



Agenda

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

3701 Marconi Avenue
Sacramento, CA 95821

Wednesday, October 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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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).

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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 August 9, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**
Recommendation: Approve the Draft Minutes of the August 9, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Items for Discussion and/or Action

2. **Communication Outreach Summary**
Recommendation: Receive staff presentation on status of the communications and outreach efforts to date and direct staff as appropriate.
3. **Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District**
Recommendation: Receive staff presentation and direct staff to present the Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District at the October 24, 2023, Joint Board Meeting.
4. **Consolidation or Reorganization**
Recommendation: Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on the option of a consolidation or a reorganization of the two districts, if a decision is made to combine the two districts.

5. **Final Number of Board of Directors**

Recommendation: Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on a final number of Board of Directors, if a decision has been made to combine the two districts.

6. **LAFCo Application Process**

Recommendation: Direct staff to present an option to initiate development of a draft resolution to LAFCo to combine Carmichael Water District and Sacramento Suburban Water District at the October 24, 2023, Joint Board meeting.

7. **Joint Board Meeting Agenda**

Recommendation: Discuss October 24, 2023, Joint Board meeting agenda and provide appropriate direction to staff.

Adjournment

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I certify that the foregoing agenda for the October 11, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Committee was posted by October 6, 2023 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, 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: October 11, 2023

Subject: Draft Minutes of the August 9, 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 August 9, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes of the August 9, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.



Minutes

Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting August 9, 2023

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #884 2272 4401

Call to Order – Videoconference/Audioconference Meeting

CWD Director Jeff Nelson (Chair Nelson) called the meeting to order at 3:00 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: Sacramento Suburban Water District (SSWD) General Manager Dan York (SSWD GM York), Matt Underwood, 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, Ted Costa, Jay Boatwright, Paul Helliker, Kevin Thomas, Greg Zlotnick, Christine Kohn, Carl Jones, Ron Greenwood, Jennifer Williams, and Jose Henriquez.

Public Comment

None.

Consent Items

1. **Draft Minutes of the July 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**

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

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

Items for Discussion and/or Action

2. **Powers of Authority**

CWD GM Lee presented the staff report and introduced Legal Counsel Josh Horowitz (Mr. Horowitz) who provided a summary of the staff report and answered clarifying questions.

Chair Nelson inquired which power of authority would be the most advantageous for a potential combined district.

Mr. Horowitz answered that many of the powers currently needed already exist under either a County or Irrigation Authority, noting that the County Authority was better administratively.

Jose Henriquez (Mr. Henriquez), Executive Officer of LAFCo, echoed Mr. Horowitz, noting a County Authority provides maximum flexibility in operations.

SSWD Director Jones pointed out that there could be some benefit to having a police force in the future.

SSWD Director Locke agreed, noting that someday in the future it might be nice to have the option of having a police force.

Chair Nelson expressed he was not interested in having parks and recreation.

Mr. Horowitz stated that if security was a concern, the District could always consider additional security and alarm options.

CWD Director Emmerson moved to recommend to both full Boards, that if the two Districts were to combine, the structure would be a County Water Agency; SSWD Director Locke seconded. The motion passed by unanimous vote.

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

CWD Director Emmerson suggested that the 2x2 Committee members report the recommendation to their respective Boards.

3. **Consolidation or Reorganization**

SSWD GM York presented the staff report.

Mr. Henriquez provided further details of the process, the resolution requirements for each option, as well as the pros and cons of consolidation and reorganization. He expressed that the process of a consolidation provides more of a risk, as it is contingent upon the registered voters of both districts approving the formation of a new district.

SSWD Director Locke inquired how much an election generally costs.

Mr. Henriquez expressed it would be roughly \$5 per registered voter, therefore, for both districts it would be roughly \$600,000, depending on what direction the districts decided to go. He provided further clarification on the difference between reorganization and consolidation.

William Eubanks (Mr. Eubanks) encouraged the Committee to consider naming the new proposed district something with more of a historical significance to the area.

CWD Director Emmerson moved to table the item.

SSWD Director Locke reminded the Committee that each Director of both districts would want to have an opportunity to share their opinion on this topic, and recommended tabling the item until it can be presented at a Joint Board meeting.

SSWD Director Jones further supported tabling the item.

Chair Nelson expressed he was slightly more interested in a consolidation, however, he agreed to table the item. He further recommended staff bring the item back to the next 2x2 Committee meeting to allow Mr. Henriquez an opportunity to provide additional details of the voting structure between a consolidation and reorganization. He expressed that at some point, the Committee should make a recommendation to the Joint Boards on this topic.

4. **Final Number of Board of Directors**

CWD GM Lee presented the staff report.

Mr. Horowitz answered clarifying questions and provided details on the number of Directors if the districts were to combine.

Mr. Henriquez provided additional clarification on the LAFCo process.

Chair Nelson recommended the proposed new district start with 11 Directors.

CWD Director Emmerson agreed with Chair Nelson and added a suggestion to gradually phase to either 7 or 5 Directors.

SSWD Director Jones expressed he would be willing to resign from the Board at the time of a combination to avoid additional costs.

SSWD Director Locke recommended to include a phasing out deadline, such as phasing out Director seats every 2 years.

Mr. Horowitz explained that there were statutes that require a timeframe for phasing out Director seats and offered to provide the Arcade and Northridge original Resolutions, as well as the Certificate of Completion as assistance in how the predecessor Districts consolidated.

SSWD Director Locke expressed he would be interested in having 7 Director seats, and then allowing those 7 Directors to decide if they felt it was necessary to reduce to 5 Director seats.

The Committee agreed to table the item until the next meeting of the 2x2 Committee, where the Committee would then make a recommendation to the full Boards, including examples and deadlines.

5. **Board of Director Division Maps**

SSWD GM York presented the staff report.

In an effort to save money, CWD Director Emmerson recommended that staff draft the Director Division Maps.

SSWD Director Jones agreed with CWD Director Emmerson.

SSWD Director Locke expressed that although he was confident staff was capable of creating the Director Division Maps, he felt that hiring an outside independent consultant would assist with the perception of it being an unbiased process.

Chair Nelson expressed that the item was presented a little soon in the process, and recommended that when ready, the Boards should consider an outside independent consultant to draft the Division maps.

CWD Director Emmerson expressed he was not worried so much about the details and expressed that it would save money for staff to draft the maps.

SSWD GM York expressed staff would table the item for now and bring it back at a more appropriate time.

Jennifer Williams expressed that there was current legislation, AB764, pending on this topic.

6. **Implementation Costs**

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

Chair Nelson and SSWD Director Locke agreed that there were a lot of unknowns that remain unknown.

Chair Nelson expressed he thought the surface water rights cost estimate was high.

Mr. Horowitz concurred that the surface water rights cost estimate seemed high.

SSWD GM York expressed that if the two districts did decide to combine, they would provide resolutions to LAFCo which would include a more thorough analysis of costs.

CWD Director Emmerson suggested staff of each district work together now to find efficiencies between the districts.

Mr. Eubanks asked clarifying questions about water rights costs and provided his opinion about the item.

7. **Regular Board Meeting – Consider Changing Standing Meeting Day**

SSWD GM York presented the staff report.

CWD Director Emmerson expressed he was open to changing the date of the CWD regular Board meeting if needed.

Chair Nelson pointed out that the CWD regular Board meeting was established for CWD business, and that if the intent was to hold both meetings on the same day, it would make for a very long day for the Directors.

SSWD GM York expressed there were challenges with scheduling the next meeting of the Joint Boards due to vacations; however, a Joint Board meeting has been scheduled for October 24, 2023.

CWD GM Lee suggested to begin attempting to schedule future meetings of the Joint Boards now.

SSWD Director Locke expressed his frustration with how challenging it has been to get the meetings scheduled. He noted that he would be available on the third Tuesday of each month if CWD could possibly move their regularly scheduled meetings. He further suggested to see about scheduling the Joint Board meetings in three months increments.

Ellen Cross (Ms. Cross) suggested to set a standing meeting every two or three months between now and 2025.

SSWD Director Locke suggested staff work on scheduling a Joint Board meeting in January and March of 2024, and if meetings cannot be set, to revisit the topic at the next meeting of the CWD/SSWD 2x2 Committee.

Chair Nelson agreed with the suggestion, requesting to try to schedule meetings in the second or third week in January 2024, one in March 2024, and even one in May 2024. He expressed he was not available on Friday afternoons.

SSWD Director Jones inquired if the meetings could be set with a majority of the Board members, rather than each full Board.

Mr. Horowitz stated that Directors can attend the meetings via teleconference under the Brown Act requirements.

Mr. Eubanks urged the Board to hold meetings with the majority of the Directors, instead of trying to ensure every single Director was there.

8. **Next Public Information Workshop**

CWD GM Lee presented the staff report, noting that SSWD Board requested for this Committee to discuss the consideration of another Public Information Workshop.

SSWD Director Jones expressed he was interested in another Public Information Workshop, but not until after the next Joint Board meeting, and answers to questions from the current agenda were completed.

SSWD Director Locke expressed he did not think another Public Information Workshop should take place until after the next Joint Board meeting.

Chair Nelson agreed with Directors Locke and Jones.

SSWD Director Locke recommended to have this as a topic at the next Joint Board meeting to see if all Directors felt the same way.

Ms. Cross pointed out that the Joint Boards should consider identifying some potential dates at the next Joint Board meeting, so staff can prepare and have time to inform the public.

Chair Nelson recommended staff provide November dates for a Public Information Workshop at the October 24, 2023, Joint Board meeting, to be approved by the Joint Boards.

SSWD Director Locke suggested to propose dates either before Thanksgiving or after Christmas.

Mr. Eubanks asked clarifying questions.

9. **Outreach Summary Report**

SSWD GM York presented the staff report.

Chair Nelson expressed that he and Director Emmerson looked at the questions, and came up with 6 categories, and that they were generating answers for them. He further expressed that Directors Locke and Jones were additionally looking at the questions to provide their answers. He noted he would eventually like the questions and answers to be uploaded to each district's website.

SSWD Director Locke suggested that once all of the Committee members provide their comments, the public relations team should assist with ensuring the final product was customer friendly. He noted he would be interested in seeing the final product before it was available to the public.

Ms. Cross noted that other Directors of each Board have expressed interest in being a part of commenting on public documents before they are posted.

Mr. Horowitz explained that SSWD GM York can send the document to each of the Directors individually for feedback.

SSWD GM York expressed he and CWD GM Lee would collect all of the Committee comments, then provide them to the public relations team, who will reframe the document. Once the document was prepared, SSWD GM York would individually send the document to each Director for their feedback on it.

Ms. Cross noted the final document will be presented at the next CWD/SSWD 2x2 Committee meeting.

Adjournment

Chair Nelson adjourned the meeting at 4:57 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 2

Date: October 11, 2023

Subject: Communication Outreach Summary

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

Recommended Committee Action:

Receive staff presentation on status of the communications and outreach efforts to date and direct staff as appropriate.

Discussion:

At the August 9, 2023, 2x2 Committee (Committee) meeting, discussion ensued over how to finalize and present a summary of the comments, questions and discussions from each of the Public Information Workshops. The Committee members expressed interest in providing their edits to the materials. Staff is in the process of receiving/compiling the edited materials from the Committee members.

As noted in the minutes of the August 9 Committee meeting minutes, staff will provide the Committee comments to the public relations team, who will reframe the comments into a document. Once the document is prepared, staff will individually send the document to each Committee member for their feedback.

In a continued effort to provide a summary and recap of communication and outreach materials/efforts that Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) have conducted to date, please see below:

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

- Comprehensive CWD-SSWD stakeholder list for outreach to elected officials, business groups, neighboring and partnering water providers, homeowners associations and others.
- Fact sheets, messages, and materials to communicate with the public about combination discussions, including:
 - **Postcard for the public information sessions:** Invited the public to an information session to learn about combination discussions and the findings of the initial study, ask questions and provide input.
 - **Road map/milestones for the outreach process:** Outlines the steps and overall approach for the public outreach/engagement process.
 - **Summary: Exploring the Combination of CWD and SSWD:** Provided a one-page document highlighting the opportunities, process, and ways to learn more.
 - **Fact Sheet: Perceived Advantages and Disadvantages to Combination:** Highlights perceived advantages and disadvantages to combination.

- **Overview: About the Combination Study and Process:** Provides an overview of why the districts are discussing combination, activities to date and how the public can learn more.
- **Fact Sheet: Study: A Business Case for a Potential Combination:** Provides an overview of the initial study findings and seeks to anticipate/answer likely questions.
- **Map of Voting Divisions:** Shows the CWD and SSWD service areas and divisions for the respective Boards of Directors.
- **Comment Sheet:** Invites the public to provide written comments on combination discussions.
- **Key Messages (external/internal audiences and on special topics):** Provides a concise means for communicating the status of combination discussions; addresses frequently asked questions about fluoride.

The CWD and SSWD Boards approved two Public Information Workshops to inform the rate payers/stakeholders of both districts regarding the combination discussions and obtain public opinions. The workshops were held at CWD on June 15, 2023, and at SSWD on June 21, 2023.

Additional outreach stakeholder efforts:

- Carmichael Colony Neighborhood Association Annual Meeting: CWD provided briefing on the process and status of combination and invited the public to upcoming workshops
- LAFCO Special Districts Advisory Committee: SSWD provided an overview and current status of the CWD-SSWD Combination discussions
- Presentation to the Women's Group at the St. Mark's United Methodist Church in Sacramento
- Briefing for Sacramento City Councilmember Lisa Kaplan
- Briefing for Assembly Member Josh Hoover
- Briefing with McClellan Park
- Presentation to the Carmichael Kiwanis Club
- Briefing for Assembly Member Kevin McCarty
- Briefing for Supervisor Sacramento Supervisor Sue Frost
- Briefing scheduled for Senator Roger Niello
- Press release distributed to media outlets May 11 and June 5
- Letter to HOAs/Neighborhood Associations into the mail on May 18
- Outreach via existing CWD and SSWD communication channels, including websites, bill inserts bill messages, etc.
- Social media post and monitoring and outreach
- Digital Advertising (Facebook and news/weather sites via the Google Display Network)
- Print ads in Carmichael Times and Arden-Carmichael News about Public Information Workshops
- Print ad in Carmichael Times

Upon conclusion of the above efforts, the feedback from the presentations/briefings was very positive.

