



Agenda

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

3701 Marconi Avenue
Sacramento, CA 95821

Wednesday, December 13, 2023
3:00 p.m.

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

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Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/87537667349?pwd=QXJOQmVhbzYyb0MwcFZ6Ukk2RHROZz09>

Meeting ID: 875 3766 7349

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

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

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

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

Call to Order

Roll Call

Public Comment

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

Consent Items

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

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

Items for Discussion and/or Action

2. **Communication Outreach Summary**
Recommendation: Review and approve the Frequently Asked Questions and Key Benefits Documents and receive staff presentation on status of the communications and outreach efforts to date.
3. **Public Information Workshop Overview**
Recommendation: Receive staff presentation on the January Public Information Workshop Overview and provide appropriate direction.
4. **LAFCo Resolution Timeline**
Recommendation: Provide directions to staff on the potential timeline for resolution submittal to LAFCo.
5. **Combination Discussion Process and Timeline**
Recommendation: Review staff presentation and direct staff as appropriate.

6. **2x2 Committee Meetings for 2024**

Recommendation: Discuss the frequency/necessity of 2x2 Committee meetings in 2024 and direct staff as appropriate.

Adjournment

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I certify that the foregoing agenda for the December 13, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Committee was posted by December 11, 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: December 13, 2023

Subject: Draft Minutes of the October 11, 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 October 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Attachment:

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



Minutes

Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting October 11, 2023

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #844 9333 1479

Call to Order – Videoconference/Audioconference Meeting

SSWD Director Criag Locke (Chair Locke) called the meeting to order at 3:01 p.m.

Roll Call

SSWD Directors

Present: Dave Jones and Craig Locke.

SSWD Directors

Absent: None.

CWD Directors

Present: Jeff Nelson.

CWD Directors

Absent: Mark Emmerson.

SSWD Staff Present: Sacramento Suburban Water District (SSWD) General Manager Dan York (SSWD GM York), Jeff Ott, 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, Ellen Cross, Carl Jones, Christine Kohn, Jose Henriquez, Jay Boatwright, Bruce Hartzell, Kevin Thomas, Cody Brown, and Carlton Fisk.

Public Comment

None.

Consent Items

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

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

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

Items for Discussion and/or Action

2. **Communication Outreach Summary**

CWD GM Lee presented the staff report.

Discussion ensued over the outcome of the community engagement meetings that the General Managers attended.

The Committee agreed to have staff place the meeting summary on each district's website.

The Committee additionally agreed to place the Public Outreach and Engagement Summary Report to the CWD/SSWD Joint Board Meeting taking place on October 24, 2023, for approval.

Chair Locke requested staff bring the edits that he and Director Jones had to the Major Themes Document to SSWD's November Regular Board meeting.

3. **Draft Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District**

SSWD GM York presented the staff report.

The Committee agreed to include the Draft Further Analysis Document at the CWD/SSWD Joint Board Meeting taking place on October 24, 2023, for approval.

The Committee agreed they did not need minor details included, just a broad overview.

CWD Director Nelson requested to include additional information into the Executive Summary section of the report.

Chair Locke noted that the Findings section of the report could include topics such as; water supply reliability, rates, the total amount of registered voters, a comparison of other districts in the local region, water quality, and the 5 key reasons why the study was being conducted in the first place.

CWD Director Nelson expressed concern over the concerned ratepayers that attended CWD’s Public Information Workshop, noting he wanted to make sure Directors had good talking points to help educate customers.

4. **Consolidation or Reorganization**

CWD GM Lee presented the staff report.

Discussion ensued over the difference between reorganization and consolidation, and the different requirements for each.

Jose Henriquez, Executive Officer of Sacramento LAFCo, clarified that if all 10 Directors unanimously voted for a consolidation, a special election would be only triggered if more than 25%, but less than 50%, of the entire proposal area’s registered voters or landowners (meaning, the population of both districts combined) protested. He explained that LAFCo sends out a protest form to the registered voters to provide their vote.

Chair Locke moved to recommend choosing to consolidate the two districts rather than reorganize to the CWD/SSWD Joint Board; CWD Director Nelson seconded. The motion passed by unanimous vote.

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

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

SSWD GM York presented the staff report.

Legal Counsel Josh Horowitz (Mr. Horowitz) clarified the process of how to reduce Board Members.

SSWD Director Jones expressed he would like to see the Board member size go from 11 Directors down to 5.

Chair Locke expressed he was interested in reducing to either 7 or 5 Directors, but was still unclear of the process on how to get there.

Discussion ensued over the process of reducing Director seats.

Mr. Horowitz expressed that he would need to clarify if there was a timeframe for when division seat reductions would need to be completed by.

Pending Mr. Horowitz findings, the Committee agreed that their first choice would be to begin the new District with 11 seats, knowing that Director Jones would be willing to excuse himself from the Board, declaring the two seats as vacant. They would then reduce to 9 seats in 2026, 7 seats in 2028, and then ultimately 5 seats in 2030, making for a more gradual reduction.

The Committee also agreed, pending Mr. Horowitz findings, that their second choice, should there be a timeframe for when division seat reductions would need to be completed, that they would begin the new District with 11 seats, knowing that Director Jones would be willing to excuse himself from the Board, declaring the two seats as vacant. Then reduce to 7 seats in 2026, and 5 seats in 2028.

GM York pointed out that there was also an option of creating an Advisory Committee to allow any Directors that did not get elected to one of the available seats an opportunity to stay engaged with the District at an advisory capacity.

The Committee agreed to include this option at the CWD/SSWD Joint Board Meeting taking place on October 24, 2023.

6. **LAFCo Application Process**

CWD GM Lee presented the staff report.

