	11%		13%	

* Measurement date 6/30/2021

** Less depreciation expense

Metric comparisons are based on each district's number of accounts and not connections. Staff utilized audited financial statements for CWD as of June 30, 2022, and as of December 31, 2022, for SSWD.

Facts:

- CWD has 11,633 accounts comprised of 9,847 single family residential, 1,206 multi-family residential and 580 non-residential accounts. All accounts are metered. Average monthly bill equals approximately \$99.17 for all accounts.
- SSWD has 45,322 accounts comprised of 39,180 single family residential, 2,306 small multi-family (3 units or less), 1,010 multi-family (4 or more units) and 2,826 non-residential units (commercial, industrial, public agency). At the end of 2022 99.9% of SSWD connections are metered. Average monthly bill equals approximately \$92.75 for all accounts.
- As of June 30, 2022, CWD has outstanding debt of \$32,508,528 or \$2,795 per account. Annual debt service of approximately \$2,500,000 or \$215 per account, fully amortized in 2038. SSWD has outstanding debt of \$54,915,515 or \$1,212 per account. Annual debt service of approximately \$7,000,000 or \$154 per account, fully amortized in 2031.
- CWD's 2022 O&M costs were \$8,014,335, excluding depreciation, or \$689 per account. SSWD 2022 O&M costs, excluding depreciation, were \$22,454,573 or \$495 per account.
- CWD reserves as of June 30, 2022, were \$12,256,384 or \$1,054 per account. Days cash on hand of approximately \$939. SSWD reserves as of December 31, 2022, were \$42,034,033 or \$928 per account. Days cash on hand of approximately \$796.
- CWD fixed assets, net, as of June 30, 2018 were \$56,080,177 and \$65,454,326 as of June 30, 2022, which is a 17% increase. SSWD fixed assets, net, as of December 31, 2018 were \$286,179,000 and were \$324,541,471 as of December 31, 2022, which is a 13% increase. CWD's net capital assets per account is \$5,627 vs \$7,161 for SSWD.
- CWD has 30 FTE staff or 2.58 per 1000 accounts and SSWD has 76.5 FTE staff or 1.69 per 1000 accounts.
- CWD's OPEB funding percentage is 55.1% compared to 72.5% for SSWD.
- Both CWD and SSWD are CalPERS members for pension. Both agencies have the CalPERS Classic 2.0% @ 55 and PEPR 2.0% @ 62 Miscellaneous Plans. As of June 30, 2021, CWD is funded 95.2% and SSWD is funded 76.7%

CWD has higher per account reserves than SSWD (\$1,054 vs 928). CWD's reserves are designated by its Board to reflect long term capital planning. When implemented, it would be in line with SSWD's expenditures, with an addition of \$1.46 million on CWD infrastructure.

CWD's net assets are \$65,454,326 (\$5,627 per account) as of June 30, 2022, and have increased 17% since June 30, 2018. SSWD's net capital assets are \$324,541,471 (\$7,161 per account) as of December 31, 2022, and have increased by 13% since December 31, 2018. This shows that both districts are investing in infrastructure at a comparable rate over the past 5 years.

CWD's debt is higher per account than SSWD's (\$2,795 vs \$1,212) and is also amortized over a longer period (2038 vs 2031) as CWD recently took advantage of the favorable market conditions and restructured its debt load with new borrowing. CWD has approximately \$10.1 million in unspent debt to be invested in capital assets. The annual debt service per account is also higher (\$215 vs \$154).

Both CWD and SSWD have similar total OPEB and Pension debt per account, approximately \$266 and \$197, respectively.

Both district's current budgets share very similar percentages of spending on O&M, Capital, and Debt Service.

Agenda Item: 6

Date: July 11, 2023

Subject: Carmichael Water District / Sacramento Suburban Water District Water Rate Comparison

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

Recommended Committee Action:

Receive presentation on comparison of rate structures and recommendation to apply the information in the Technical Analysis Report.

Summary:

While both Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) have similar rate structures (fixed charges and variable usage charges) the application of the rates and rate amounts differ. The differences are significant enough to cause a pause on any decision to utilize one or the other district's rates at combination. The two major differences are: 1) The difference in the fixed charge as a percentage of the total rate charge, 55% for CWD versus 69% for SSWD and 2) CWD utilizes a 1" meter while SSWD utilizes a 3/4" meter as the primary residential single family meter. This comparison demonstrate the differences in rate settings where priorities are focused differently between commodity (usage) rates versus fix rates charge and base meter size.

