



CWD-SSWD Combination Discussions

Enhancing Reliability and Sustainability for our Community

Combining Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) 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. Benefits to combination uncovered during discussions and analysis include:

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 federal WIFIA funds. These funding avenues help mitigate the need for customer rate increases to fund vital initiatives like system maintenance/improvements, 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.