The Committee agreed to bring the draft Resolution to the October 24, 2023, CWD/SSWD Joint Board Meeting.

Christine Kohn (Ms. Kohn), with In Communications, recommended addressing the public's questions first by answering them through the Technical Analysis Report, then moving towards considering voting on a resolution. She wanted to be sure to allow enough time to inform the public of milestones and offer an opportunity for the public to provide comments. Ms. Kohn additionally recommended the Boards hold another Public Information Workshop at each agency to address the questions from the public, before voting on a resolution to consolidate.

The Committee agreed with Ms. Kohn's recommendation, and further agreed to hold two separate Public Information Workshops in the first week in December, if possible, to address the public's questions.

CWD Director Nelson pointed out that the draft resolution could still be presented at the CWD/SSWD Joint Board meeting on October 24th for both Boards to provide comments and edits, noting each respective Board could vote on their resolution at their own Board meetings once appropriate to do so.

Chair Locke proposed that each Board could have the draft resolution presented at their November regular Board meetings, and then potentially vote to approve the draft resolutions at their December regular Board meetings.

7. **Joint Board Meeting Agenda**

SSWD GM York presented the staff report.

The Committee agreed to have the following items on the Agenda for the October 24, 2023, CWD/SSWD Joint Board Meeting.

1. Public Outreach
2. Further Analysis Report

3. Consolidation versus Reorganization
4. County versus Irrigation District
5. Final Number of Board Members
6. LAFCo Resolution

SSWD GM York expressed staff would draft the Agenda and send it out to the Committee members for their approval.

Adjournment

Chair Locke adjourned the meeting at 4:34 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT

Agenda Item: 2

Date: December 13, 2023

Subject: Communication Outreach Summary

Staff Contact: Cathy Lee, CWD General Manager

Recommended Committee Action:

Review and approve the Frequently Asked Questions and Key Benefits Documents and receive staff presentation on status of the communications and outreach efforts to date.

Discussion:

Included as Attachment 1 is the Key Messages on Benefits document. This document outlines benefits to combination uncovered during combination discussions and with the Additional Technical Analysis Report.

Included as Attachment 2 is the Frequently Asked Questions (FAQ) document. This document addresses questions raised by customers during June 2023 Public Information Workshops and over the course of combination discussions. The FAQ also incorporates responses suggested by CWD and SSWD Board members.

Both are intended to be internal documents.

In a continued effort to provide a summary and recap of communication and outreach materials/efforts that CWD and SSWD have conducted to date, please see below:

Promotion for Joint Board Meetings (October 2023 and January 2024)

- Digital Advertising (Facebook and news/weather sites via the Google Display Network) October 2023. (See attachment 3)

Public Information Workshops Scheduled:

- Carmichael Water District: Wednesday, January 24, 2024, at 6:30 p.m.
- Sacramento Suburban Water District: Wednesday, January 31, 2024, at 6:30 p.m.

Materials Planned for Public Information Workshops:

- NEW: Extended Frequently Asked Questions (FAQ) document: addresses questions raised by customers during June 2023 Public Information Workshops and over the course of combination discussions. The FAQ also incorporates responses suggested by CWD and SSWD Board members.
- NEW: Key Benefits document: outlines benefits to combination uncovered during combination discussions and with the Additional Technical Analysis Report.
- NEW: Fact Sheet: Highlights of the Technical Analysis Report: provides a content snapshot to make it easy for the public to understand the report's content and findings.
- NEW: PowerPoint presentation for the Public Information Workshops: will be consistent for both districts with some minor customization.

- EXISTING/TO BE UPDATED: Summary: Exploring the Combination of CWD and SSWD.
- EXISTING/NO UPDATES: Map of voting divisions.
- EXISTING/NO UPDATES: Comment sheet.

Promotion for Public Information Workshops:

- Press release distributed to media outlets December 1 (early deadlines) and to be re-sent in January 2024.
- CWD postcard to print/aiming to be received in mailboxes on/about January 2. (Attachment 4)
- SSWD postcard to print/aiming to be received in mailboxes on/about January 8. (Attachment 4)
- CWD and SSWD website updates with information about the Public Information Workshops and final Technical Analysis Report.
- Letter to HOAs/Neighborhood Associations into the mail: aiming for distribution by December 15.
- Outreach to elected officials and other influencers on the stakeholder list: aiming for initial outreach by December 15 and additional outreach starting January 2.
- Outreach via existing CWD and SSWD communication channels, including websites, bill inserts bill messages, etc. in December and January.
- Social media post and monitoring (ongoing) and outreach in December and January.

Attachments:

1. Key Messages on Benefits
2. Frequently Asked Questions
3. Facebook Ad
4. Postcard CWD/SSWD

**CWD-SSWD Combination
Key Messages on Benefits
DRAFT—October 20, 2023**

CWD-SSWD Combination Discussions

Enhancing Reliability and Sustainability for our Community

Combining Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) represents a prudent and forward-thinking approach that offers substantial benefits to the customers within each district now and into the future with climate change, which is already impacting California's water supply system.

Combination has the potential to create a unified district that is well-equipped to meet the water needs of our community while providing excellent service and maintaining a strong financial foundation.

Here are several reasons to support combination:

Enhanced Water Supply Reliability:

Combining SSWD's groundwater resources, as well as surface water entitlements, with CWD's surface water rights can lead to improved water supply reliability with a more balanced water supply portfolio of both surface and groundwater, especially during droughts. Combination would allow the districts to share and balance water resources more effectively, benefiting customers by reducing the risk of water shortages. Notably, putting CWD's unused rights to beneficial use helps secure them as the state contemplates reexamining water rights. This strengthens our capacity to serve our customers, safeguarding water supply stability.