Depending on the method of combination, recommendations on the rate structures to utilize at combination should consider these differences and the effects on customer billings. As such, staff recommends that with either a consolidation or reorganization that each district maintain their separate rates through the end of 2025 at a minimum. In addition, staff recommends that the new or continuing entity perform as soon as possible a combined rate study that would also take into account these differences and their effect on customer billings and district revenues.

Discussion:

At the September 2022 2x2 Committee meeting, staff was directed to develop a water rate comparison between CWD and SSWD. Staff have been updating the analysis of the current water rates for CWD and SSWD. While both CWD and SSWD have similar rate structures (fixed charges and variable usage charges) the application of the rates and rate amounts differ. The similarities and differences are as follows:

Similarities and Differences:

1. Both SSWD and CWD rates are comprised of a fixed charge and usage charge component. The usage charge for both districts is based on one-hundred cubic foot (CCF) measurement and the fixed charge is based on meter size.
2. SSWD primary residential meter size is 3/4" while CWD is 1". However, both districts install a 1" service connection.

<u>Monthly Fixed Charge</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
CWD ¾"	\$35.05	\$38.38	\$42.03
CWD 1"	\$54.90	\$60.12	\$65.83
SSWD ¾"	\$48.99	\$50.46	\$50.46
SSWD 1"	\$76.34	\$78.63	\$78.63

- CWD applies a single usage rate amount for usage across all customer classes (single family residential, multi-family residential, commercial, industrial and institutional) with one tier. CWD’s rate structure focuses on usage charge and composes about 45% of a typical monthly bill. SSWD has differing rate amounts for single family residential, multi-family residential and non-residential (CII) with a two-tiered structure for single family residential

<u>Usage Charge</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
CWD	\$2.06	\$2.26	\$2.47
SSWD tier 1	\$0.98	\$1.01	\$1.01
tier 2	\$1.28	\$1.32	\$1.32

- CWD has a Water Shortage Surcharge while SSWD does not.

	<u>Stage</u>	<u>Normal</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Stage 4</u>	<u>Stage 5</u>	<u>Stage 6</u>
Use Reduction Goal		None	0-10%	10-20%	20-30%	30-40%	40-50%	50-60%
Rate Surcharge		n/a	n/a	5%	15%	20%	25%	30%

- SSWD’s customers own their backflow, however, SSWD has a specific charge to fund its backflow testing program while CWD does not. SSWD’s charge is \$2.57 per device, per month for CY2023. CWD’s customers own their backflow appurtenances and CWD incorporates the backflow testing as part of the normal operations for public health safety protection.
- CWD is fully metered including mutli-dwelling units such as condominium living units and multi-family units with a separate meter while SSWD does not. However, SSWD has a different usage rate for multi-family units with a single meter where multi-family units with individual meters are billed as any other residential unit.
- CWD and SSWD bill monthly.
- SSWD approved a 5-year rate schedule in 2019 that covered the calendar years 2020 – 2024 at 5%, 4%, 3%, 3% and 3% and has implemented all scheduled increases as of 2023. There is no planned rate increase for 2025. A new rate study is planned for 2024/2025 with implementation on 01/01/2026. CWD has approved a 5-year rate schedule in 2021 that covers the calendar years 2021 – 2025 at 9.5% per year and has implemented scheduled increases through 2023.
- CWD has 11,633 accounts (9,847 SFR; 1,206 MFR; 580 non-residential), SSWD has 45,322 accounts (39,180 SFR, 3,316 MFR; 2,826 non-residential). CWD has 11,948 connections, SSWD has 47,925 connections.

Carmichael Water District / Sacramento Suburban Water District Rate Comparison

July 11, 2023

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

Metered Fixed Charge Rates:

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

Metered Usage Rates:

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

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

Carmichael Water District / Sacramento Suburban Water District Rate Comparison

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Fire Services:

Description	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
2" Connection	\$ 15.40	\$ 15.87	\$ 15.87	\$ 54.88	\$ 60.10	\$ 65.82	(39.68)	(44.23)	(49.95)
3" Connection	28.89	29.76	29.76	82.32	90.15	98.73	(53.73)	(60.39)	(68.97)
4" Connection	47.03	48.45	48.45	109.76	120.20	131.64	(63.13)	(71.75)	(83.19)
6" Connection	93.60	96.41	96.41	164.64	180.30	197.46	(71.64)	(83.89)	(101.05)
8" Connection	165.58	170.55	170.55	219.52	240.40	263.28	(54.74)	(69.85)	(92.73)
10" Connection	258.68	266.45	266.45	274.4	300.50	329.10	(16.72)	(34.05)	(62.65)
12" Connection	288.30	296.95	296.95	329.28	360.60	394.92	(42.18)	(63.65)	(97.97)