Communications Outreach Summary

October 11, 2023

Page 3 of 3

Below is an overview of the external/internal outreach and communication efforts conducted by both CWD and SSWD:

CWD's external outreach/communications:

- Website updated/link added to home page
- Article in May 2023 bill insert
- Social media post on Nextdoor.com and monitoring
- Information article in Carmichael Times newspaper

CWD's internal outreach/communications:

- Employee Meeting/staff update on study and Q&A with GM
- The SSWD General Manager attended a Carmichael Water District staff meeting to discuss his experience with the Arcade/Northridge consolidation
- Employee Meeting/staff update and Q&A with two CWD Board of Directors
- Two Employee Meetings and Q&A opportunity with two CWD Directors
- Internal webpage

SSWD's external outreach/communications:

- Website updated/link added to homepage
- Included in Fall 2022 newsletter
- PowerPoint Slide during Open House
- Customer Service monitor regarding combination efforts
- Direct mail postcard with QR code mailed to 45,000 SSWD customers
- Advertising on Facebook and the Google Display Network
- Included in bill inserts for October and November 2022 and July 2023

SSWD's internal outreach efforts:

- July, August, September, October, November, December 2022; January, February, March, April, May, June, July, August, September, October 2023: Employee Meeting/staff update on combination discussions
- September 15, 2022: Internal information Staff hub link for information and questions
- Ongoing: Internal key messages and Frequently Asked Questions provided to SSWD staff and Board members
- Ongoing: Weekly Manager's Meeting
- October 19, 2022: General Manager invitation to staff, inviting questions and providing link to key messages and FAQs

Agenda Item: 3

Date: October 11, 2023

Subject: Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District

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

Recommended Committee Action:

Receive staff presentation and direct staff to present the Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District at the October 24, 2023, Joint Board Meeting.

Discussion:

Staff has developed a Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District (Report) that identified specific areas that need to be analyzed/compared for both Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD). Staff is in the final stages of collecting/compiling the necessary data that will provide guidance to the Board of Directors of SSWD and CWD on the decision to make a final determination on whether to proceed with a combination of SSWD and CWD, either by a consolidation or reorganization.

ACKNOWLEDGEMENTS

We want to thank all of the participants who have been involved in the Combination Process to provide data and input for duration of this process including:

CARMICHAEL WATER DISTRICT	SACRAMENTO SUBURBAN WATER DISTRICT
Cathy Lee, General Manager	Dan York, General Manager
Debbie Martin, Finance Manager	Matt Underwood, Assistant General Manager
	Susan Schinnerer, Human Resources Manager
	Jeff Ott, Finance and Administration Director
	Heather Hernandez-Fort, Executive Assistant
BOARD OF DIRECTORS	
Ronald Davis, Division 1	David Jones, Division 1*
Mark Emmerson, Division 2*	Jay Boatwright, Division 2
Jeff Nelson, Division 3*	Robert Wichert, Division 3
Ron Greenwood, Division 4	Kevin Thomas, Division 4
Paul Selsky, Division 5	Craig Locke, Division 5*
* 2X2 Representatives	
'OTHER PROCESS PARTICIPANTS	
Jose Henriquez, LAFCo	
CONSULTANTS	
Raftelis	Strategy Driver, Inc
BKS Law	JP & Company
IN Communications	

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ACRONYMS

ACWA	Association of California Water Agencies
af	acre foot
AMI	Advanced Metering Infrastructure
ASR	Aquifer Storage Recovery
AWD	Arcade Water District
AWWA	American Water Works Association
CalPERS	California Public Employees' Retirement System
CCF	One-Hundred Cubic Foot
CCR	California Code of Regulations
CFS	cubic feet per second
CIS	Customer Information System
CMMS	Computerized Maintenance Management System
COTP	California-Oregon Transmission Line
CSM	Cogsdale's Customer Service Management System
CWD	Carmichael Water District
CY	Calendar Year
DDW	Division of Drinking Water
EDMS	Electronic Document Management System
FFC	First Five Commission
FTE	Full Time Employees
GIS	Geographic Information System
GM	General Manager
GPM	Gallons Per Minute
GSP	Groundwater Sustainability Plan
JPIA	Joint Powers Insurance Authority
LAFCo	Local Agency Formation Commission
MGD	Million Gallons per Day
MOU	Memorandum of Understanding
MW	Megawatts
NSA	North Service Area
NWD	Northridge Water District
PCWA	Placer County Water Agency
SAWWA	Sacramento Area Water Works Association
Sf	Square Feet
SGA	Sacramento Groundwater Authority
SGMA	Sustainable Groundwater Management Act
SJWD	San Juan Water District
SMUD	Sacramento Municipal Utility District
SSA	South Service Area
SSWD	Sacramento Suburban Water District
SWRCB	State Water Resources Control Board
WTP	Water Treatment Plant

EXECUTIVE SUMMARY

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 two 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 (Raftelis 2021) 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/February 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 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.

1. HISTORY AND BACKGROUND

Carmichael Water District

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

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. The district maintains over 700 miles of water lines within its approximately 36 square miles of service area.

Sacramento Regional Water Utility Collaboration Study

In late 2018, the respective Boards of SSWD and San Juan Water District (SJWD) directed staff to initiate collaboration discussions with neighboring water agencies that could identify additional operational and financial efficiencies and to potentially improve service provisions to customers. The following agencies were invited, and accepted, to participate in the collaboration discussions: SSWD, SJWD, Citrus Heights Water District, CWD, Rio Linda / Elverta Community Water District, Del Paso Manor Water District, 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 2021. Based on the results of the Study, the CWD and SSWD Boards directed staff to continue seeking collaboration/combination opportunities.

Business Case for a Potential Combination Study Report

CWD and SSWD began the Combination Discussions in July 2021, by developing a 2x2 Committee (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 (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 Analysis explored trends in the water industry and community, such as changing water demands, pressure to keep rates affordable, regulatory changes, water supply reliability, 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 fatal flaws/deterrents in combining the two districts.

2. COMMUNICATION AND OUTREACH APPROACH

The Boards directed staff to develop an outreach strategy to ensure the transparency and objectivity for customers, rate payers, and employees. Communication and outreach processes/materials are outlined below.

Meetings to Identify Stakeholders and Outreach Strategy and Implementation

CWD and SSWD Boards on January 24, 2023, approved the Memorandum of Understanding for a Communications Plan for Public Outreach on the Combination Discussions. The cost for the Public Outreach as contracted with IN Communications is split 50/50 between CWD and SSWD and was contracted on February 9, 2023.

At the April 10, 2023, CWD/SSWD Joint Board meeting, the respective Boards directed staff to enter into an agreement with a consulting firm, Strategy Driver, Inc and JP & Company, to assist with facilitation of 2x2 Committee meetings, Joint Board meetings, interviewing Board members from each agency, as well as assisting staff in completing the necessary scope of work to finalize the Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District (Report). The consultant's costs are split 50/50 between CWD and SSWD.

Development and implementation of the Stakeholder and Outreach Plan included the following meetings, which were conducted according to Brown Act with posted meetings, announced agendas, and minutes made available on both districts' websites:

DATE	MEETING DETAIL
July 2021 through Present	Public updates at Individual District Board meetings; Joint Board Meetings; and through the CWD-SSWD 2x2 Committee
September 23, 2022	Full draft study provided to SSWD and CWD
October 13, 2022	Draft study delivered to the public via the 2x2 Committee meeting
February 8, 2023	Study accepted with amendments at the 2x2 Committee meeting
April 10, 2023	Joint Board approved moving forward with discussions, public information workshops and associated communication collateral
May 4, 2023	2X2 Committee
June 8, 2023	2X2 Committee
June 15, 2023	Individual CWD Public Workshops
June 21, 2023	Individual SSWD Public Workshop
July 11, 2023	2X2 Committee
August 9, 2023	2X2 Committee
October 11, 2023	2X2 Committee
October 24, 2023	Joint Board Meeting
December 13, 2023	2X2 Committee Meeting
January 8, 2024	Joint Board Meeting

Public Involvement Communication Collateral

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

- Comprehensive CWD-SSWD stakeholder list for outreach to elected officials, business groups, neighboring and partnering water providers, homeowners associations, and others.
- Communication Collateral: Supporting materials to communicate with the public about combination discussions, including:
 - **Postcard for the public information sessions:** Invites the public to an information session to learn about combination discussions and the findings of the initial study, ask questions and provide input.
 - **Road map/milestones for the outreach process:** Outlines the steps and overall approach for the public outreach/engagement process.
 - **Summary: Exploring the Combination of CWD and SSWD:** Provides a one-page document highlighting the opportunities, process, and ways to learn more.
 - **Fact Sheet: Perceived Advantages and Disadvantages to Combination:** Highlights perceived advantages and disadvantages to combination.
 - **Overview: About the Combination Study and Process:** Provides an overview of why the districts are discussing combination, activities to date and how the public can learn more.
 - **Fact Sheet: Study: A Business Case for a Potential Combination:** Provides an overview of the initial study findings and seeks to anticipate/answer likely questions.
 - **Map of Voting Divisions:** Shows the CWD and SSWD service areas and divisions for the Boards of Directors.
 - **Comment Sheet:** Invites the public to provide written comments on combination discussions.
 - **Key Messages (external/internal audiences and on special topics):** Provides a concise means for communicating the status of combination discussions; addresses frequently asked questions about fluoride.
 - **PowerPoint presentation** for the Public Information Workshops.

Public Information Workshops

The CWD and SSWD Boards approved two Public Information Workshops (Workshops) to inform the rate payers/stakeholders of both districts regarding the combination discussions and obtain public opinions. The Workshops were held on June 15, 2023, at CWD and June 21, 2023, at SSWD. Both Workshops were facilitated by an Executive Facilitator who assisted with public comments and questions. The Workshops included a presentation by the General Manager of each district followed by a question and comments (Q&A) session from the attendees. The major themes expressed by the attendees are highlighted below.

CWD Workshop (June 15, 2023):

- **Representation and Governance:** Comments were raised about the representation of CWD residents in the new water district, as they would constitute only 17 percent of the population and have only one board member. The desire for more representation from CWD was expressed, and attendees requested clarity on how the geography will be divided to ensure fair representation.
- **Surface Water Availability:** There was a comment 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:** There was a comment 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:** Individuals expressed 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:** Comments 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 Business Case Analysis:** 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. An 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.
- **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:** 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:** 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 commented 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:** An 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:** 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 future states of combination talks.

SSWD Workshop (June 21, 2023):

- **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:** Comments 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 a 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 commented about the impact from combination on contracts with the City of Sacramento and Placer County Water Agency (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:** Comments 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:** 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:** Comments 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:** Comments 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:** An 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 Efforts

Other outreach stakeholder briefings include:

- April 30, 2023: Carmichael Colony Neighborhood Association Annual Meeting: CWD provided briefing on the process and status of combination and invited the public to upcoming workshops.
- May 30, 2023: LAFCO Special Districts Advisory Committee: SSWD provided an overview and status of the CWD-SSWD Combination discussions.
- June 13, 2023: Presentation to the Women's Group at the St. Mark's United Methodist Church in Sacramento.
- July 13, 2023: Briefing for Sacramento City Councilmember Lisa Kaplan.
- July 14, 2023: Briefing for Assembly Member Josh Hoover.
- July 18, 2023: Briefing with McClellan Park.
- July 19, 2023: Presentation to the Carmichael Kiwanis Club.
- July 26, 2023: Briefing for Assembly Member Kevin McCarty.
- July 26, 2023: Briefing for Supervisor Sacramento Supervisor Sue Frost.
- August 8, 2023: Briefing scheduled for Senator Roger Niello.
- May 11/June 5, 2023: Press release distributed to media outlets
- May 18, 2023: Mailed letter to HOAs/Neighborhood Associations
- May/June, 2023: Outreach via existing CWD and SSWD communication channels, including websites, bill inserts, bill messages, etc.
- May/June, 2023: Social media post and monitoring and outreach.

- May 27-June 21, 2023: Digital Advertising (Facebook and news/weather sites via the Google Display Network)
- June 9, 2023: Print ads in Carmichael Times and Arden-Carmichael News Public Information Workshops.
- June 16, 2023: Print ad in Carmichael Times

CWD's external outreach and communications:

- Website updated/link added to home page
- May 2023: Article in May 2023 bill insert
- Ongoing 2023: Social media post on Nextdoor.com and monitoring
- May 19, 2023: Information article in Carmichael Times newspaper

CWD's internal outreach efforts:

- October 14, 2022: Employee Meeting/staff update on study and Q&A with GM
- October 31, 2022: The SSWD General Manager attended a Carmichael Water District staff meeting to discuss his experience with the Arcade/Northridge Water District consolidation
- April 21, 2023: Two Employee Meeting/staff update and Q&A with two CWD Board of Directors
- Ongoing: Internal webpage

SSWD's external outreach and communications:

- Ongoing: Website updated/link added to home page
- September 15, 2022: Fall newsletter mailed
- October 6, 2022 / October 4, 2023: PowerPoint Slide during Open House
- October 2022: Customer Service monitor regarding combination efforts
- October 7, 2022: Direct mail postcard with QR code mailed to 45,000 SSWD customers
- October -November 2022: Advertising on Facebook and the Google Display Network on Facebook and on November 10th on the Google Display Network
- October and November 2022 and July 2023 bill inserts

SSWD's internal outreach efforts:

- July, August, September, October, November, December 2022; January, February, March, April, May, June, July, August, September, October 2023: Employee Meeting/staff update on combination discussions
- September 15, 2022: Internal information Staff hub link for information and questions
- Ongoing: Internal key messages and Frequently Asked Questions provided to SSWD staff and Board members
- Ongoing: Weekly Manager's Meeting
- October 19, 2022: General Manager invitation to staff, inviting questions and providing link to key messages and FAQs

3. DISTRICTS' CURRENT BUSINESS & OPERATIONS

Carmichael Water District

Existing Governance

CWD is governed by a 5-member Board of Directors elected by division. Elections are held on even numbered years. Below are the CWD Directors and their terms:

Director	Term
Ron Davis	2022-2024
Mark Emmerson	2020-2024
Ron Greenwood	2020-2024
Jeff Nelson	2022-2026
Paul Selsky	2022-2026

Personnel, Organizational Structure and Chart – CWD has a total of twenty-nine (29) full-time-equivalents (FTEs) positions; of which seventeen (17) are management/administration employees with the remaining fourteen (14) being in operations (see Exhibit 1).