Long-Term Savings:

While there may be initial start-up costs associated with the combination, these costs are an investment in a more cost-efficient future. Start-up expenses are expected to be offset by the future savings generated by reduced administrative costs and improved economies of scale. Over time, this investment will pay off and contribute to financial sustainability. Cost savings achieved over time can be passed on to customers in the form of rate stability.

Economies of Scale and Efficiency:

A combined district can achieve cost savings through economies of scale. This includes shared administrative and operational costs such as employee benefits, streamlined processes, and optimized resource utilization. This efficiency can lead to potential savings in operating expenses, which can be passed on to customers through stable rates. Furthermore, a larger and more geographically diverse organization is better positioned to negotiate more favorable agreements with suppliers, consultants and contractors, ultimately benefiting its customers.

Financial Stability:

Combination can result in a more financially robust district, with a larger customer base and shared financial reserves. This can provide a cushion for capital investments and unexpected expenses, ultimately benefiting customers by enhancing the financial stability of the district. Furthermore, larger districts are better able to compete for external funding sources, such as loans and grants, State

Revolving Funds, and WIFIA funds. These funding avenues help mitigate the need for customer rate increases to fund vital initiatives like system repairs, rehabilitation, drought planning, conservation efforts, and other critical programs.

Opportunities for Staff Growth and Shared Expertise:

The combination of both districts would create a larger, more specialized workforce with expertise in multidisciplinary areas. This, in turn, offers employees defined career paths and opportunities for growth within the organization. Moreover, the shared expertise and knowledge from staff across both districts can promote knowledge sharing and the adoption of best practices. This collaborative approach can lead to a more skilled and knowledgeable workforce, ultimately enhancing the overall quality of service provided to customers.

Greater Influence:

The formation of a larger, combined entity can significantly amplify its potential for influence on regional, state and federal regulatory and policy issues, playing a pivotal role in safeguarding resources and ensuring that the collective needs of its customers are more effectively represented in the decision-making process. This expanded presence also helps the district's prospects for securing grant funding for infrastructure, compliance with regulations, customer services and conservation projects, and other initiatives important to providing high-quality water and customer service.

Infrastructure Improvements:

With a larger customer base, increased financial resources, and specialized staff, the combined district will be better positioned to invest in infrastructure improvements, such as maintaining and upgrading pipes, pumps, groundwater wells, treatment facilities, and other critical assets. This can enhance service quality and reliability. Furthermore, larger districts are better able to compete for loans and grants to offset customer costs that would normally fund the water system.

**CWD-SSWD Combination
Frequently Asked Questions
DRAFT—October 20, 2023**

***CWD-SSWD Combination Discussions*
Frequently Asked Questions**

Governance and Status

How will CWD and SSWD help ensure CWD residents in a larger combined district have fair representation distribution?

This is addressed in the “Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District” (Technical Analysis Report), which includes a detailed governance plan. The report outlines a carefully planned transition process for the Board of Directors of the combined district that includes third-party oversight by the Sacramento County Registrar of Voters Office and public input. Furthermore, it's important to note that a larger combined organization is anticipated to carry more influence both within the Sacramento region and on regulatory, legislative and funding matters at the state and federal levels, which ultimately provides a larger voice for all customers in a combined district.

What are the distinctions between an Irrigation District (CWD status) and County Water District (SSWD status)?

The differences between an Irrigation District (like CWD) and a County Water District (like SSWD) are explored in the Technical Analysis Study. It's worth noting that, despite their distinct designations, the authority granted under their respective enabling acts shares more similarities than disparities. Combining the districts into a new entity does not inherently grant additional powers but may enhance efficiency and streamline operations. Ultimately, the choice of district type (Irrigation or County Water) depends on the specific needs and characteristics of the community served.

Water Supplies and Reliability

How would Combination affect water supply reliability for CWD and SSWD?

The Technical Analysis Study finds that combining SSWD's groundwater resources and surface water entitlements with CWD's surface water rights can lead to improved water supply reliability, especially during droughts by providing a more diverse water portfolio.

Currently, both districts have been able to meet demands, even in the face of extreme droughts, with CWD possessing long-standing surface water rights and six groundwater wells, and SSWD having 71 groundwater wells and access to surface water through contract entitlements with neighboring water providers in years with average or above-average rainfall. However, growing challenges from climate change and evolving regulations are placing increased stress on water supplies. Notably, CWD experienced water rights curtailments in recent years, marking a shift from its historical record.

Combination could provide numerous opportunities for CWD and SSWD to integrate its water asset portfolios to meet both short-term and long-term objectives. CWD and SSWD already have four interties in place, which allow for the transfer of water between the two agencies.

Would combination result in decreased surface water availability for CWD customers?

Combining the two districts would not lead to decreased surface water availability for CWD customers in Carmichael. In fact, they will retain their historical access to surface water while gaining increased access to groundwater. Putting unused rights to beneficial use helps secure them as the state contemplates reexamining water rights.

Would SSWD gain surface water rights by combining with CWD?

In a combined district, SSWD and CWD customers would share rights and access to surface water and groundwater. This collaborative approach helps to ensure a more sustainable and reliable operation for the combined district, delivering benefits to all served by the new entity.

However, having rights to this water should not be confused with delivery of this water, which is constrained by infrastructure (pumps, pipes, wells and treatment). In other words, CWD customers would still maintain their historical access to surface water (see Q&A above).

How would combination affect SSWD's surface water contract entitlements with the City of Sacramento and PCWA?

Both boards are optimistic that the place of use could be expanded to include the combined district if there is consensus to do so. The state has adopted many policies that support the concept of combining water systems.

Water Rates

How would combination impact rates?