Backflow Charge:

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

Revenue Analysis:

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

Average Annual Revenue, by Customer Type:

	Residential		Non-Residential	
	Dollars	Percent	Dollars	Percent
CWD	\$ 11,452,365	83%	\$ 2,393,839	17%
SSWD	38,957,508	77%	11,508,264	23%

Average Annual Revenue, 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%

Carmichael Water District / Sacramento Suburban Water District Rate Comparison

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Financial Metrics:

2022 Metric	CWD	SSWD	Difference
Average Monthly Bill - Account	\$ 99.19	\$ 92.79	\$ 6.40
Average Monthly Bill - Connection	96.57	87.75	8.82
Annual Water Revenue - Account	1,190.25	1,113.49	76.76
Annual Water Revenue - Connection	1,158.87	1,053.02	105.85

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

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

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

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

The two major differences to note above are: 1) The difference in the fixed charge as a percentage of the total rate charge, 55% for CWD versus 69% for SSWD and 2) CWD utilizes a 1" meter while SSWD utilizes a ¾" meter as the primary residential single family meter. This will affect how the rate comparison should be performed. Rates should be compared across like customer scenarios and with varying usage amounts to properly compare the effect of each rate. Of the 46,726 SSWD connections, 37,637 are ¾" representing 80.5% of connections. CWD has 11,948 connections of which 9,940 are 1" representing 83% of the connections. This illustrates the differences in revenue types that drives the rate setting structure between the two districts.

Carmichael Water District / Sacramento Suburban Water District Rate Comparison

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¾” Meter Billing Comparison (Single Family Residential)

Description Usage Rate	SSWD			CWD			Difference		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
¾” Residential 10 Units	\$58.79	\$60.56	\$60.56	\$55.65	\$60.98	\$66.73	\$3.14	-\$0.42	-\$6.17
¾” Residential 20 Units	\$70.09	\$72.21	\$72.21	\$76.25	\$83.58	\$91.43	-\$6.16	-\$11.37	-\$19.22
¾” Residential 30 Units	\$82.89	\$85.41	\$85.41	\$96.85	\$106.18	\$116.13	-\$13.96	-\$20.77	-\$30.72

The effect of the difference in the fixed charge percentage of the total rate amount is shown in the above table. Even though SSWD ¾” fixed charges are greater than CWD for each year 2023 – 2025, when factoring in various usage levels, SSWD total charges are less than CWD except for 10 units in 2023. This comparison further demonstrates the differences in rate setting where priorities are focused differently between commodity (usage) rates versus fix rates charge.

Below is a table of water use and monthly bill for a typical residential customer. Based on the difference of predominant meter sizes, both ¾” and 1” meter sizes are listed for CWD. CWD customers may choose to downsize their meters at a later date as rates are increased over the years. This comparison would enable the customers to choose their own meter sizes based on their water needs and financial resources.

CWD 1” and SSWD ¾” Meter Billing Comparison (Single Family Residential)

Description Usage Rate	SSWD ¾”			CWD ¾”			CWD 1”		
	2023	2024	2023	2023	2023	2025	2023	2024	2025
Residential 10 Units	\$58.79	\$60.56	\$60.56	\$55.65	\$60.98	\$66.73	\$75.50	\$82.72	\$90.53
Residential 20 Units	\$70.09	\$72.21	\$72.21	\$76.25	\$83.58	\$91.34	\$96.10	\$105.32	\$115.23
Residential 30 Units	\$82.89	\$85.41	\$85.41	\$96.85	\$106.18	\$116.13	\$116.70	\$127.92	\$139.93

Agenda Item: 7

Date: July 11, 2023

Subject: Powers of Authority for Water Agencies

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

Recommended Committee Action:

Direct legal counsel to provide a summary of powers and authority for which public water agencies can provide additional services other than potable water service.

Background:

Sacramento Suburban Water District (SSWD) was formed as a County Water District and Carmichael Water District (CWD) was formed as an Irrigation District. Staff was directed to provide a legal opinion from legal counsel of the advantages and disadvantages of those two formations, as well as provide additional information on other powers of authority if CWD and SSWD were to combine.

Discussion:

At the June 8, 2023, 2x2 Committee Meeting, staff provided an update on an analysis received from legal counsel on the differences, as well as the advantages/disadvantages, in the powers of authority of a County Water District and an Irrigation District. 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.