Water Rights and Well Inventory – CWD has three surface water rights with various priorities: 1915 and 1925 licensed rights at 10 and 15 cubic feet per second (cfs) respectively and a 1925 permit at 25 cfs.

CWD has five active groundwater wells with a total capacity of approximately 9.2 million gallons per day (mgd).

CWD also other has other backup and secondary water supplies, including remediated groundwater supplies from Aerojet and a short-term water supply purchase agreement with San Juan Water District, that are in use based on operational needs.

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.
6. 11,633 Accounts; 11,053 residential, 580 non-residential

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
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 Billing	\$954,364	83%	\$199,487	17%
Average customer bill	\$86.34		\$343.94	
SSWD (average bill)	\$3,246,459	77%	\$959,022	23%
Average customer bill	\$76.39		\$339.36	

Annual water 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%

Residential billing rate, ¾" and 1" meters:

	CWD		SSWD	
	Dollars	Units	Dollars	Units
¾" Meter	\$ 55.65	10 ccf	\$ 58.79	10 ccf
	76.25	20 ccf	70.09	20 ccf
1" Meter	75.50	10 ccf	86.14	10 ccf
	96.10	20 ccf	97.44	20 ccf

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. Outstanding debt (06/30/2022): \$31,023,528; \$2,667 per account.

Metric	CWD	CWD per Account	SSWD	SSWD per Account
Reserves:				
Capital	\$ 6,712,741	\$ 577	\$ 16,206,400	\$ 358
Operating	5,543,643	477	25,827,633	570
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

Note: 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.

Facilities and Equipment

The Carmichael Administration Building, located at 7837 Fair Oaks Blvd., houses approximately 15 administrative staff positions. The building also includes 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. The parcel is also CWD's Corporation Yard where equipment and materials are stored for operations. The 2.5-acre parcel also has a large parking area with a solar generating shade structure.

Bajamont Water Treatment Plant (BWTP) is located at 3501 Bajamont Way in Carmichael. The BWTP includes the treatment plant and intake facilities that is located on approximately 18 acres. The BWTP includes above ground filtration and treatment facilities and an underground 2-million-gallon concrete tank. Groundwater facilities are located throughout the District's service area. There are seven parcels for wells, all of which are under 0.5 acres. CWD has two water storage reservoirs at two separate locations containing a 1-MG steel tank and a 3-MG steel tank, equipped 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 regard to large equipment, 4 backhoes, 1 mini excavator, 2 vacuum trailers, 1 valve exerciser, 1 mini excavators, 1 forklift, and 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.

Policies and Procedures

CWD has twenty-two (22) Directors' Policy Manuals (Policies) and thirty-seven (37) Policy Manuals (Procedures). (See Exhibits 2 and 3)

Communities Served

CWD provides water service to customers in the Carmichael Community.

Sacramento Suburban Water District

Existing Governance

SSWD 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. Below are the SSWD Directors and their terms:

Director	Term
Jay Boatwright	2022-2024
Dave Jones	2020-2024
Craig Locke	2022-2026
Kevin Thomas	2022-2026
Robert Wichert	2022-2026

Personnel, Organizational Structure and Chart – SSWD has a total of seventy-three (73) full-time-equivalents (FTEs), of which twenty-six (26) are management/administration, with the remaining forty-seven (47) being in operations (see Exhibit 4).

Water Contract Entitlements, Well Inventory, and Fluoride – SSWD has a surface water contract entitlement with City of Sacramento to receive 26,064 af per year, a surface water contract entitlement with PCWA to receive 29,000 af per year, as well as Central Valley Project Section 215 Water from the Bureau of Reclamation, when available.

SSWD has a total of seventy-one (71) active groundwater wells with a total capacity of approximately 124 mgd. SSWD has 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 SSWD's SSA. The existing Agreement with FCC 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:

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. 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.

In accordance with Title 22 of the Code of California Regulations (“CCR”). Health and Safety Code section 116410 states 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.

Water Rate Structure – SSWD 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.
5. 45,322 Accounts; 42,496 residential, 2,826 non-residential

Description Fixed Rate	Meters	SSWD		
		2023	2024	2025
5/8" Meter	2,631	\$ 35.32	\$ 36.38	\$ 36.38
3/4" Meter	37,424	48.99	50.46	50.46
1" Meter	3,710	76.34	78.63	78.63
1 1/2" Meter	1,035	144.72	149.07	149.07
2" Meter	1,408	226.77	233.57	233.57
3" Meter	312	445.58	458.95	458.95
4" Meter	103	691.74	712.49	712.49
6" Meter	27	1,375.51	1,416.77	1,416.77
8" Meter	5	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		-	-	-
Usage Rate		2023	2024	2025
Residential –		\$ 0.98	\$ 1.01	\$ 1.01

Description Fixed Rate	Meters	SSWD		
		2023	2024	2025
1 st Tier (0-15 ccf)				
Residential – 2 nd Tier (16 + ccf)		1.28	1.32	1.32
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 Billing	\$954,364	83%	\$199,487	17%
Average customer bill	\$86.34		\$343.94	
SSWD (average bill)	\$3,246,459	77%	\$959,022	23%
Average customer bill	\$76.39		\$339.36	

Annual water 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%

Residential billing, ¾" and 1" meters:

	CWD		SSWD	
	Dollars	Units	Dollars	Units
¾" Meter	\$ 55.65	10 ccf	\$ 58.79	10 ccf
	76.25	20 ccf	70.09	20 ccf
1" Meter	75.50	10 ccf	86.14	10 ccf
	96.10	20 ccf	97.44	20 ccf

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. Outstanding debt (12/31/2022): \$54,915,515; \$1,212 per account.

Metric	CWD	CWD per Account	SSWD	SSWD per Account
Reserves:				
Capital	\$ 6,712,741	\$ 577	\$ 16,206,400	\$ 358
Operating	5,543,643	477	25,827,633	570
Total	12,256,384	1,054	42,034,033	928
Net Fixed Assets	65,454,326	5,627	324,541,471	7,161
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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

Note: 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 for SSWD as of December 31, 2022.

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).

Facilities and Equipment:

The Marconi Administration Building, located at 3701 Marconi Avenue, houses administrative and engineering staff. Forty staff persons report to this facility with a building size of approximately 18,000 square feet (sf). The maximum occupancy of the Boardroom is 125 people. The building also includes a separate suite that is currently unoccupied. This particular area is approximately 6,800 sf. The building has an underground parking garage with the capability to accommodate 50 district/personal vehicles combined.

Walnut 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. Forty-two staff persons report to this facility.

Auburn Yard, located at 2736 Auburn Blvd., has two buildings and a groundwater well facility. This property is utilized for storing operations materials (e.g., asphalt, sand, and gravel). There is a cell tower located at this facility that currently generates annual revenues.

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 stories, 18,000 sf in size, and is a metal frame with a CMU block exterior and metal roof. The building houses the booster pump station/equipment and includes a separate standby generator room, motor control center, two large meeting rooms, kitchen area, locker rooms/showers/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, and JPIA. The yard area has material storage bins for asphalt and sand and gravel. It also houses some of the District's large equipment (e.g., backhoe, dump truck, etc.). In addition, there is a standalone carport structure at this site.

SSWD has a total fleet of 44 vehicles that range from a compact electric vehicles to as large as a 5-yard dump truck. In regard to large equipment, 3 backhoes, 1 front end loader, 3 vacuum trailers, 1 valve exerciser/vacuum trailer, 3 mini excavators, and 2 forklifts.

Policies and Procedures - SSWD has forty-seven (47) Board adopted policies and sixty-two (62) procedures. (See Exhibits 5 and 6)

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.

**Benefits (Retirement and Medical)
Human Resources, Salaries, Benefits
Salary and Benefit Costs**

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

4. MODEL MERGED DISTRICT

As part of the combination investigation, both boards considered the types of districts as they are today and what the new district may be. Both CWD and SSWD share the same legal counsel who represents CWD as a special counsel and SSWD as a regular district counsel. Below, legal counsel provided the following summary on governance:

Discuss Advantages/Disadvantages of Irrigation District vs. County Water District

CWD is an Irrigation District and SSWD 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 and in District Authorized Powers Matrix following this section.

What are the Differences in the Powers and Authority of County Water Districts and Irrigation 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.

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. Similar to SSWD, 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.

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.

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.

Legal counsel developed a matrix that identifies/outlines the various types of Powers of Authority in relations to water service/supply, other services, water conservation, property acquisition, facilities and sale of surplus services. See Exhibit 7

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.

Either district can initiate a combination 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 disruptions (the timing of notice) and if alignment occurs (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 and this filing finalizes the proceedings and the combination is complete. Following are the 7 Steps:

1. **Project Initiation** – Applicant submits all the forms found here (<https://saclafco.saccounty.gov/Pages/ApplicationForms.aspx>), including the plan for service (please see the section immediately below).
2. **Property Tax Negotiation** – Governed by Revenue and Taxation Code §99. While neither district receives a portion of the property tax, this section cannot be bypassed per R&TC §99(b)6.
3. **LAFCo Staff Analysis** – Upon the receipt of the complete packet of application (see Step 1 above), staff will analyze the documents and follow up with the Districts to ensure there is sufficient information to address the requirements under GC §56668. Once GC §56668 has been satisfied, LAFCo staff will issue a Certificate of Filing, stating the approval hearing date for the proposal. This approval hearing is typically scheduled for the first meeting in which at least 21-days advance notice can be posted (GC §56159).
4. **Approval Hearing** – The Commission considers the facts of the proposal, the staff report, written and oral testimony, the environmental review, the context and setting of the proposal and any other pertinent information to decide on the proposal. The Commission’s discretionary decision could be unconditional approval, approval with conditions or denial. If the latter, the project stops here and LAFCo issues a Certificate of Termination. If the decision is approval with or without conditions, then the proposal moves on to Step 5.
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. Historically, reconsiderations rarely succeed.

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.

Note:

- The “sub-LAFCo process” under GC §56853(a) 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.
- 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.

7. **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.

Statistics and Demographics:

If CWD and SSWD were to combine, the combination would be envisioned as follows:

- Population = 240,000
- Connections = 59,000
- Registered Voters = 94,000 SSWD / 24,300 CWD for a total of 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 rights/contract entitlements = 91,691 af per year. Groundwater Supplies = 149,425 af per year or 133 mgd.

Board of Directors: Interim and Long-Term -

The initial Board of Directors of the combined district may have eleven members, composed of the members of the current Board of Directors of CWD and SSWD. The eleventh Director may 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 ultimate size of the Board by statute is 5 members, but can be larger (e.g., 7 or 9 members) upon request of SSWD and CWD and LAFCo approval. Note that both the County Water District Law and Irrigation District Law contain statutes authorizing these options. As an example, if the Board chooses 5 members, 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. This process could potentially occur in the election schedule for November 2026 and November 2028, respectively.

Organizational Executive Structure

The Board of Directors will select a new chief executive director/manager for the new combined district. The new chief executive will work with the Board to organize the new combined district as it undergoes transitions with operations and staffing.

Integration of Software

Information technology (IT) and software combination is anticipated to be one of the more expensive and time consuming items to work through for the new combined agencies. The areas of concerns for software include organizational servers, which are both based on Microsoft Windows based systems, accounting systems, utility billing and customer information system, and operational systems such as computerize maintenance management system (CMMS), meter reading software, SCADA, and backflow database. The updates will range from merging both organizations' data into one system up to new software purchases and deployment.

Human Resources

Based on both CWD and SSWD's approved 2023 budgets, a combined agency would have about 103 employees with the following annual employee salary, benefits, and total compensation information and ratios:

Employees and Budget Ratios	Annual Employee Salary	Benefits	Total Compensation
103 employees	\$10,600,000	\$5,100,000	\$15,700,000
% of O&M Budget	31%	15%	45%
% of Total Budget	14%	7%	21%

Both CWD and SSWD provide competitive salaries and benefits with on-going compensation comparison analysis on a regular basis. Salaries for both CWD and SSWD are attached as Exhibit 8.

Retirement

Both agencies are CalPERS members for retirement and medical insurance coverage which are the biggest portion of the districts' benefits budget. California pension laws, such as the California Public Employees' Pension Reform Act (PEPRA), set forth requirements and eligibility that participating agencies and members must follow. The new combined agency would assume the employer's responsibility of current districts' employees and previously agreed upon contracts with regard to retirement. There would be no additional increases as a result of combination. The new Board would set policy and direct for CalPERS funding based on CalPERS' requirement and the new agency's financial position at that time.

Both CWD and SSWD participate in social security and participation is generally compulsory.

Health Benefits

Both CWD and SSWD contracts with CalPERS Health Program for medical health insurance plans for employees and retirees. CalPERS sets the eligibility for enrollment and each contracting agency (employer) elects its own contribution for its employees. CWD and SSWD have various contribution levels for employees and the difference is immaterial in the overall budget. Further, the difference may not be significant to employees as there are many medical insurance plans to choose from and both districts' contributions have escalators built in. Employees would most likely prefer the new Board to stay with CalPERS Health Program for minimal disruption and the future Board would have options to set different contribution rates or even choose different programs.

Dental, vision, and other benefits are different for both agencies. Both employee benefit coverage and employers' contribution levels are different but these variations, most likely, have minimum impacts to employees and immaterial to both districts' budgets.