The Technical Analysis Study finds that both districts have similar rate structures and financial standings. Although there might be initial start-up costs related to the combination, these expenses are anticipated to be offset by future savings achieved through reduced administrative costs and improved economies of scale. These cost savings can be passed on to customers in the form of rate stability.

Furthermore, water agencies across the state are grappling with rising costs due to inflation, evolving regulations, and the impact of climate change on water supply reliability. However, a combined organization, with its expanded water resources portfolio, broader customer base, and enhanced efficiency, is poised to offer greater rate and financial stability. This is expected to result in lower rate increases over time compared to what would be anticipated if the districts remained separate.

Water Quality and Fluoride

How would a combination of CWD and SSWD impact water quality?

The combination of CWD and SSWD is not expected to impact water quality. CWD customers are expected to continue receiving the same surface water they are accustomed to. The only instance where groundwater would be utilized is during curtailments when having access to groundwater would be advantageous. Both CWD and SSWD share a strong commitment to continuing to deliver a high-quality and dependable water supply to their customers. The drinking water provided to customers consistently meets and/or exceeds State and Federal Drinking Water Standards. Combination would not compromise this commitment to water quality and safety.

Would CWD customers receive fluoridated water?

There is no mandate requiring CWD customers to receive fluoridated water should the district combine with SSWD. Fluoride is a naturally occurring element found in most water supplies. Water fluoridation adjusts the natural fluoride concentration in drinking water to the optimal level for dental health, as per U.S. Centers for Disease Control and Prevention guidelines.

Currently, SSWD fluoridates water in its South Service Area with funding from the First Five Commission, set to expire in 2027. After the agreement ends, a combined district, or SSWD, isn't obligated to continue fluoridation unless they choose to cover costs, receive state-mandated funding, or have an outside funding source.

CWD is under no mandate to fluoridate its water and does not add fluoride to its water supplies.

Liability for Debt, Infrastructure and Contamination**How would the handling of debt work in the event of a combination between the two water districts, and would either provider be responsible for the other's debt?**

LAFCo mandates that the debt of each agency remains the responsibility of the respective legacy portion of the district, ensuring that the debt does not become a liability of the general combined agency. While operational and maintenance costs are consolidated, rate management keeps rates separate for each service area until all outstanding debt has been retired. This approach allows for the orderly management of financial obligations and avoids one service area bearing the financial burden of capital programs in another area.

Both water districts would continue their debt repayment processes as before. In the future, the new board could choose to combine debts to potentially secure a lower interest rate. Both districts hold an AA+ credit rating, and a larger rate base resulting from the combination could be viewed more favorably by rating agencies, potentially leading to reduced rates for customers and a more competitive position for both loans and grants.

Will one water district's customers be responsible for covering the costs of addressing the other district's infrastructure issues?

Both districts share similarities in the condition of their infrastructure and financial standing. It's important to note that LAFCo plays a key role in ensuring that one district's debt is not transferred to or imposed on other areas.

Regarding the former McClellan Air Force Base and Aerojet General Corporation Superfund sites, what are the risks to the groundwater supply and the associated liabilities?

The U.S. Environmental Protection Agency, in collaboration with state and local environmental regulatory authorities, is overseeing the remediation efforts at both sites. These measures aim to thoroughly and safely clean the soil and groundwater, effectively mitigating any associated risks. It is important to note that the water districts and their customers bear no liability or responsibility for these remediation activities, as they are being directed and managed by the appropriate environmental agencies. Customers can be assured that their water supply remains safe and unaffected by these efforts.

Employees and Contracts

How would the combination affect current employees, particularly CWD's unionized employees?

There are no plans to reduce the workforce. In fact, the merged agency would open up new opportunities for employees, allowing them to specialize and advance their careers. Furthermore, the combination could make the district an even more appealing workplace for prospective employees and potentially enhance the retention of skilled and experienced staff.

CWD has some employees represented by the American Federation of State, County, and Municipal Employees (AFSCME), and their continued representation would depend on a majority affirmative vote by all employees of the combined district.

Regardless, CWD and any potential successor agency would fully comply with all state regulations regarding union staffing. The consolidation offers the benefit of expanded career growth prospects and potentially an economies of scale in investing in employee compensation and benefits within a larger organization, making it a positive step for employees.

Alternatives to Combination

Why not consider alternatives like joint projects through a Memorandum of Understanding (MOU) or Joint Power Authority (JPA) instead of a full combination?

Other possible avenues for collaboration were explored in the 2018 Sacramento Regional Water Utility Collaboration Study. However, after assessing the outcomes of this study, both the CWD and SSWD Boards decided to direct their staff to pursue a deeper level of integration for more expansive benefits to both agencies. This approach was chosen as it was deemed to provide more comprehensive and effective solutions for enhancing water service provisions, operational efficiencies, and cost savings for the benefit of customers and employees in the long run.

What could be the implications of not pursuing the combination?

CWD and SSWD are taking proactive steps to address potential issues and challenges that could arise if no action is taken. Here are some of the opportunities lost and implications from maintaining the status quo:

- **Water Reliability:** Climate change will have severe impacts on the Sacramento region's water system. Having a larger district with a more diverse portfolio of both surface water and groundwater helps to secure a reliable water future for our communities.
- **Escalating Costs:** Larger districts are better positioned to invest in water reliability projects and absorb rising administrative expenses, including healthcare, compensation, and retirement benefits.
- **Rate Increases:** Larger districts are better able to compete for external funding sources, such as grants, State Revolving Funds, and WIFIA funds. These funding avenues help mitigate the need for customer rate increases to fund vital initiatives like system repairs, rehabilitation, drought planning, conservation efforts, and other critical programs.
- **Water Rights and Regulatory Challenges:** Smaller districts face mounting challenges in managing water rights and adapting to emerging regulatory requirements.
- **Resource Strain:** As technical demands grow, the pressure on employee resources becomes increasingly challenging to manage.