In addition to the analysis on the differences and advantage/disadvantages, a question arose on other powers of authority being higher or lower in power. There is no legal hierarchy of special district powers of authority, 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. Legal counsel commented that 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 order to obtain a legal opinion of other powers of authority being beneficial and/or obtainable, if the combination were to proceed, staff is asking that the 2x2 Committee give direction to have legal counsel provide a thorough analysis on additional powers of authority. 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.

Powers of Authority for Water Agencies

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The 2x2 Committee requested a list of water agencies in the region and the type of powers of authority they were formed under (see Attachment 1).

Attachment:

1: List of Local Agencies' Enabling Acts

List of Local Agencies' Enabling Acts

Agency	Type of Agency
California American Water	IOU*
Carmichael Water District	Irrigation District
Citrus Heights Water District	Irrigation District
City of Folsom	Municipality
City of Lincoln	Municipality
City of Roseville	Municipality
City of Sacramento	Municipality
City of West Sacramento	Municipality
City of Yuba City	Municipality
Del Paso Manor Water District	County Water District
El Dorado Irrigation District	Irrigation District
Elk Grove Water District	Resource Conservation District
Fair Oaks Water District	Irrigation District
Georgetown Divide Public Utility District	Public Utility District
Golden State Water Company	IOU
Nevada Irrigation District	Irrigation District
Orange Vale Water Company	Mutual Water Company
Placer County Water Agency	Special Act Agency**
Rancho Murieta Community Services District	Community Services District
Sacramento County Water Agency	Special Act Agency
Sacramento Suburban Water District	County Water District
San Juan Water District	Community Services District

* IOU = Investor-owned Utility, regulated by the California Public Utilities Commission (CPUC)

** Special Act Agency = Countywide agencies with broad water management powers formed by the California Legislature in a Special bill.

Agenda Item: 8

Date: July 11, 2023

Subject: Municipal Services Review Update

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

Recommended Committee Action:

Receive an update on the status of Carmichael Water District and Sacramento Suburban Water District’s Municipal Services Review and Sphere of Influence.

Background:

Municipal Service Reviews and Sphere of Influence (MSR) were added to the Local Agency Formation Commission’s (LAFCo) mandate with the passage of the Cortese-Knox-Hertzberg Act in 2000. MSR’s are a comprehensive study designed to better inform LAFCo about the provision of municipal services provided to the community. MSRs attempt to capture and analyze information about the governance structures and efficiencies of service providers. It can also identify opportunities for greater coordination and cooperation between service providers. The MSR addresses growth, determination of adequate supplies, infrastructure replacement, rates, opportunities for shared resources, and transparency. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. The MSR is also intended to provide information and analysis to support a sphere of influence update.

Discussion:

LAFCo requires completion of a MSR at least every ten years. However, LAFCo also requires completion of a MSR when agencies are considering combining into one organization. Below is an update on CWD and SSWD’s MSR’s:

SSWD

SSWD completed an MSR in 2011. In 2020, SSWD was tasked by LAFCo to provide a draft MSR update from the 2011 MSR. District staff provided the draft MSR in preparation of LAFCo’s November 4, 2020, meeting. The draft MSR was presented to LAFCo to be considered by the Commission members. Following consideration of the MSR, it was then presented to LAFCo at their February 3, 2021, meeting to receive and file the MSR. The Commission accepted LAFCo staff’s recommendation to receive and file the MSR in March 2021. By receiving and filing the MSR, it was determined that the District is managed effectively and efficiently.

Due to Combination Discussions with both Del Paso Manor Water District and CWD, SSWD provided LAFCo with an amended MSR in September 2022. Subsequently, staff was informed by the LAFCo Executive Director that the MSR adopted by the LAFCo Commission in March 2021, was not at the level preferred when it pertains to Combination Discussions. Therefore, the LAFCo Executive Director requested that SSWD complete an up-to-date MSR conducted by a neutral consultant. The LAFCo Executive Director entered into an agreement with, Plan West

Municipal Services Review Update

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Partners, to conduct SSWD's MSR. The proposal is not to exceed \$25,000. The consultant is expected to complete SSWD's MSR in July/August 2023.

CWD

CWD's last MSR update was also in 2011. As part of this combination discussion with SSWD and similar to SSWD's process with Del Paso Manor Water District, LAFCo asked CWD in June 2023 to begin updating its MSR.

The LAFCo Executive Director requested that CWD to complete its MSR updated by a neutral consultant, Plan West Partners, contracted by LAFCo with funding from CWD. LAFCo will finalize the contracting process in August 2023 and has directed CWD to begin collecting data for the update.