BENEFITS

Benefit Type	CWD	SSWD
Medical	CalPERS Region 1 plans are provided to all regular full time employees, their eligible dependents and eligible retired employees. District pays medical premiums for regular full time employees and eligible dependents up to the Blue Shield Trio rate under CalPERS Region 1 with a maximum adjustment of 6% per year through 2025. District pays set rate for medical insurance opt out, currently set by policy at \$400. New employees are eligible on the first day of first full month following hire date.	CalPERS Region 1 plans are provided to all regular FTE and eligible retired employees (per CalPERS for retired, the 10/20 vesting schedule applies). New employees are eligible on 1st day of first full month following hire date. District pays the CalPERS 100/90 rate towards health premiums. Offers ½ the lowest cost medical plan rate for medical insurance opt out.
Dental	District offers Delta Dental PPO through ACWA/JPIA and pays the dental premiums for each full time regular employee and eligible dependents. New employees are eligible the first of the month after completing 60 days.	District pays dental premiums for all employees and eligible dependents under Cigna Dental. New employees are eligible on 1st day of first full month following hire date.
Vision	District offers VSP through ACWA/JPIA and pays the vision premiums for each full time regular employee and eligible dependents. New employees are eligible the first of the month after completing 60 days.	District pays vision premium for all employees and eligible dependents under VSP/Ameritas. New employees are eligible on 1st day of first full month following hire date.
Employee Assistance Program (EAP)	District offers Anthem EAP benefits through ACWA/JPIA and pays the EAP premiums for each full time regular employee and eligible dependents. New employees are eligible the first of the month after completing 60 days.	District offers Anthem EAP benefits through ACWA/JPIA and pays the EAP premiums for each full time regular employee and eligible dependents. New employees are eligible on 1st day of first full month following hire date.
Basic Life and AD&D	District offers The Standard Basic Life/AD&D benefits through ACWA/JPIA and pays the premium for each full time regular employee. The amount of the Basic Life/AD&D benefit is equal to two (2) times the employee's annual base earnings up to a maximum benefit of two hundred thousand dollars (\$200,000). The District pays the premium for Basic Life benefits for spouses for \$1,500 and the Basic Life premium for an employee's child for \$1,000. New employees are eligible the first of the month after completing 60 days.	Fully paid life and accidental death insurance benefits equal to 2 times annual salary (uncapped) are effective the first day of the first full month following hire date for active employees. Spouse and children under 26 are insured for \$10,000 (dependents less than 6 months are covered at \$00; this amount automatically increases to \$10,000 at age 6 months). Coverage is through UNUM.
Short Term Disability	District participates in the State of California disability program administered through Employment Development Department. SDI is funded by employee withholding.	Fully paid short-term (STD) disability insurance benefits are effective the first day of the first full month following hire date; coverage is available for active employees only. STD is 66.67% of basic weekly income

		to a maximum benefit of \$2,000 and begins on the 31st day of disability up to a maximum of 9 weeks. Coverage is through UNUM. District does not participate in SDI.
Long Term Disability	District offers Guardian LTD and pays the LTD premiums for each full time regular employee. New employees are eligible the first of the month after completing six months.	Fully paid long-term (LTD) disability insurance benefits are effective the first day of the first full month following hire date; coverage is available for active employees only. LTD is 66.67% of basic monthly income up to a maximum of \$10,000.
Deferred Compensation	District offers a Voluntary IRS approved 457 plan that includes a Roth option administered by CalPERS. Employee are eligible to enroll upon date of hire and may change contribution amounts or percentage at end of any pay period. District makes no contribution or match.	Two voluntary IRS 457 plans through Corebridge and CalPERS. Employee eligible to enroll upon date of hire and may change contribution amounts of percentage at end of any pay period. District makes no contribution or match.
Retirement	District offers a defined benefit retirement plan administered by CalPERS and pays the actuarially determined employer rate or rate set by law depending on retirement formula. Benefits are determined by contracted benefit formulas based on years of service, age, and final compensation at retirement. Employees are eligible immediately upon employment. As required by CalPERS, PEPRA members (new members hired after 1/1/2013) must pay the employee share for the 2% @ 62 benefit at 50% of the normal costs, determined by actuarial valuation. Classic Members (prior to 1/1/2013) are eligible for the 2% @ 55 plan and must contribute the employee portion as determined by law.	CalPERS years of service takes effect immediately upon employment for FTEs. As required by CalPERS, PEPRA members (CalPERS membership after 1/1/2013) must pay the employee share for the 2% @ 62 benefit. Classic Members (CalPERS membership prior to 1/1/2013) are eligible for the 2% @ 55 plan and the employer portion is covered for those Classic employees hired before 8/18/2020. Classic Members who are hired after 8/18/2020, must pay the employee share for this benefit as well. Classic members who were hired before 1/1/2003 are eligible for the 3% @ 60 formula, and the employer portion is covered. This plan is closed.
Social Security	The District participates in the Social Security System and pays the employer portion. The employee portion is withheld from the employee.	The District participates in the Social Security System and pays the employer portion. The employee portion is withheld from the employee.
Retiree Health Coverage	District offers CalPERS medical coverage for eligible retirees and eligible dependents based on the CalPERS medical benefits vesting schedule. The retired employee is responsible to coordinate all retirement and retiree medical benefits with CalPERS within the applicable timeframes and contract requirements.	Employees hired on or after 1/1/03 who retire from the District with at least 5 years of service and a minimum of 10 years credited service in CalPERS are eligible for post-retirement medical benefit payments up to the higher of: the higher of the lowest-cost HMO or PPO plan offered by CalPERS, or the CalPERS "100/90 Formula." The District's contribution toward post-retirement coverage for employees and their eligible dependents will be a percentage of the post-retirement coverage cost based on the employee's total credited years of qualifying service under the CalPERS vesting

		schedule. Those employees hired before 1/1/2003 are considered fully vested.
Holidays	District offers 11 paid holidays plus one floating holiday to all full time employees.	13 paid holidays per year – if less than 13 are designated by GM, personal holidays are received in order to reach the total of 13.
Vacation	<p>Full-time regular employees accrue time each pay period based on length of service to District, earning from 12 to 25 days per year. An employee may cash out unused leave up to the maximum vacation accrual (300 hours) only upon separation.</p> <p>There are no other payout provisions available. Probationary employees may accrue, but not utilize, vacation during the first six (6) months of employment</p>	Full-time introductory and regular employees accrue from 12-25 days (96-200 hours) per year based on service time for a max of 400 hours. Hours over cap are paid out in December each year unless designated to a deferred compensation plan provided through the District. Unused vacation may be cashed out if the employee has used at least forty (40) hours of vacation in the prior 12 months. Employees will be paid for all unused vacation at separation of employment.
Sick leave	<p>Full time employees earn 3.7 hours of sick time per pay period (12 days or 96 hours per year). Probationary employees may accrue, but not utilize sick leave during the first ninety (90) days of employment unless otherwise required by federal, state or local laws. Accrued sick leave upon termination of employment is forfeited. Accrued sick leave can be converted to service credit with CalPERS upon eligible retirement from the District.</p>	Introductory and regular employees earn 12 days per year (96 hours) beginning the first full pay period after hire date. Employees 55 and over can accumulate sick leave without limit and can cash out leave over 240 hours at ½ their current rate of pay once per year in December. Employees under 55 are paid in December each year for all accumulated sick leave exceeding 240 hours at ½ their current rate of pay unless designated to a deferred compensation plan provided through the District. Upon retirement, accrued unused sick leave can be paid out, converted to additional service credit with CalPERS, or designated to a deferred compensation plan provided by the District.
Bereavement leave	The District offers five days of bereavement leave and pays for three days. Employees must use their own leave balance for the remaining two days. All full time regular employees are eligible.	The District currently offers 3 paid days with allowance for extra 3 days using employees' own leave balances.
Jury Duty	District offers paid jury service time. All full time regular employees are eligible.	District offers paid jury service for up to ten (10) days per calendar year with ability to extend with approval of the General Manager.
Management/ Administrative Leave	At the discretion of the General Manager, the Engineering Manager and the Finance Manager may receive up to 80 hours annually. The leave is not accruable or compensable.	At the discretion of the General Manager, exempt staff may receive up to 5 days of Administrative Leave annually. Max carryover of 10 days per year.
Parental Leave	District is participant of the State's State Disability Program. Employees contribute to the SDI program through payroll withholding and that program offers paid New Parent	Regular employees receive up to 160 hours for disability due to childbirth, birth or placement of a child in the care of the

	Leave (NPL), Paid Family Leave (PFL) and Pregnancy Disability Leave (PDL). District coordinates benefits for employees to use accrued leave hours to compensate for any paid leave shortfall from the state program.	employee for purposes of adoption. District does not participate in SDI.
Educational Assistance	District offers Educational Assistance for classes that are not required by an employee's present work assignment, but would enhance the employee's overall skills and knowledge and are taken as part of a degree program by an accredited educational institution. District will reimburse the cost of tuition, textbooks, and supplies provided a grade of "C" or better is achieved. Participation in the program requires completion of two years of service after reimbursement date. Reimbursement is limited to \$500 year with a maximum of \$2,500 per employee.	District offers both on and off duty educational reimbursement opportunities. Degree programs for off-duty education require a minimum of three (3) years of employment with the District following completion of degree requirements for total financial assistance from the District. Annual reimbursement will not exceed the IRS maximum of \$5,250 per calendar year for a total of \$20,000 during the employee's career at the District.

Miscellaneous Metric Comparisons of CWD and SSWD:

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. The average monthly bill equals approximately \$99.17 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 days. SSWD reserves as of December 31, 2022, were \$42,034,033 or \$928 per account. Days cash on hand of approximately 796 days.

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 25 FTE staff or 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.

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 have been 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.

Financial

Revenue	\$75,149,240
O&M	\$34,632,660
Capital	\$32,841,944
Debt Service	\$6,995,000

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.

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

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 their limitations are if the two agencies combine. Legal opinion is provided below:

Water Reliability: Use of all Water, Both Surface and Groundwater, Conjunctive Use Plan, Perfection of Water Rights and Groundwater

SSWD has rights to groundwater and two contractual surface water entitlements and CWD has surface water rights and 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 in this report. While there are issues and nuances involved in each district's water rights and entitlements, this presents only a summary of the nature of and key issues involved in each permanent, reliable water right, or entitlement.

1. 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 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 water 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. The status of Permit 7356 is unclear because the SWRCB denied CWD's petition for an extension of time to complete perfecting this right in 2009, and the District has not pursued 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 and two backup wells with a total extraction capacity of 9.216 mgd. CWD normally uses only five of these wells to serve customers. 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.

2. 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. SSWD 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 any 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 71 operable wells to pump groundwater. 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.

The portion of the basin administered by SGA and the safe yield assigned to it is also subject to the Water Accounting Framework (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.

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, 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 files annual reports with the State Water Resources Control Board to document its banked water.

b. City of Sacramento Wholesale Water Supply Agreement

SSWD’s predecessor, Arcade Water District (“AWD”), entered into an agreement with the City of Sacramento (City) to reserve a supply of American River Place of Use. 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 American River Place of Use 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 (Agreement) under which the City agreed to supply up to 20 million gallons per day (“mgd”) of treated surface water to SSWD. The Agreement contains two significant limitations. First, SSWD may use treated surface water received from the City only in American River Place of Use, which covers most, but not all, of the District’s South Service Area, and none of SSWD’s North Service Area. 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.

Note: The American River Place of Use 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 American River Place of Use.

c. Placer County Water Agency Contract for up to 29,000 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. The contract was 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 further reduce SSWD’s annual “take or pay” obligation from 12,000 acre-feet to 8,000 acre-feet, with the provision that if PCWA can make additional water available to SSWD in any year, SSWD has the right to take up to 21,000 acre-feet of additional water in that year on a “pay-go” basis.

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’s NS Area. SSWD also may sell or transfer any portion of its available PCWA entitlement. CWD’s service area is not included in the PCWA expanded place of use.

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

a. CWD Water Right and Supply Limitations

The greatest risk to CWD’s surface water supplies results from their regulation by the SWRCB’s curtailment orders. In recent drought years, the SWRCB has curtailed CWD’s diversions of surface water under its three post-1914 rights, 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 inactivity to develop the right by diverting and putting the water to beneficial use in the time allowed in the permit. Since 2009, CWD has continued to divert water under this right and file annual reports with the SWRCB demonstrating water use under Permit 7356. 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 in order to develop the water right.

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 is in the process of establishing its groundwater capacities to be able to meet all its water demands with additional supplemental water supplies, if available. While a combined district could ameliorate this situation because SSWD might have excess groundwater supplies available to backfill some of CWD customer demands, there are some water conveyance constraints due to elevation and capacity that might limit the ability of SSWD to deliver additional water supplies into CWD.

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 American River Place of Use 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.

Impacts of Combination on Other Agencies

A 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.

Impacts to Employees

With the ongoing combination discussions and a shortage of available quality workforce in the water industry, both agencies have vacancies. The number employees for a combined agency would be the total number of employees for both districts at that time. There may be a shifting in employee assignment within a division but the overall work may be similar. A bigger organization

would provide additional advancement opportunities and upward mobility for employees. Employee layoffs due to the combination are not expected.

A portion of CWD's employees are represented by American Federation of State, County, and Municipal Employees (AFSCME). Continued representation is contingent on a majority affirmative vote of the employees.

Staff Efficiencies/Employee Opportunities

The organizational structure of each agency is represented as the hierarchy of each agency's functional groupings and staff roles. In general, both agencies are organized into Management & Administration roles such as Executive, Finance, and Customer Services & Billing, as well as Engineering & Capital Improvement roles, Distribution System Operations roles, and Production Operations roles. While these similar structures suggest some level of redundancy in staffing, many of these functions will scale with any larger unified utility operation given the separate infrastructure components.

Noteworthy differences between the organizational structure of CWD and SSWD do go beyond just scale. As a result of the size of the organization, there is a greater role specialization at SSWD relative to CWD. Rather than merely expanding the roster of generalists, larger organizations have the capacity to hire a more specialized staff. This also allows an upward mobility for existing staff, as well as opportunities to transfer to various departments.

One benefit of scale and specialization can be efficiency. Since labor is a significant cost input for utilities, labor efficiency can lead to more affordable service as long as it doesn't result in declines in infrastructure reliability, an overworked staff, or other signs of an organization stretched thin. The management and administration functions are the areas of the organizations that may present the largest potential overlaps in roles under a combined agency. However, any identified redundancies are likely best addressed and over time to ensure a smooth transition and continuity to any new organizational framework due to certain challenges that can emerge when attempting such a transition.