- **Diminished Influence:** Smaller districts may find themselves disempowered when representing their constituents, impacting their ability to make prudent and economical investments in our shared future.
- **Regional Competitiveness:** Other combinations within the region could proceed, necessitating a return to this issue in the future, incurring additional time and expenditure.
- **Water Quality and Customer Service:** The initiative also plays a role in securing the delivery of high-quality water and service for customers, which is essential to safeguarding public health and being responsive to our ratepayers.

Due Diligence and Analysis

What have CWD and SSWD done to ensure an in-depth analysis of scenarios, opportunities and potential risks in combination?

To ensure an in-depth analysis of potential risks and opportunities in combining the water districts, the process began in late 2018 with the Sacramento Regional Water Utility Collaboration Study, where multiple agencies, including SSWD and CWD, collaborated to identify operational and financial efficiencies. The study was completed and accepted in 2021, leading to continued collaboration efforts.

In July 2021, CWD and SSWD established a committee to explore maximizing water supply reliability and cost savings through a potential combination. They hired an independent consulting firm to conduct a Combination Study Business Case Analysis, examining industry trends, customer service, staffing, finances, and more. The analysis found no compelling deterrents. Currently, the “Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District” (Technical Analysis Report) is being developed with a focus on transparency and addressing any unknowns.

How are you simplifying the complexities of the combination for the public?

Recognizing the technical nature of the data involved, both CWD and SSWD are committed to making this information as universally understandable as possible. They aim to strike a balance, ensuring that while simplifying the content for broader comprehension, they do not sacrifice the level of detail sought by customers, staff, LAFCo and Board Directors for informed decision making. This approach is designed to empower the public with the knowledge they need to engage meaningfully with the complex processes associated with this potential combination.

Past Experience

How is SSWD’s past consolidation experience informing your current approach?

Drawing from the lessons of the 2002 consolidation process involving the former Arcade and Northridge Water Districts, the Technical Analysis Report highlights key areas that warrant more thorough analysis and attention. Our intention is to delve deeper into these areas as part of the ongoing discussions regarding this potential combination for informed decision making. By learning from past experiences, we aim to make well-informed decisions, helping to ensure that the challenges and concerns faced during previous consolidations are addressed more effectively this time around.

Decision-Making and Timeline

Who holds the authority to make the final decision on the combination, and will there be a community vote?

The ultimate decision on whether the districts combine hinges on the process. The requirement for a public election depends on whether the districts choose to pursue consolidation or reorganization. Irrespective of whether a public vote is necessary, our commitment is to actively engage with the community, giving residents a voice in the process. We are dedicated to a comprehensive public engagement process, helping to ensure that all customer concerns and feedback are heard and addressed during this significant decision-making process.

How long will discussions continue and what is the timeline for future steps?

The current expectation is that discussions will persist through the remainder of 2023 and into early 2024. For specific milestones and updates, you can refer to each district's website, where the evolving timeline will be documented.

Additional Combination Discussions

Are there plans to combine with Del Paso Manor Water District (DPMWD)?

DPMWD is a neighboring water provider, with the majority of its service area surrounded by SSWD's service area. The DPMWD Board of Directors have made the decision to discontinue combination discussions with SSWD. While it's possible that talks about a combination with DPMWD might be revisited in the future, the primary focus would be on assessing whether such a partnership would be mutually advantageous for both districts. If a combination with CWD moves forward and DPMWD expresses interest in joining the combined district, that decision would ultimately rest with the combined board.

DRAFT



Sacramento Suburban Water District

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Please join on Tuesday, October 24th for a Joint Board meeting of SSWD and CWD on the combination discussion. Details on how to attend are available at sswd.org.

YOU'RE INVITED!

**Sacramento Suburban Water District
and Carmichael Water District
will hold Joint Board Meetings
at the SSWD District Office.**

Tuesday, October 24th, 2023, at 6:00 p.m.

Monday, January 8th, 2024, at 6:00 p.m.



SSWD Boardroom | 3701 Marconi Ave. | Sacramento, CA 95821

[SSWD.ORG](https://sswd.org)

**Joint Board Meetings on Combination
Exploration**

[Learn more](#)

YOU'RE INVITED!

Public Information
Workshop and Open
House on Potential
Combination with
Sacramento Suburban
Water District

• Wednesday, January 24,
2024, at 6:30 p.m.



Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) are exploring combination opportunities between the two neighboring water utilities to improve efficiencies, reduce costs, increase water supply reliability, and enhance customer service.

Join us for an update on combination discussions and the results of a new Further Analysis Report, which provides a detailed look at combination opportunities and in-depth responses to questions posed through the process.

The Public Information Workshop will include a brief presentation and the opportunity for you to ask questions and share your thoughts with our team of CWD technical experts, managers, and Board members.

See next side for details.



7837 Fair Oaks Blvd.
Carmichael, CA 95608

PUBLIC INFORMATION WORKSHOP

WEDNESDAY, JANUARY 24, 2024, AT 6:30 P.M.

Carmichael Water District Boardroom

7837 Fair Oaks Blvd.

Carmichael, CA 95608

A virtual option for the presentation only will also be available.

Visit carmichaelwd.org to find:

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



(916) 483-2452
mail@carmichaelwd.org
carmichaelwd.org

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

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YOU'RE INVITED!

Public Information
Workshop and Open
House on Potential
Combination with
Carmichael Water
District

Wednesday, January 31,
2024, at 6:30 p.m.



Sacramento Suburban Water District (SSWD) and Carmichael Water District (CWD) are exploring combination opportunities between the two neighboring water utilities to improve efficiencies, reduce costs, increase water supply reliability, and enhance customer service.