In addition to opportunities to achieve leaner executive level staffing under a combined organization, management and administration functions may benefit from certain roles that either currently do not exist, or may be somewhat over- or under-staffed, at one organization or another.

Ultimately, it will be up to management to determine if available staff numbers are insufficient, adequate, or perhaps excessive in a given function. Current vacancies across the two organizations may be able to be filled by existing staff as roles may change and as the synergies of the combined organizations become clearer.

- Knowledge sharing between the staff of each District can ensure that best practices permeate each District. This can be accelerated further through joint training. The SSWD training facility is already an asset that presents regional training opportunities, but it can be exploited further should the agencies combine.
- Equipment sharing and joint purchasing can also accelerate under a combined organization, particularly if joint facilities are invested in. For now, a centralized distribution deployment and warehouse facility is not contemplated as a near term priority for the combination effort, but over the longer term consolidated real estate could advance at the discretion of the Boards and management.
- The field operations staff could likely maintain split roles in the interim structure before being combined into one deployable force with a single Superintendent in the future. If teams dedicated to each service area are justifiable given the differences in the infrastructure and geography of the systems, the teams can be kept largely separate except where staff are exchanged to meet any increased workloads for projects periodically or where staff are used to fill in for vacations or absences. This arrangement could be adjusted once more operational experience with the combined system is gained and particularly if infrastructure, expertise, and procedures begin to become more homogenous across the two service areas.

6. GOVERNANCE – BOARD OF DIRECTORS

Transition from 11 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 and one vacant seat. 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.

The initial Board of Directors of the combined district may have eleven members, composed of the members of the current Board of Directors of CWD and SSWD. The eleventh Director may 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 ultimate size of the Board by statute is 5 members, but can be larger (e.g., 7 or 9 members) upon request of SSWD and CWD and LAFCo approval. Note that both the County Water District Law and Irrigation District Law contain statutes authorizing these options. If the Board chooses 5 members, 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.

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.

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 for the 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 dissimilar 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:

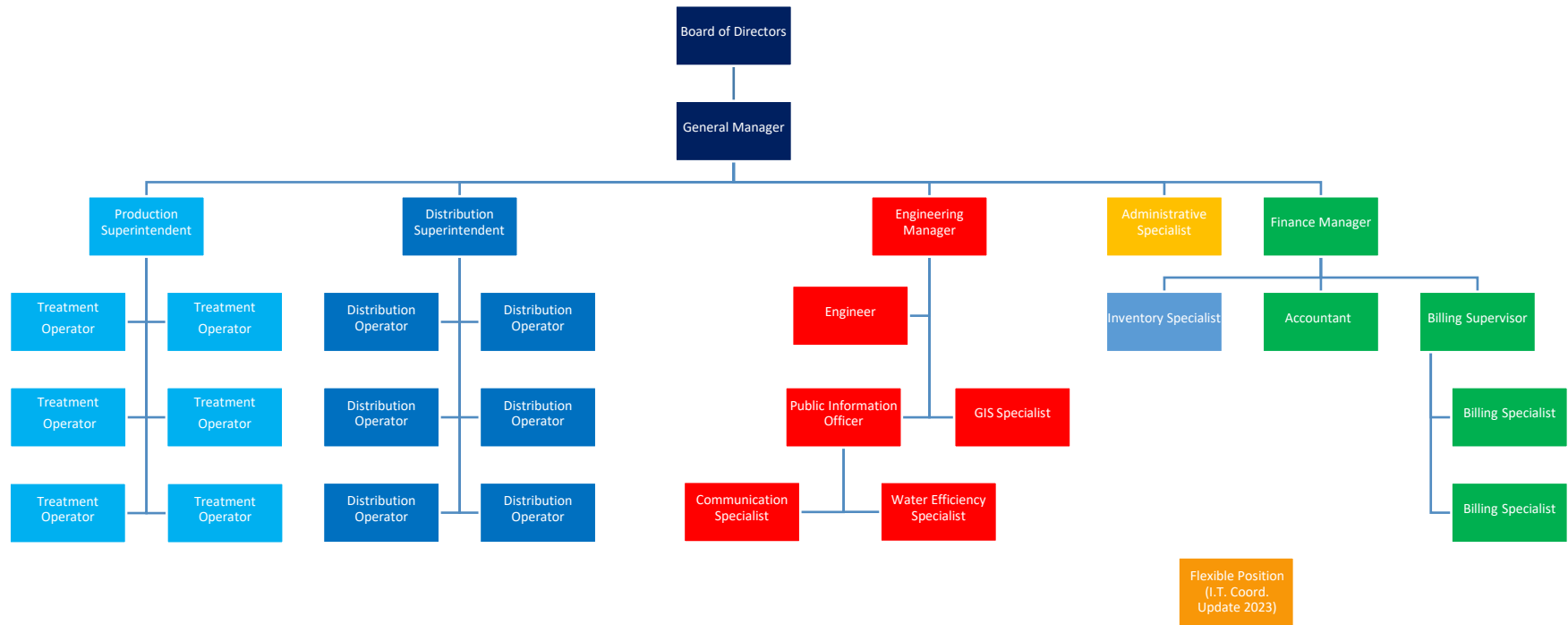
- A detailed assessment of total employee compensation and benefits was not conducted. Promotions and salary increases were given with no consideration of merit.
- There were noted differences in work rules and administrative policies and procedures mentioned in the report. Upon consolidation, management 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.

8. FINDINGS

2x2 Recommendation to Joint Boards

Exhibit 1

Carmichael Water District Organizational Structure



CARMICHAEL WATER DISTRICT
Directors' Policy Manual

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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
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9430	Rules of Order for Board and Committee Meetings
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SERIES 9600 -- FINANCIAL	
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CARMICHAEL WATER DISTRICT
Policy Manual

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4050	Employee Training, Education and Conferences
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4070	Retirement

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POLICY # POLICY TITLE

SERIES 5000 - LEAVE

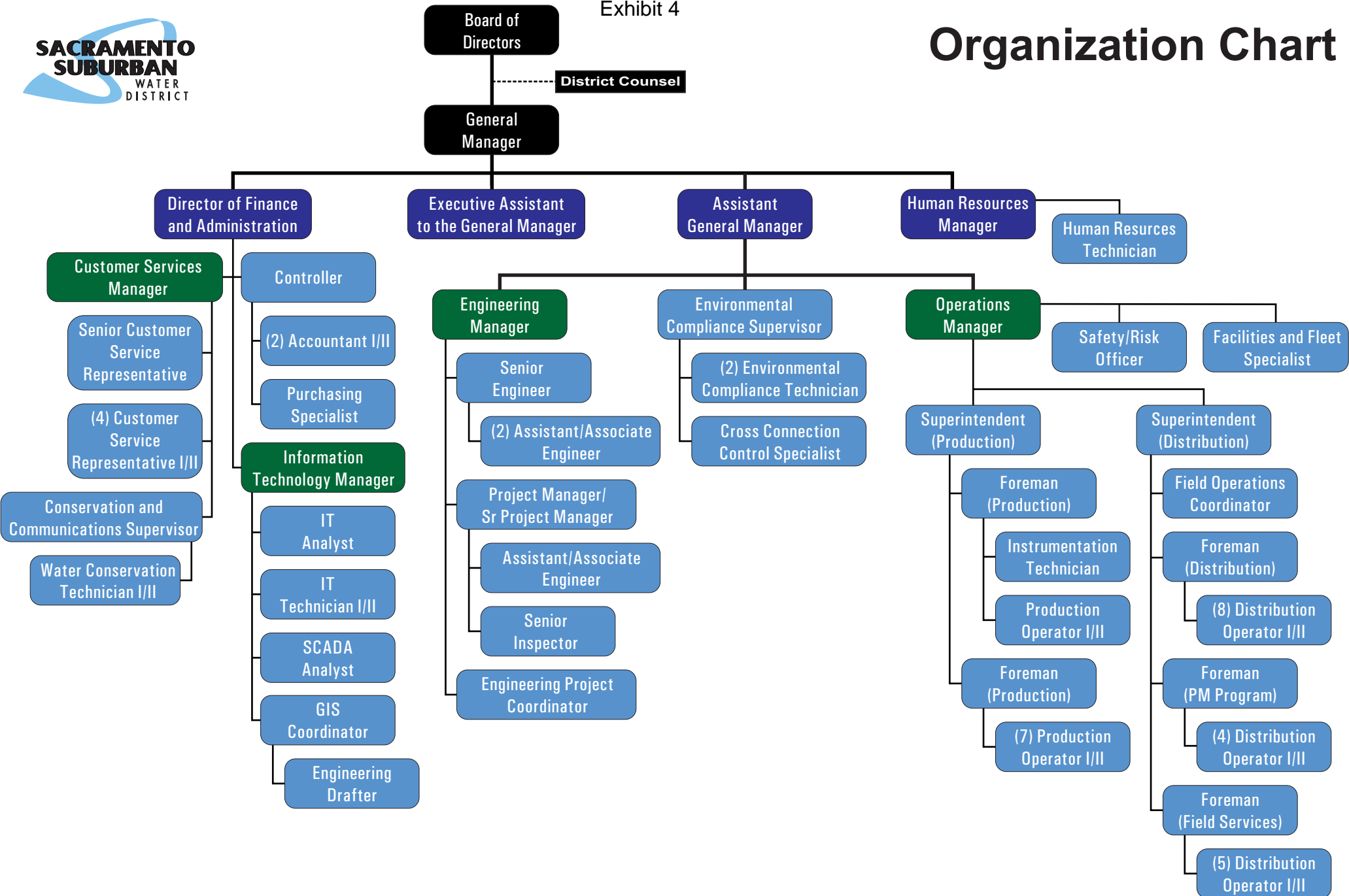
5000	Authorized Leave
5010	Unauthorized Absence
5020	Holidays
5030	Vacation
5040	Sick Leave
5041	Sick Leave – California Healthy Workplaces, Healthy Families Act of 2014

SERIES 6000 – HEALTH AND WELFARE

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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

Exhibit 5
Policies
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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)

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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

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PL - Fin 002	Capital Asset Policy
PL - Fin 003	Investment Policy
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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
PL - HR 005	Employee Recognition and Retention Expense Policy
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

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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
PR - Adm 006	Public Records Information Deposits/Costs Procedure 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

District Authorized Powers Matrix

Powers	County Water District	Irrigation District	Municipal Water District	Community Services District	Municipal Utility District	Public Utility District	Water Conservation District	California Water District
<p>Water Service and Supply</p>	<p>All acts necessary to furnish water in the District for all present and future beneficial uses. (Water Code § 31020)</p> <p>Acquire stock in a mutual water company or corporation for District water supply. (Water Code § 31051)</p> <p>Store and conserve water for future use, and appropriate, acquire, and conserve water and water rights for any useful purpose. (Water Code § 31021)</p> <p>Contract with the United States to acquire works for irrigation, drainage or flood control, or the development of electric power; provide a water supply; or assume indebtedness of the United States. (Water Code §§ 31150-51)</p>	<p>All acts necessary to furnish water in the District for any beneficial use. (Water Code §§ 22075-6, 22231)</p> <p>Allocate water on pro rate basis for irrigation purposes to each landowner. (Water Code § 22250)</p>	<p>Sell treated and untreated water to individuals, corporations, or agencies in the District. (Water Code § 71611)</p> <p>Acquire, distribute, treat, sink, and recycle any water, including sewage and storm water, for District beneficial uses. (Water Code § 71610)</p>	<p>Acquire, distribute, store, treat, purify, and recycle any water, including sewage and storm water, for District beneficial uses. (Gov't Code § 61100(a); Water Code § 71610)</p>	<p>Operate works for the supply of water to District inhabitants. (Pub. Util. Code § 12801)</p> <p>Utilize the Municipal Improvement Act of 1913 for any purpose which a District may carry out. (Pub. Util. Code § 13010)</p> <p>Operate a system for the distribution of irrigation water. (Pub. Util. Code §§ 13021-24)</p>	<p>Operate works for the supply of water to District inhabitants. (Pub. Util. Code § 16461)</p>	<p>Acquire and conserve water and water rights for any useful purpose. The District may sell, deliver, distribute, or otherwise dispose of any water that is controlled by the District. (Water Code §§ 74521, 74526)</p> <p>Conserve and store water and, for such purposes, acquire or construct and operate dams, reservoirs, canals, and pipelines, spreading basins, and wells. (Water Code §§ 74522-25)</p> <p>Contract with any city, county, district, or the United States for a water supply or facilities, and disposal of water rights, and contracts for the acquisition or construction of water works. (Water Code §§ 74590-92, 74611)</p>	<p>Operate the necessary works for irrigation, domestic, industrial, and municipal water purposes. (Water Code § 35410)</p> <p>Contract to perform agreements for the transfer or delivery of any irrigation system, canals, rights of way, or other property owned by the District in exchange for the right to receive water from the other party. (Water Code § 35403)</p> <p>Apportion water for irrigation purposes ratably to each landowner upon the basis of the last assessment to their land. (Water Code § 35420)</p>