Join us for an update on combination discussions and the results of a new Further Analysis Report, which provides a detailed look at combination opportunities and in-depth responses to questions posed through the process.

The Public Information Workshop will include a brief presentation and the opportunity for you to ask questions and share your thoughts with our team of SSWD technical experts, managers, and Board members.

See next side for details.



3701 Marconi Ave.
Sacramento, CA 95821

PUBLIC INFORMATION WORKSHOP

WEDNESDAY, JANUARY 31, 2024, AT 6:30 P.M.

Sacramento Suburban Water District Boardroom

3701 Marconi Ave.

Sacramento, CA 95821

A virtual option for the presentation only will also be available.

Visit sswd.org to find:

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



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sswd.org

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Agenda Item: 3

Date: December 13, 2023

Subject: Public Information Workshop Overview

Staff Contact: Dan York, SSWD General Manager

Recommended Committee Action:

Receive staff presentation on the January Public Information Workshop Overview and provide appropriate direction.

Discussion:

The upcoming Public Information Workshops (Workshop) are set for Carmichael Water District on Wednesday, January 24, 2024, at 6:30 p.m.; and Sacramento Suburban Water District on Wednesday, January 31, 2024, at 6:30 p.m. These Workshops will feature an “Open House” type of format. This approach can be well suited for addressing more specific details as outlined in the Technical Analysis Report and allows the public improved interaction with agency subject matters experts. It provides a more informal, information-based setting for those members of the public to engage who are not comfortable speaking in front of others. Finally, this format also allows members of the public to move from topic to topic at their own pace as opposed to waiting for items to be addressed on the formal agenda.

Structure for Public Information Workshops

The Public Information Workshops will launch with a short formal presentation provided by the General Managers of each agency on the overall findings of the Technical Analysis Report. Following the presentation, a brief time will be provided to address the public’s questions specific to the presentation.

Members of the public will then be invited to visit the stations to ask more detailed questions focused on the topic areas included in the Technical Analysis Report. Agency experts will be on hand at each station to respond to specific questions. Supporting materials such as maps, charts, etc. also will be available.

A flip chart and note taker will be staged at each station to capture specific public feedback and questions. These notes from each station would be summarized as part of the meeting record.

Agenda Item: 4

Date: December 13, 2023

Subject: LAFCo Resolution Timeline

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

Recommended Committee Action:

Provide directions to staff on the potential timeline for resolution submittal to LAFCo.

Background:

At the October 24, 2023 Carmichael Water District (CWD)/Sacramento Suburban Water District (SSWD) joint Board meeting, the Boards agreed to further review the draft LAFCo Resolution with each individual boards, their legal counsels, and LAFCo Executive Director, Mr. Jose Henriquez, to ensure both districts are agreeable to the terms and conditions stated in the draft resolution.

Discussion:

Previously, the tentative schedule for submitting the resolution to LAFCo was in January 2024 after the January 8, 2024 joint Board meeting. At the October 24, 2023 CWD/SSWD joint Board meeting, both Boards approved the Further Analysis Report and agreed to hold an additional Public Information Workshop for each district in January 2024. CWD's Public Information Workshop will be on January 24, 2024 and SSWD's will hold its Public Information Workshop on January 31, 2024.

Given the new event occurrence, staff recommends that the 2x2 Committee discuss a possible timeline to recommend to both Boards on the schedule for submitting the "substantially similar" resolution to LAFCo.

Attachments:

1. Draft Resolution Making Application to LAFCo

DRAFT

SACRAMENTO SUBURBAN WATER DISTRICT

RESOLUTION NO. 23-XX

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

WHEREAS, the Sacramento Suburban Water District (SSWD) was formed and is operating under the County Water District Law (Water Code sections 30000 and following), and supports the consideration of consolidation with another water district, provided that both districts consent to the consolidation, and the consolidation would be in the best interest of the customers of each district;

WHEREAS, SSWD has negotiated and reached a decision with the Carmichael Water District, which was formed and is operating under the Irrigation District Law (Water Code sections 20500 and following), to consolidate the two Districts as provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code sections 56000 and following; the “LAFCo Law”);

WHEREAS, SSWD and CWD have conducted an evaluation of the feasibility of consolidating SSWD and CWD through a process that has involved (1) formation of a joint 2-by-2 consolidation investigation committee, (2) ## meetings of the joint consolidation investigation committee 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 of SSWD and CWD, (4) mailing of information on the proposed consolidation to each customer of SSWD and CWD, (5) holding ## joint meetings of the Boards of Directors of SSWD and CWD to present information on the consolidation proposal and receive public comment on it, (6) SSWD and CWD holding two separate public workshop meetings to present information on the consolidation proposal and to receive their respective ratepayers’ input on the proposal, (7) regular discussion of the consolidation proposal during meetings of the Boards of Directors of SSWD and CWD, (8) responding in writing to written questions received from the public concerning the consolidation proposal, (9) briefings on the proposed consolidation for elected officials, other public agencies, and interested parties, and (10) meetings with the respective employees of SSWD and CWD to discuss the consolidation proposal;

WHEREAS, the CWD and SSWD General Managers jointly prepared a report, Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District (Report), that details major aspects of both districts regarding governance, policies and regulations, finance, water rates, employee benefits, and water supplies and that both districts provide the same core service with similar operating criteria and principles which verified that the consolidation would be feasible and would be in the best interests of the customers of SSWD and CWD; and

WHEREAS, the Board of Directors of SSWD and CWD have reviewed the Further Analysis Report and other information that has been developed during the consolidation investigation process that is referred to above, and approved the Further Analysis Report at the October 24, 2023 Joint Board meeting.

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

1. The foregoing recitals are true, represent the findings and independent judgment of the SSWD Board of Directors, and are hereby incorporated by reference.
2. Application is hereby made under the LAFCo Law to the Sacramento Local Agency Formation Commission for the consolidation 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 existing district.
3. The President of the SSWD Board of Directors and the General Manager/Secretary of the District are hereby authorized and directed to complete and 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 application, the terms and conditions specified in subsections (c) and (d) being made under subdivisions (c), (h), (i), (k), (l), (m), (p), (t), and (v) of Government Code section 56886:
 - a. The effective date of the consolidation shall be following official certification by LAFCo, or as soon as possible thereafter.
 - b. The name of the consolidated district shall be the "TBD," and the [name of consolidated district] shall be deemed to be formed and to operate under the County Water District Law.
 - 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 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, and

- (2) (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; and
- (3) 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 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 except for all cash and investments, water sales receivable, and accrued interest receivable attributes to each respective district.

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 SSWD and CWD rather than the consolidated 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 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 shall be designated the “Carmichael Service Area” following the consolidation;
 - (5) the territory within SSWD as of the effective date of the consolidation shall be designated the “Sacramento Suburban Service Area” following the consolidation; and
 - (6) the Board of Directors of the consolidated 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 district, and other costs of activities of the consolidated district that benefit the consolidated district as a whole.
- 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. [NAME], will serve as Interim General Manager of [new district name], until the board of the consolidated district appoints a permanent General Manager under an employment agreement approved by the board of the consolidated district as promptly as possible after the Sacramento LAFCo records the Certificate of Completion finalizing the consolidation.
 - g. As of the effective date of the consolidation, all of the respective employees of SSWD and CWD 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 SSWD and CWD 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. Notwithstanding the foregoing, the existing unionized employees of CWD are not guaranteed to remain unionized, and any determination as to whether the consolidated district will have union employees will be subject to a post-consolidation vote of all rank and file employees who might potentially be part of a represented class of employees.

- h. As of the effective date of the consolidation, 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. The Board of Directors of the consolidated district may propose a unified retirement plan to all employees, subject to compliance with all applicable legal requirements governing any change in public employee retirement plans.
- i. In accordance with the provisions of Water Code sections 21552.1 and 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 CWD and the existing five members of the Board of Directors of SSWD, each of whom shall serve the same term of office that they were 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 as provided in subdivision (c) of both Water Code sections 21552.1 and 30500.1. 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 the permanent size of seven in the general district election of the consolidated district to be held in November 2026.

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 2026 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), and by and from divisions at the general district election in 2028.

- 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, 2024, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Name
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, 2024.

(SEAL)

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

Agenda Item: 5

Date: December 13, 2023

Subject: Combination Discussion Process and Timeline

Staff Contact: Dan York, SSWD General Manager

Recommended Committee Action:

Review staff presentation and direct staff as appropriate.

Discussion:

Review and provide comments to the Draft Process and Timeline Activities at a Glance spreadsheet. Staff is requesting guidance from the 2x2 Committee on the timing of requesting approval from the Carmichael Water District and Sacramento Suburban Water District Boards to conduct/complete tasks outlined in the subject document.

Attachment:

1. Draft Process and Timeline Activities at a Glance spreadsheet.

Attachment 1
SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
September 29, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
TASK 1: PUBLIC OUTREACH	June 2023	Public Outreach to both agencies	<ul style="list-style-type: none"> How to respond to public 	<ul style="list-style-type: none"> Boards GMs Communication Facilitators
	July 11, 2023 2x2 Committee Meeting	<ul style="list-style-type: none"> Post Public Outreach Assessment Communications Contract Amendment Combination Discussion Process and Timeline CWD SSWD Financial and Debt Comparison CWD SSWD Water Rate Comparison Powers of Authority Analysis Municipal Services Review Update 	<ul style="list-style-type: none"> Additional outreach needed? Approve communication contract amendment to full Boards Approve draft process and timeline to full Boards Accept report on financial and debt comparison Accept report on water rate comparison Approve legal counsel analysis for powers of authority options 	<ul style="list-style-type: none"> 2x2 GMs
	August 9, 2023 2x2 Committee Meeting	<ul style="list-style-type: none"> Receive legal opinion on alternatives for a Form of District 	Done	<ul style="list-style-type: none"> 2x2 GMs
	October 11, 2023 2X2	<ul style="list-style-type: none"> Receive Draft Technical Analysis Receive Draft Resolution Framework Format Receive Updated Schedule 	<ul style="list-style-type: none"> Recommend to move forward to Jt Boards with Draft Resolution Framework 	<ul style="list-style-type: none"> 2X2 GMs Facilitator
	October 24, 2023	Joint Board Meeting <ul style="list-style-type: none"> Post Public Outreach Assessment Vote to proceed with Combination or terminate process 	<ul style="list-style-type: none"> Vote to Continue with Combo Process Draft Resolution for LAFCo 	<ul style="list-style-type: none"> Joint Boards GMs Facilitators Communication