District Authorized Powers Matrix

Powers	County Water District	Irrigation District	Municipal Water District	Community Services District	Municipal Utility District	Public Utility District	Water Conservation District	California Water District
<p style="text-align: center;">Other Services (Exercise of Latent Powers Subject to LAFCo Approval)</p>	<p>Operate plants for the generation of hydroelectric power. (Water Code § 31149.1)</p> <p>Operate facilities for the collection and disposal of solid waste. (Water Code § 31135)</p> <p>Operate recreation facilities ancillary to District facilities and water supplies. (Water Code § 31130)</p> <p>Provide fire protection services, subject to District obtaining consent of any local agency providing that service. (Water Code § 31120)</p> <p>Operate wastewater and storm water collection, treatment and disposal facilities. (Water Code § 31100)</p>	<p>Provide drainage made necessary by irrigation in the District. (Water Code § 22095)</p> <p>Generate, distribute, sell, and buy/lease electric power for use inside and outside the District. (Water Code §§ 22115-22124)</p> <p>Operate facilities to protect District land and property from floods and overflow. (Water Code § 22160)</p> <p>Operate sewage collection, disposal mains, and sewage treatment and disposal facilities. (Water Code § 22176)</p> <p>Operate recreational facilities connected to dams, reservoirs, or other works owned or controlled by the District. (Water Code § 22185)</p>	<p>Operate works and facilities for the generation and delivery of hydroelectric power. (Water Code § 71691)</p> <p>Provide fire protection services, subject to obtaining consent of any local agency providing that service. (Water Code § 71680)</p> <p>Operate facilities for, or contract for, solid waste collection. (Water Code § 71689.20)</p> <p>Operate facilities for wastewater and storm water collection, treatment, and disposal. (Water Code § 71670)</p> <p>Supply and deliver water to property outside of the boundaries of the District. (Water Code § 71613)</p>	<p>Sewer and storm water collection, treatment and recycling, and solid waste services. (Gov't Code § 61100(b-c))</p> <p>Fire protection and emergency response. (Gov't Code § 61100(d))</p> <p>Recreation facilities. (Gov. Code, § 61100(e).)</p> <p>Police services. (Gov't Code § 61100(i))</p> <p>Flood control facilities. (Gov't Code § 61100(r))</p> <p>Hydroelectric power generating facilities. (Gov't Code § 61100(u))</p> <p>**The CSD Law provides for additional services such as vector control, emergency medical services, animal control, and mail delivery by contract with U.S.P.S. (See Gov't Code § 61100 generally)</p>	<p>Operate works for the supply of light, power, heat, transportation, telephone service, or means for the collection, treatment, or disposition of garbage, sewage, or solid waste. (Pub. Util. Code § 12801)</p>	<p>Operate works for the supply of fire services, light, water, power, heat, transportation, telephone service, or means for disposing of solid waste and sewage. (Pub. Util. Code §§ 16461, 16463)</p>	<p>Operate recreational facilities in connection with any dams, reservoirs, or other works owned or controlled by the District. (Water Code § 74540)</p> <p>Contract with municipalities, sanitary districts or other incorporated bodies and operate works necessary to treat sewage or storm water for beneficial uses, and to sell the treated water. (Water Code § 74593)</p>	<p>Operate facilities and services for the collection, treatment, and disposal of sewage, waste, and storm water. (Water Code § 35500)</p> <p>Operate plants for the generation of hydroelectric power. (Water Code § 35570)</p>

District Authorized Powers Matrix

Powers	County Water District	Irrigation District	Municipal Water District	Community Services District	Municipal Utility District	Public Utility District	Water Conservation District	California Water District
Water Conservation	<p>Drain and reclaim lands within the District. A District also may divert, store, conserve, transport or dispose of water resulting from such operations, or any flood and storm water within the District, for any beneficial use. (Wat. Code, § 31033.)</p> <p>Establish and implement a program to reduce water use and may require, as a condition of new service, that reasonable water-saving devices and reclamation devices be installed to reduce water use. (Water Code § 31035)</p> <p>Recapture, purify, and redistribute any water for beneficial uses within the District. (Water Code § 31047)</p>	<p>Control, distribute, store, spread, sink, treat, purify, recapture and salvage any water for beneficial use of the District. (Water Code § 22078)</p>	<p>Establish and implement a program to reduce water use and may require, as a condition of new service, that reasonable water-saving devices and reclamation devices be installed to reduce water use. (Water Code § 71610.5)</p> <p>Restrict District water usage during any emergency caused by drought, or other threatened or existing water shortage. (Water Code § 71640)</p>					

District Authorized Powers Matrix

Powers	County Water District	Irrigation District	Municipal Water District	Community Services District	Municipal Utility District	Public Utility District	Water Conservation District	California Water District
Property Acquisition	<p>Acquire and dispose of by any means, including eminent domain, any property or interest in property required for District purposes. (Water Code §§ 31040-31041)</p>	<p>Acquire by any means any property or interest in property to carry out its purposes. (Water Code § 22425)</p> <p>Exercise the right of eminent domain to take any property necessary to carry out District purposes. (Water Code § 22456)</p>	<p>Acquire, lease, and dispose of real and personal property. (Water Code § 71690)</p> <p>Exercise the right of eminent domain to take any property necessary to carry out District purposes. (Water Code §§ 71693-94)</p>	<p>Acquire real or personal property. A District also may acquire any real or personal property by eminent domain. (Gov't Code § 61060)</p>	<p>Acquire real or personal property. A District also may acquire any real or personal property by eminent domain. A District also may lease, mortgage, sell, or otherwise dispose of property if it is within its best interests. (Pub. Util. Code § 12771)</p>	<p>Acquire real and personal property. (Pub. Util. Code § 16431)</p> <p>Exercise the right of eminent domain to take any property necessary. (Pub. Util. Code § 16404)</p>	<p>Acquire real and personal property. Any property owned by a District may be leased, mortgaged, sold, or otherwise disposed of. (Water Code § 74550)</p> <p>Exercise the right of eminent domain to take any property necessary to be used for District water facilities. (Wat. Code § 74553)</p>	<p>Acquire property necessary for water supply facilities for all District purposes. A District also may sell or lease property if it is in its best interests. (Water Code §§ 35600-04)</p>
Facilities	<p>Construct, purchase, lease, or otherwise acquire works, water rights, or land to convey, supply, store, or otherwise make use of water. (Water Code § 31042)</p> <p>Use any water or land under its control for recreational purposes. The District may also operate facilities necessary for the recreational use. (Water Code §§ 31130-31)</p>	<p>Construct necessary works for the collection of water for the District. (Water Code § 22226)</p> <p>Acquire the right to store water in any reservoir or to carry water through any conduit not owned or controlled by the District. (Water Code § 22227)</p>	<p>Acquire by any means and operate and maintain water system facilities, water rights, lands, rights, and privileges for the benefit of the District. (Water Code §§ 71691-71692)</p>	<p>Enter into and perform all contracts for any enumerated District service. (Gov't Code § 61060)</p>	<p>Construct water facilities pursuant to the Improvement Act of 1911. (Pub. Util. Code § 12921)</p> <p>Rent or lease District facilities that are not being used to their full capacity. (Pub. Util. Code §§ 12805-06)</p>	<p>Construct or acquire public utilities and works by resolution, ordinance, or petition by District voters. (Pub. Util. Code §§ 16801-16, 16841-46.)</p> <p>Contract with any public agency or with any person, firm, or corporation for joint acquisition, construction, maintenance, or use of water supply facilities. (Pub. Util. Code §§ 16880-82.)</p>	<p>Operate the facilities necessary to protect the land or property in the District from damage by flood or overflow. (Water Code § 74524)</p>	<p>Construct any works along, under, or across any stream, watercourse, street, avenue, highway, railway, canal, ditch, or flume. (Water Code § 35603)</p>

District Authorized Powers Matrix

Powers	County Water District	Irrigation District	Municipal Water District	Community Services District	Municipal Utility District	Public Utility District	Water Conservation District	California Water District
Sale of Surplus Services	Sell surplus water or its use for any beneficial purpose. (Water Code § 31023)	Lease or sell surplus water or its use when not required for use within the District. (Water Code § 22259)	Sell or otherwise dispose of surplus water to any persons, public corporations or agencies, or other consumers. (Water Code § 71612)		Sell or otherwise dispose of surplus water, light, heat, or power beyond what is required within the District. (Pub. Util. Code § 12804)	Sell or otherwise dispose of surplus water, light, heat, or power beyond what is required within the District. (Pub. Util. Code § 16473)		Contract for the lease, sale, or use of any surplus water not required for use within the District. (Water Code § 35425)

Exhibit 8

SSWD Non-Exempt Positions

TITLE	80%		Exempt:		70%	
	D*C1	B*12	C/2080	D/2080		
	2023 ANNUAL RANGE		2023 HOURLY RANGE			
Accountant I	\$ 73,965.53	\$ 92,456.92	\$ 35.56	\$ 44.45		
Administrative Assistant I	\$ 52,205.71	\$ 65,257.14	\$ 25.10	\$ 31.37		
Administrative Assistant II	\$ 58,006.35	\$ 72,507.93	\$ 27.89	\$ 34.86		
Assistant Engineer	\$ 93,366.88	\$ 116,708.60	\$ 44.89	\$ 56.11		
Cross Connection Control Specialist	\$ 77,377.96	\$ 96,722.45	\$ 37.20	\$ 46.50		
Customer Service Representative I	\$ 51,769.93	\$ 64,712.41	\$ 24.89	\$ 31.11		
Customer Service Representative II	\$ 56,948.07	\$ 71,185.09	\$ 27.38	\$ 34.22		
Distribution Operator I	\$ 63,145.80	\$ 78,932.25	\$ 30.36	\$ 37.95		
Distribution Operator II	\$ 69,458.09	\$ 86,822.61	\$ 33.39	\$ 41.74		
Engineering Drafter	\$ 65,219.35	\$ 81,524.18	\$ 31.36	\$ 39.19		
Engineering Project Coordinator	\$ 76,526.48	\$ 95,658.09	\$ 36.79	\$ 45.99		
Environmental Compliance Technician	\$ 68,885.28	\$ 86,106.61	\$ 33.12	\$ 41.40		
Facilities & Fleet Specialist	\$ 69,458.09	\$ 86,822.61	\$ 33.39	\$ 41.74		
Field Operations Coordinator	\$ 72,929.27	\$ 91,161.59	\$ 35.06	\$ 43.83		
Foreman (Distribution, Production)	\$ 89,288.53	\$ 111,610.66	\$ 42.93	\$ 53.66		
GIS Coordinator	\$ 91,649.01	\$ 114,561.27	\$ 44.06	\$ 55.08		
GIS Technician I	\$ 68,608.72	\$ 85,760.90	\$ 32.98	\$ 41.23		
GIS Technician II	\$ 75,469.59	\$ 94,336.99	\$ 36.28	\$ 45.35		
Human Resources Technician	\$ 70,674.55	\$ 88,343.19	\$ 33.98	\$ 42.47		
Instrumentation & Electrical Technician	\$ 84,465.52	\$ 105,581.91	\$ 40.61	\$ 50.76		
Information Technology Technician I	\$ 69,568.67	\$ 86,961.91	\$ 33.45	\$ 41.81		
Information Technology Technician II	\$ 76,526.48	\$ 95,658.09	\$ 36.79	\$ 45.99		
Production Operator I	\$ 63,145.80	\$ 78,932.25	\$ 30.36	\$ 37.95		
Production Operator II	\$ 69,458.09	\$ 86,822.61	\$ 33.39	\$ 41.74		
Purchasing Specialist	\$ 70,444.39	\$ 88,055.49	\$ 33.87	\$ 42.33		
SCADA Analyst	\$ 102,330.08	\$ 127,912.59	\$ 49.20	\$ 61.50		
SCADA Technician I	\$ 80,084.41	\$ 100,105.51	\$ 38.50	\$ 48.13		
SCADA Technician II	\$ 88,982.67	\$ 111,228.34	\$ 42.78	\$ 53.48		
Senior Accounting Technician	\$ 64,312.87	\$ 80,396.72	\$ 30.92	\$ 38.65		

CWD Non-Exempt Positions

TITLE	2023-24 ANNUAL RANGE		2023-24 HOURLY RANGE	
Accountant	\$ 71,830.10	\$ 87,310.08	\$ 34.53	\$ 41.98
Accountant, Senior	85,068.05	103,400.75	40.90	49.71
Engineer, Assistant	93,582.32	113,750.21	44.99	54.69
Billing Support trainee			Min. Wage	
Billing Support 1	31,910.74	38,787.63	15.34	18.65
Billing Support 2	37,028.99	45,008.91	17.80	21.64
Communications Specialist I	61,058.19	74,216.48	29.35	35.68
Communications Specialist 2	74,239.15	90,238.10	35.69	43.38
Billing Specialist 1	47,736.83	58,024.30	22.95	27.90
Billing Specialist 2	60,554.00	73,603.71	29.11	35.39
Distribution Operator I	48,276.59	54,566.10	23.21	26.23
Distribution Operator 2	75,237.34	85,039.34	36.17	40.88
Distribution Operator 3	85,199.92	96,299.84	40.96	46.30
Engineer in training	66,374.26	80,678.21	31.91	38.79
Engineer, Associate Civil	110,821.78	134,704.54	53.28	64.76
General Office Clerk			Min. Wage	
GIS Specialist	73,859.55	89,776.75	35.51	43.16
Treatment Operator 1	N/A	N/A		
Treatment Operator 2	74,408.05	84,101.89	35.77	40.43
Treatment Operator 3	86,366.02	97,583.82	41.52	46.92
Treatment Operator 4	100,672.42	113,788.06	48.40	54.71
Public Information Assistant 1	37,255.50	45,284.30	17.91	21.77
Public Information Assistant 2	47,741.41	58,029.92	22.95	27.90
Inventory Specialist I	47,424.21	57,644.50	22.80	27.71
Inventory Specialist 2	60,053.34	72,995.31	28.87	35.09

SSWD Non-Exempt Positions

	D*C1	B*12	C/2080	D/2080
TITLE	2023 ANNUAL RANGE		2023 HOURLY RANGE	
Senior Customer Service Representative	\$ 62,642.88	\$ 78,303.60	\$ 30.12	\$ 37.65
Senior Inspector	\$ 79,390.49	\$ 99,238.11	\$ 38.17	\$ 47.71
Water Conservation Technician I	\$ 59,961.01	\$ 74,951.27	\$ 28.83	\$ 36.03
Water Conservation Technician II	\$ 65,952.53	\$ 82,440.67	\$ 31.71	\$ 39.63