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
September 29, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
			<ul style="list-style-type: none"> • Present Draft Technical Analysis Report <ul style="list-style-type: none"> ○ Tech analysis reveals no Fatal Flaws . • Approved Tech Analysis Report 	
IF JT BOARDS VOTE YES TO MOVE FORWARD				
TASK 2: BOARD DECISIONS	January 8, 2024	Joint Board Meeting <ul style="list-style-type: none"> • LAFCo Application Process timeline 	<ul style="list-style-type: none"> • Resolution <ul style="list-style-type: none"> ○ Consolidation ○ Form of District ○ Board #s: 7 ○ Name of Agency ○ Management Structure 	<ul style="list-style-type: none"> • Legal • GMs • Joint Boards • Facilitators
AFTER GROUP 2 DECISIONS				
TASK 3: OPERATIONAL AND FINANCIAL DECISIONS	March 4, 2024	Individual Boards <ul style="list-style-type: none"> • Draft 2 “Substantially Similar” Resolutions (**) 	<ul style="list-style-type: none"> • Employment <ul style="list-style-type: none"> ○ **Retention Staff Assignments / Jt Org Chart ○ Salary Schedule ○ **Unified Benefits Plan ○ **Retirement Supplemental CALPERS Plans ○ Employee Manuals / Policies • Consultants/Vendors Inventory <ul style="list-style-type: none"> ○ Selection/retention • Real Property Disposition Inventory <ul style="list-style-type: none"> ○ Consolidating Properties ○ Inventory Plan to maintain easements ○ Surplus Property disposal 	<ul style="list-style-type: none"> • 2X2 • GMs • Joint Boards • Legal

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
September 29, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
			<ul style="list-style-type: none"> ○ **Real property transfer for Customers Benefit ● Inventory, consolidate, surplus, dispose of “personal” property <ul style="list-style-type: none"> ○ Leased/rented ○ Fleet ○ Transfer for customer benefit ● Ordinances/Resolutions/Rules and Policies <ul style="list-style-type: none"> ○ Inventory, review & select ● Financial System <ul style="list-style-type: none"> ○ Select Acct System, Software, Financial Reporting Protocols ○ **Determine how cash receivables / liabilities are transferred ● Outstanding Indebtedness <ul style="list-style-type: none"> ○ Notify Bondholders ○ Inventory non-bonded loans/grants and notice ● Software/Operating Systems <ul style="list-style-type: none"> ○ Inventory & Prepare Plan ○ Coordinate, transfer, and terminate ● Insurance claims/litigation <ul style="list-style-type: none"> ○ Identify and notify outstanding items and substitute new district 	

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
September 29, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
			<ul style="list-style-type: none"> ○ Notify ACWA JPIA and terminate and obtain new coverage ● Due Diligence Plan <ul style="list-style-type: none"> ○ Final Audits ● Determine Schedule for Regulatory DDW <ul style="list-style-type: none"> ○ Water System Permit ○ Assignment surface water transfer of CWD ○ Well Permits for CWD+SSWD 	
DURING COURSE OF GROUP 3 ACTIVITIES, BUT AFTER THOSE ACTIVITIES REQUIRED TO MAKE DECISIONS FOR LAFCO APPLICATION REQUIREMENTS)				
TASK 4: FINAL DECISION BY JOINT BOARD	January 8, 2024	Joint Board Meeting #3 <ul style="list-style-type: none"> ● Adopt “substantially similar” resolutions of application to LAFCo, which then prohibits LAFCo from denying the application and requires it to approve the application with or without condition 	<ul style="list-style-type: none"> ● ● Official Signatories and Contact to LAFCo on behalf of Board ● Request of LAFCo ● Territory map affected ● Zones of Benefit/Benefit Assessments (confirm as neither agency has them) ● Fiscal / Ops considerations ● Governance Requirements ● CEQA Exemption Evaluation/Notification 	Jt Boards GMs 2X2 Legal
	Post March 2024	<ul style="list-style-type: none"> ● Two Public Meetings 	<ul style="list-style-type: none"> ● Public meetings for LAFCo process 	<ul style="list-style-type: none"> ● LAFCo
TASK 5: LAFCO APPLICATION	One Year from filing	<ul style="list-style-type: none"> ● Staff prepares and files application with the Sacramento LAFCo. <ul style="list-style-type: none"> ○ outer boundary survey and related maps 	<ul style="list-style-type: none"> ● LAFCo Decision Process <ul style="list-style-type: none"> ○ Step 1: LAFCo Staff Analysis <ul style="list-style-type: none"> ▪ Review for Content ▪ Certificate of Filing 	<ul style="list-style-type: none"> ● GMs ● Legal ● LAFCo

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
September 29, 2023

TOPICS	TIMING	ACTIVITIES/PRODUCTS	DECISIONS/RECOMMENDATION	WHO
<p>AND APPROVAL PROCESS</p>		<ul style="list-style-type: none"> ○ plan of service for new agency ○ municipal service review ● Property tax negotiation under Revenue & Taxation Code section 99 with Sacramento County (check box) ● 	<ul style="list-style-type: none"> ▪ Approval Hearing Date Set (21 days advanced notice) ▪ ○ Step 2: Approval Hearing <ul style="list-style-type: none"> ▪ LAFCo considers facts (written / oral, environmental review) ▪ Commission approves with or without conditions / or denies. <ul style="list-style-type: none"> ● If Denies process stops ● If Approves w/o conditions will issue a Certificate of Completion and consolidation / reorg completed ● If Approves with conditions, 	

SSWD / CWD COMBINATION DISCUSSIONS
“DRAFT” PROCESS AND TIMELINE
ACTIVITIES AT A GLANCE
September 29, 2023

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

Agenda Item: 6

Date: December 13, 2023

Subject: 2x2 Committee Meetings for 2024

Staff Contact: Cathy Lee, CWD General Manager

Recommended Committee Action:

Discuss the frequency/necessity of 2x2 Committee meetings in 2024 and direct staff as appropriate.

Discussion:

As the Combination Discussions continue between Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD), staff is requesting input from the 2x2 Committee (Committee) on the frequency/necessity of 2x2 Committee meetings in 2024. If the Committee feels it is necessary to continue scheduling the 2x2 Committee meetings, discussion must place the importance on the frequency and timing within a month. Based on the monthly Board meeting dates of CWD and SSWD, it is very important to appropriately schedule the 2x2 Committee meetings in order to allow staff to bring forward items to be addressed in a timely manner by the respective Boards.