SSWD Exempt Positions

	D*E1	B*12	C/2080	D/2080
TITLE	2023 ANNUAL RANGE		2023 HOURLY RANGE	
Accountant	\$ 71,200.84	\$ 101,715.49	\$ 34.23	\$ 48.90
Assistant General Manager	\$ 133,000.00	\$ 190,000.00	\$ 69.69	\$ 99.56
Associate Engineer	\$ 93,945.41	\$ 134,207.73	\$ 45.17	\$ 64.52
Conservation & Communications Supervisor	\$ 87,801.67	\$ 125,430.96	\$ 42.21	\$ 60.30
Controller	\$ 105,325.89	\$ 150,465.56	\$ 50.64	\$ 72.34
Customer Services Manager	\$ 97,443.81	\$ 139,205.44	\$ 46.85	\$ 66.93
Engineering Manager	\$ 124,119.19	\$ 177,313.13	\$ 59.67	\$ 85.25
Environmental Compliance Supervisor	\$ 95,599.38	\$ 136,570.55	\$ 45.96	\$ 65.66
Executive Assistant to the General Manager	\$ 72,468.29	\$ 103,526.13	\$ 34.84	\$ 49.77
Director of Finance and Administration	\$ 129,500.00	\$ 185,000.00	\$ 62.26	\$ 88.94
Human Resources Manager	\$ 91,151.36	\$ 130,216.23	\$ 43.82	\$ 62.60
Information Technology Analyst	\$ 77,786.64	\$ 111,123.77	\$ 37.40	\$ 53.42
Information Technology Manager	\$ 108,541.68	\$ 155,059.54	\$ 52.18	\$ 74.55
Operations Manager	\$ 120,358.79	\$ 171,941.13	\$ 57.86	\$ 82.66
Project Manager	\$ 89,474.69	\$ 127,820.98	\$ 43.02	\$ 61.45
Safety/Risk Officer	\$ 92,762.58	\$ 132,517.97	\$ 44.60	\$ 63.71
Senior Engineer	\$ 108,039.23	\$ 154,341.76	\$ 51.94	\$ 74.20
Senior Project Manager	\$ 102,896.89	\$ 146,995.56	\$ 49.47	\$ 70.67
Superintendent (Distribution, Field Services, Production)	\$ 93,754.96	\$ 133,935.65	\$ 45.07	\$ 64.39

CWD Non-Exempt Positions

TITLE	2023-24 ANNUAL RANGE	2023-24 HOURLY RANGE
Water Efficiency Specialist 1	54,929.89	26.41
Water Efficiency Specialist 2	69,464.93	33.40

CWD Exempt Positions

TITLE	2023-24 ANNUAL RANGE	2023-24 HOURLY RANGE
Administrative Specialist 1	72,095.71	34.66
Administrative Specialist 2	88,699.52	42.64
Billing Supervisor	74,570.95	35.85
Public Information Officer	100,574.86	48.35
Engineering Manager	164,632.21	79.15
Finance Manager	145,075.01	69.75
Engineer, Senior	128,744.72	61.90
Distribution Superintendent	113,913.90	54.77
Production Superintendent	128,874.72	61.96

Agenda Item: 4

Date: October 11, 2023

Subject: Consolidation or Reorganization

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

Recommended Committee Action:

Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on the option of a consolidation or a reorganization of the two districts, if a decision is made to combine the two districts.

Background:

This item was brought to the 2x2 Committee (Committee) on August 9, 2023. Per the August 9, 2023, Committee meeting minutes, a Committee member moved to table the item, which the remaining Committee members agreed with the motion to table the item. Staff was directed to bring the item back to the next Committee meeting to allow LAFCo an opportunity to provide additional details of the voting structure between a consolidation and reorganization.

Discussion:

If the Board of Directors for Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) vote to combine the two agencies, a decision must be made on whether it is a consolidation or a reorganization. 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 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. As an example, SSWD was formed by the consolidation of the former Arcade Water District and Northridge Water District. The new agency is the successor entity. To initiate this action, both agencies file an application to LAFCo 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, medical plans, 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 their former service areas. An existing agency is the successor entity. To initiate this action, one district applies to dissolve; the remaining district applies to annex the service area of the dissolved district. Both agencies file an application to LAFCo 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 agency;
- 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;
- 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.

Either district can initiate a combination 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 states 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. 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. Listed below are the required steps:

1. Project initiation – Applicant submits all the forms found here (<https://saclafoo.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 LAFCo Commission (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.
6. Conducting Authority Hearings – For proposals with less than 100% landowner consent, a “conducting authority hearing” (also called a protest hearing) must 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) 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.
- 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.

Agenda Item: 5

Date: October 11, 2023

Subject: Final Number of Board of Directors

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

Recommended Committee Action:

Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on a final number of Board of Directors, if a decision has been made to combine the two districts.

Background:

This item was brought to the 2x2 Committee (Committee) on August 9, 2023. Per the August 9, 2023, Committee meeting minutes, the Committee agreed to table the item until the next meeting of the Committee, where a recommendation would then be made to the full Boards.

Discussion:

The initial Board of Directors of the combined district may have eleven members, composed of the members of the current Board of Directors of Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD). The eleventh Director may 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. This is what occurred upon the consolidation of the former Arcade Water District and Northridge Water District. The ultimate size of the Board by statute is 5 members, but can be larger (e.g., 7 or 9 members) upon request of SSWD and CWD, and LAFCo approval. Note that both the County Water District Law and Irrigation District Law contain statutes authorizing these options. As an example, if the Board chooses 5 members, 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. This process could potentially occur in the election schedule for November 2026 and November 2028, respectively. Below are the current terms of the Directors for the respective districts:

CWD Board of Directors

Ron Davis: 2022–2024

Mark Emmerson: 2022–2024

Ron Greenwood: 2020–2024

Jeff Nelson: 2022–2026

Paul Selsky: 2022-2026

SSWD Board of Directors

Jay Boatwright: 2022-2024

Dave Jones: 2020-2024

Craig Locke: 2022-2026

Kevin Thomas: 2022-2026

Robert Wichert: 2022-2026

- a. **Election Boundaries for Each Phase** – To transition down to the approved number 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, a proposed voting division map must be developed 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.

- b. **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.

Agenda Item: 6

Date: October 11, 2023

Subject: LAFCo Application Process

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

Recommended Committee Action:

Direct staff to present an option to initiate development of a draft resolution to LAFCo to combine Carmichael Water District and Sacramento Suburban Water District at the October 24, 2023, Joint Board meeting.

Discussion:

If the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) choose to move forward in combining the two districts, it is necessary to submit an application to LAFCo in the form of adopting substantially similar resolutions from each district. If the CWD and SSWD Boards make the decision to adopt substantially similar resolutions for the purpose of submitting to LAFCo, it begins the seven major milestones of the required process.

1. **Project Initiation** – Applicant submits all the forms found here (<https://saclafco.saccounty.gov/Pages/ApplicationForms.aspx>), including the plan for service (please see the section immediately below).
2. **Property Tax Negotiation** – Governed by Revenue and Taxation Code §99. While neither district receives a portion of the property tax, this section cannot be bypassed per R&TC §99(b)6.
3. **LAFCo Staff Analysis** – Upon the receipt of the complete packet of application (see Step 1 above), staff will analyze the documents and follow up with the Districts to ensure there is sufficient information to address the requirements under GC §56668. Once GC §56668 has been satisfied, LAFCo staff will issue a Certificate of Filing, stating the approval hearing date for the proposal. This approval hearing is typically scheduled for the first meeting in which at least 21-days advance notice can be posted (GC §56159).
4. **Approval Hearing** – The Commission considers the facts of the proposal, the staff report, written and oral testimony, the environmental review, the context and setting of the proposal and any other pertinent information to decide on the proposal. The Commission’s discretionary decision could be unconditional approval, approval with conditions or denial. If the latter, the project stops here and LAFCo issues a Certificate of Termination. If the decision is approval with or without conditions, then the proposal moves on to Step 5.
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. Historically, reconsiderations rarely succeed.

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.

Note:

- The “sub-LAFCo process” under GC §56853(a) 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.
 - 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.
7. **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.

For reference, attached to this staff report is a copy of Resolution No. 01-12, Arcade Water District Resolution Making Application to the Sacramento County Local Agency Formation Commission for Consolidation with Northridge Water District (see Attachment 1). Note: Northridge Water District adopted a similar resolution to LAFCo.

If the CWD and SSWD Boards make the decision to move forward with an application to LAFCo, as an example, attached to this staff report is a Draft Resolution Making Application to the Sacramento Local Agency Formation Commission for Consolidation/Reorganization with Carmichael Water District. The intent of the subject document is to indicate the areas that are decision points to be approved by both Boards. Those particular areas are highlighted.

Attachments:

1. Arcade Water District Resolution No 01-12
2. Draft Resolution Making Application to LAFCo

original
copy mailed
to Lafco



ARCADE WATER DISTRICT

Resolution No 01-12

A Resolution Making Application to the Sacramento County Local Agency Formation Commission for Consolidation with Northridge Water District

Whereas, both Arcade Water District ("Arcade") and Northridge Water District ("Northridge") were formed and operate under the County Water District Law (Water Code section 30000, and following), and support the consideration of consolidation with another water district, provided that both districts consent to the consolidation, and the consolidation would be in the best interests of the customers of each district;

Whereas, Arcade and Northridge have conducted an evaluation of the feasibility of consolidating Arcade and Northridge through a process that has involved (1) formation of consolidation investigation committees for each district, (2) sixteen meetings of the consolidation investigation committees that have been open to the public, conducted over the course of fourteen months, (3) retention of the consulting firm of R. W. Beck to conduct an evaluation of the practices, policies, procedures, rates, financial situation and other factors that would be important to policymakers as they consider the benefits and risks of a consolidation of Arcade and Northridge, (4) mailing of information on the proposed consolidation to each customer of Arcade and Northridge, (5) holding two joint meetings of the Boards of Directors of Arcade and Northridge to conduct community workshops to present information on the consolidation proposal and receive public comment on it, (6) regular discussion of the consolidation proposal during meetings of the Boards of Directors of Arcade and Northridge, (7) responding in writing to written questions received from the public concerning the consolidation proposal, (8) briefings on the proposed consolidation for elected officials, other public agencies and interested parties, and (9) meetings with the respective employees of Arcade and Northridge to discuss the consolidation proposal;

Whereas, the consolidation investigation committees for Arcade and Northridge have jointly prepared a report on their findings and recommendations concerning the consolidation investigation (the "Committee Report"), which (1) determines that the consolidation would be feasible and would be in the best interests of the customers of Arcade and Northridge, and (2) recommends that their respective Boards of Directors adopt a resolution of application to the Sacramento County Local Agency Formation Commission for consolidation of Arcade and Northridge; and

Whereas, the Board of Directors of Arcade has reviewed the Committee Report and other information that has been developed during the consolidation investigation process that is referred to above, and concurs with the recommendations contained in the Committee Report.

Now, Therefore, Be It Resolved by the Board of Directors of Arcade Water District as follows:

1. The foregoing recitals are incorporated by reference.
2. Application is hereby made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code section 56000, and following) to the Sacramento County Local Agency Formation Commission for the consolidation of the Arcade Water District and the Northridge Water District into a single successor district that shall include the territory presently included within the boundaries of each district..
3. The President of the Board of Directors of Arcade and the Secretary of the District are hereby authorized and directed to execute all documents required in connection with this application, and to do and perform every action necessary to carry out the purposes of this resolution.
4. This application is expressly made subject to the following special terms and conditions, which Arcade requests that LAFCO include within the order approving this consolidation application, the terms and conditions specified in subsections (c) and (d) being made pursuant to subdivisions (c), (e), (h), (i), (m), (t), (u) and (v) of Government Code section 56886:
 - a. The effective date of the consolidation shall be December 1, 2001, or as soon as possible thereafter.
 - b. The name of the consolidated district shall be the "Sacramento Suburban Water District."
 - c. Upon and after the consolidation, the following conditions shall apply to and bind the Board of Directors of the consolidated district:
 - (1) the following contracts, debts and contingent liabilities of the respective districts, although to be assigned to the consolidated district shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of Arcade and Northridge until paid in full: (i) all bonds, certificates of participation and similar indebtedness, including any refunding thereof, (ii) any other debt respecting real estate (including office buildings and other structures, pump stations, and well sites), exclusive of such other debt respecting transmission and distribution system facilities, easements, and rights-of-way, (iii) liability respecting any claims that have not been asserted in writing as of the effective

date of the consolidation, and (iv) any contracts, debts or liabilities, contingent or otherwise, specified in essentially parallel resolutions adopted by the Board of Directors of each district prior to the effective date of the consolidation; and

- (2) the following assets of the respective districts, although to be assigned to the consolidated district shall, nonetheless, permanently inure to the exclusive benefit of the ratepayers within the respective service areas of Arcade and Northridge: (i) all cash and investments, water sales receivable, and accrued interest receivable as of the effective date of the consolidation, and (ii) the equity in real estate (including office buildings and other structures, pump stations, and well sites), exclusive of transmission and distribution system facilities, easements, and rights-of-way held by the respective districts as of the effective date of the consolidation.

d. Upon the consolidation and for a period of three years following the effective date of the consolidation and for so long thereafter as the Board of Directors of the consolidated district shall determine, the following conditions shall apply to and bind the Board of Directors of the consolidated district;

- (1) all contracts, debts and liabilities of the respective districts, including contingent liabilities, other than those identified in or pursuant to section 4(c), although to be assigned to the consolidated district shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of Arcade and Northridge rather than the consolidated district,
- (2) previously-authorized charges, fees, assessments and taxes of Arcade and Northridge, which have been determined by the Board of Directors of each respective district to properly allocate the costs incurred among its ratepayers, shall continue to be applied within the affected territory of each district, and any changes made to such charges, fees, assessments and taxes shall be governed by the same principles determined by the Board of Directors of each respective district, unless the Board of Directors of the consolidated district specifically determines that different principles shall apply;
- (3) the funds derived from their respective water systems be accounted for separately, so that the ratepayers benefiting

from a water system bear the cost of operation, maintenance, repair, replacement, improvement and bond debt service of that water system;

- (4) the territory within Arcade as of the effective date of the consolidation shall be designated the "Arcade Service Area" following the consolidation;
 - (5) the territory within Northridge as of the effective date of the consolidation shall be designated the "Northridge Service Area" following the consolidation;
 - (6) the Board of Directors of the consolidated district shall determine from time to time which funds derived from the operation of the Arcade Service Area water system and the Northridge Service Area water system shall be used to pay the cost of administration of the consolidated district and other costs of activities of the consolidated district that benefit the consolidated district as a whole; and
 - (7) all previously-authorized improvement districts within Northridge shall continue in existence within the Northridge Service Area following consolidation, except as they may be modified from time to time by the Board of Directors of the consolidated district.
- e. Subject to the foregoing, all assets, revenues, funds on deposit, rights and liabilities under contracts, liabilities for payment of principal and interest on contractual obligations for real property, furnishings and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation shall accrue to the consolidated district.
 - f. Dewight F. Kramer, Sr., the current General Manager of Northridge, shall serve as the General Manager of the consolidated district under an employment agreement assumed by the consolidated district.
 - g. As of the effective date of the consolidation, all of the respective employees of Arcade and Northridge shall become employees of the consolidated district. To the extent practical, every attempt will be made to maintain such employees in the same or similar positions of authority and responsibility with the consolidated district. The compensation, benefits and other terms and conditions of employment of all of the respective employees of Arcade and Northridge shall not be reduced by virtue of their becoming employees of the consolidated district. These provisions

shall not limit the authority of the General Manager of the consolidated district to exercise his discretion with respect to rights of assignment, transfer, discipline and discharge of employees in accordance with the County Water District Law and other provisions of law.

- h. As of the effective date of the consolidation, the current employees of Arcade shall continue to be covered by the Arcade defined contribution retirement program if they so elect, and the current employees of Northridge shall continue to be covered by the Northridge CalPERS retirement program. Thereafter, non-electing Arcade employees and all newly-hired employees of the consolidated district shall be covered by the CalPERS retirement program.
- i. In accordance with the provisions of Water Code section 30500.1 and subsection (n) of Government Code 56886, the composition and election of the Board of Directors of the consolidated district shall be as follows:
 - (1) The initial Board of Directors of the consolidated district shall consist of eleven members, composed of the existing five members of the Board of Directors of Arcade and the existing five members of the Board of Directors of Northridge, each of whom shall serve the same term of office that he was serving as of the effective date of the consolidation. The eleventh seat on the Board of Directors of the consolidated district will be vacant. The Board of Directors recommends that the Board of the consolidated district vote to eliminate the eleventh seat on the Board. Directors of the consolidated district shall be elected by and from divisions, as set forth below.
 - (2) The number of seats on the Board of Directors shall be reduced to seven for the general district election of the consolidated district to be held in November 2002.
 - (3) The Board of Directors of the consolidated district shall be elected by and from divisions within the consolidated district at the general district election in 2002, provided that, in the event that there is a delay in the effective date of the consolidation that prevents the Board of Directors of the consolidated District from establishing the boundaries of divisions in time to provide the notice required by Elections Code section 10522 (125 days prior to the general district election), then the Board of Directors shall be elected at large in 2002, and by and from divisions at the general district election in 2004.

- j. The consolidated district shall continue to provide any health benefits to current and retired members of the respective Board of Directors of Arcade and Northridge that were provided prior to the effective date of consolidation, in accordance with the provisions of Government Code section 53201.
- k. Adoption of this resolution of application shall be subject to the adoption of a resolution in substantially the same form by the Board of Directors of Northridge Water District.

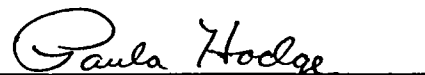
PASSED AND ADOPTED by the Board of Directors of Arcade Water District at a special meeting held on September 19, 2001 by the following vote:

Ayes: Directors Buck, Eggert, Houston and Williams
Noes: Director Hanson
Absent: 0
Abstain: 0

ARCADE WATER DISTRICT

By 
BYRON BUCK, President

Attest:


PAULA HODGE, Secretary



DRAFT

SACRAMENTO SUBURBAN WATER DISTRICT

RESOLUTION NO. 23-XX

A RESOLUTION MAKING APPLICATION TO THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION FOR CONSOLIDATION/REORGANIZATION WITH CARMICHAEL WATER DISTRICT

WHEREAS, both Sacramento Suburban Water District (SSWD) and Carmichael Water District (CWD) were formed and operate under the County Water District Law, and support the consideration of **consolidation/reorganization** with another water district, provided that both districts consent to the **consolidation/reorganization**, and the consolidation/reorganization/reorganization would be in the best interest of the customers of each district, and;

WHEREAS, SSWD and CWD have conducted an evaluation of the feasibility of **consolidating/reorganizing** SSWD and CWD through a process that has involved (1) formation of **consolidation/reorganization** investigation committees for each district, (2) **seventeen meetings** of the **consolidation/reorganization** investigation committees that have been open to the public, conducted over the course of two years, (3) retention of a consulting firm to conduct an evaluation of the practices, policies, procedures, rates, financial situation and other factors that would be important to policymakers as they consider the benefits and risks of a **consolidation/reorganization** of SSWD and CWD, (4) mailing of information on the proposed **consolidation/reorganization** to each customer of SSWD and CWD, (5) holding two joint meetings of the Boards of Directors of SSWD and CWD to conduct community workshops to present information on the **consolidation/reorganization** proposal and receive public comment on it, (6) regular discussion of the **consolidation/reorganization** proposal during meetings of the Boards of Directors of SSWD and CWD, (7) responding in writing to written questions received from the public concerning the **consolidation/reorganization** proposal, (8) briefings on the proposed **consolidation/reorganization** for elected officials, other public agencies and interested parties, and (9) meetings with the respective employees of SSWD and CWD to discuss the **consolidation/reorganization** proposal;

WHEREAS, the **consolidation/reorganization** investigation committees for SSWD and CWD have jointly prepared a report on their findings and recommendations concerning the **consolidation/reorganization** investigation (the "Committee Report"), which (1) determines that the **consolidation/reorganization** would be feasible and would be in the best interests of the customers of SSWD and CWD, and (2) recommends that their respective Boards of Directors adopt a resolution of application to the Sacramento County Local Agency Formation Commission for **consolidation/reorganization** of SSWD and CWD; and

WHEREAS, the Board of Directors of SSWD and CWD have reviewed the Committee Report and other information that has been developed during the **consolidation/reorganization** investigation process that is referred to above, and concurs with the recommendations contained in the Committee Report.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sacramento Suburban Water District as follows:

1. The foregoing recitals are incorporated by reference.
2. Application is hereby made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code section 56000 and following) to the Sacramento Local Agency Formation Commission for the consolidation/reorganization of the Sacramento Suburban Water District and Carmichael Water District into a single successor district that shall include the territory presently included within the boundaries of each district.
3. The President of the Board of Directors of Sacramento Suburban Water District and the General Manager/Secretary of the District are hereby authorized and directed to execute all documents required in connection with this application, and to do and perform every action necessary to carry out the purposes of this resolution.
4. This application is expressly made subject to the following special terms and conditions, which Sacramento Suburban Water District requests that LAFCO include within the order approving this consolidation/reorganization application, the terms and conditions specified in subsections (c) and (d) being made pursuant to subdivisions (c), (e), (h), (i), (m), (t), (u) and (v) of Government Code section 56886:
 - a. The effective date of the consolidation/reorganization shall be TBD, or as soon as possible thereafter.
 - b. The name of the consolidated/reorganized district shall be the "TBD."
 - c. Upon and after the consolidation/reorganization, the following conditions shall apply to and bind the Board of Directors of the consolidated/reorganized district:
 - (1) the following contracts, debts and contingent liabilities of the respective districts, although to be assigned to the consolidated district shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of SSWD and CWD until paid in full: (i) all bonds, certificates of participation and similar indebtedness, including any refunding thereof, (ii) any other debt respecting real estate (including office buildings and other structures, pump stations and well sites), exclusive of such other debt respecting transmission and distribution system facilities, easements and rights-of-way, (iii) liability respecting any claims that have not been asserted in writing as of the effective date of the

consolidation/reorganization, and (iv) any contracts, debts or liabilities, contingent or otherwise, specified in essentially parallel resolutions adopted by the Boards of Directors of both districts prior to the effective date of the **consolidation/reorganization**; and

- (2) the following assets of the respective districts, although to be assigned to the consolidated district shall, nonetheless, permanently inure to the exclusive benefit of the ratepayers within the respective service areas of SSWD and CWD: (1) all cash and investments, water sales receivable, and accrued interest receivable as of the effective date of the consolidation/reorganization, and (2) the equity in real estate (including office buildings and other structures, pump stations and well sites), exclusive of transmission and distribution system facilities, easements and rights-of-way held by the respective districts as of the effective date of the **consolidation/reorganization**.

d. Upon the **consolidation/reorganization** and for a period of three years following the effective date of the **consolidation/reorganization** and for so long thereafter as the Board of Directors of the **consolidated/reorganized** district shall determine, the following conditions shall apply to and bind the Board of Directors of the **consolidated/reorganized** district:

- (1) all contracts, debts and liabilities of the respective districts, including contingent liabilities, other than those identified in or pursuant to section 4(c), although to be assigned to the **consolidated/reorganized** district shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of SSWD and CWD rather than the **consolidated/reorganized** district,
- (2) previously-authorized charges, fees, assessments and taxes of SSWD and CWD, which have been determined by the Boards of Directors of each respective district to properly allocate the costs incurred among its ratepayers, shall continue to be applied within the affected territory of each district, and any changes made to such charges, fees, assessments and taxes shall be governed by the same principles determined by the Board of Directors of each respective district, unless the Board of Directors of the **consolidated/reorganized** district specifically determines that different principles shall apply;
- (3) the funds derived from their respective water systems be accounted for separately, so that the ratepayers benefitting from a water system bear the cost of operation, maintenance, repair, replacement, improvement and bond debt service of that water system,

- (4) the territory within CWD as of the effective date of the consolidation/reorganization shall be designated the "Carmichael Service Area" following the consolidation/reorganization;
 - (5) the territory within SSWD as of the effective date of the consolidation/reorganization shall be designated the "Sacramento Suburban Service Area" following the consolidation/reorganization;
 - (6) the Board of Directors of the consolidated/reorganized district shall determine from time to time which funds derived from the operation of the Carmichael Service Area water system and the Sacramento Suburban Service Area water system shall be used to pay the cost of administration of the consolidated/reorganized district, and other costs of activities of the consolidated/reorganized district that benefit the consolidated district as a whole; and
 - (7) all previously-authorized improvement districts within SSWD shall continue in existence within the SSWD Service Area following consolidation/reorganization, except as they may be modified from time to time by the Board of Directors of the consolidated/reorganized district.
- e. Subject to the foregoing, all assets, revenues, funds on deposit, rights and liabilities under contracts, liabilities for payment of principal and interest on contractual obligations for real property, furnishings and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation shall accrue to the consolidated/reorganized district.
 - f. (NAME), will serve as General Manager/Interim General Manager of (new district name), until a succession plan is commenced for the new General Manager of the consolidated/reorganized district under an employment agreement assumed by the consolidated/reorganized district.
 - g. As of the effective date of the consolidation/reorganization, all of the respective employees of SSWD and CWD shall become employees of the consolidated/reorganized district. To the extent practical, every attempt will be made to maintain such employees in the same or similar positions of authority and responsibility with the consolidated/reorganized district. The compensation, benefits and other terms and conditions of employment of all of the respective employees of SSWD and CWD shall not be reduced by virtue of their becoming employees of the consolidated/reorganized district. These provisions shall not limit the authority of the General Manager of the consolidated/reorganized district to exercise his discretion with respect to rights of assignment, transfer, discipline and discharge of employees in accordance with the County Water District Law and other provisions of law.

- h. As of the effective date of the **consolidation/reorganization**, the current employees of CWD shall continue to be covered by the CWD CalPERS retirement program and the current employees of SSWD shall continue to be covered by the SSWD CalPERS retirement program.
- i. In accordance with the provisions of Water Code section 30500.1 and subsection (n) of Government Code 56886, the composition and election of the Board of Directors of the **consolidated/reorganized** district shall be as follows:
 - (1) The initial Board of Directors of the **consolidated/reorganized** district shall consist of eleven members, composed of the existing five members of the Board of Directors of CWD and the existing five members of the Board of Directors of SSWD, each of whom shall serve the same term of office that he was serving as of the effective date of the **consolidation/reorganization**. The eleventh seat on the Board of Directors of the **consolidated/reorganized** district will be vacant. The Board of Directors recommends that the Board of the consolidated district vote to eliminate the eleventh seat on the Board. Directors of the consolidated district shall be elected by and from divisions, as set forth below.
 - (2) The number of seats on the Board of Directors shall be reduced to **seven** for the general district election of the **consolidated/reorganized** district to be held in **TBD**.
 - (3) The Board of Directors of the **consolidated/reorganized** district shall be elected by and from divisions within the **consolidated/reorganized** district at the general district election in **TBD** provided that, in the event that there is a delay in the effective date of the **consolidation/reorganization** that prevents the Board of Directors of the **consolidated/reorganized** District from establishing the boundaries of divisions in time to provide the notice required by Elections Code section 10522 (125 days prior to the general district election), and by and from divisions at the general district election in **TBD**.
- j. The **consolidated/reorganized** district shall continue to provide any health benefits to current and retired members of the respective Board of Directors of SSWD and CWD that were provided prior to the effective date of consolidation/reorganization, in accordance with the provisions of Government Code section 53201.
- k. Adoption of this resolution of application shall be subject to the adoption of a resolution in substantially the same form by the Board of Directors of CWD.
- 5. This Resolution shall take effect as of **TBD**.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the **XXth day of MONTH, 2023**, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Jay Boatwright
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the XXth day of MONTH, 2023.

(SEAL)

By: _____
Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 7

Date: October 11, 2023

Subject: Joint Board Meeting Agenda

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

Recommended Committee Action:

Discuss October 24, 2023, Joint Board meeting agenda and provide appropriate direction to staff.

Discussion:

The Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Joint Board meeting is scheduled for October 24, 2023. Staff is looking for direction on what items to place on the agenda. Below are items that have been presented/discussed at the 2x2 Committee meetings:

- Public Outreach
- Draft Technical Analysis Report
- Consolidation or Reorganization
- Final Number of Board of Directors
- LAFCo Application Process
- County Water District / Irrigation District