

A high-speed photograph of a water splash, showing a central column of water rising and splashing outwards, with numerous droplets and ripples. The background consists of overlapping teal and white circular shapes.

September 16, 2024

# San Juan Water District and Sacramento Suburban Water District

Technical proposal to conduct an analysis on a potential combination of the two agencies into a single entity

# Contents

<b>A. LETTER OF TRANSMITTAL .....</b>	<b>1</b>
<b>B. GENERAL STATEMENT OF APPROACH.....</b>	<b>2</b>
<b>C. EXPERIENCE WITH SIMILAR PUBLIC SECTOR PROJECTS .....</b>	<b>4</b>
<b>D. TEAM ORGANIZATION.....</b>	<b>9</b>
<b>E. APPROACH TO CONDUCTING THE STUDY .....</b>	<b>14</b>
<b>F. IDENTIFYING SUB-CONSULTANTS.....</b>	<b>16</b>
<b>G. ESTIMATED HOURS FOR EACH POSITION .....</b>	<b>17</b>
<b>H. TIMELINE FOR COMPLETION OF THE PROJECT .....</b>	<b>19</b>
<b>I. REFERENCES .....</b>	<b>21</b>
<b>J. SUMMARY OF SIMILAR PROJECTS .....</b>	<b>24</b>



**We really appreciate your support through our journey and ALL that we were able to learn with you coaching and guiding us.**

Vice president | Baker Tilly client



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## A. Letter of transmittal

September 16, 2024

Dan York, General Manager  
Sacramento Suburban Water District  
*Delivered electronically to [hhernandez@sswd.org](mailto:hhernandez@sswd.org)*

Baker Tilly Advisory Group, LP  
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[bakertilly.com](http://bakertilly.com)

Dear Mr. York:

In your RFP, you told us you're looking to conduct an analysis on a potential combination of the San Juan Water District (SJWD) and the Sacramento Suburban Water District (SSWD) (the Agencies) into a single entity. This proposal is the starting point — our vision of how we can protect and enhance your organizational impacts as we achieve your immediate goals to:

- Evaluate potential governance structures and board advisory committees to ensure customer equality and equity for both districts and achieve an overall cost benefit to the Agencies' customers.
- Perform a detailed assessment of each agency's operations, infrastructure and other assets.
- Perform detailed financial analyses of each agency's current water rates, fees, debts, retirement funding obligations, costs, reserves, and future equities based on current capital improvement projects (CIP) plans.
- Understand the pros and cons of consolidation alternatives and understand the compelling reasons for making any changes.

At the conclusion of this work the Agencies want to have a complete business analysis of the potential combination of the two agencies. The basis for the elected leadership to make an informed determination on this manifestly important question, which has been discussed since at least 2019.

For agencies like SJWD and SSWD, we know there's not just one finish line. Transformational success means looking beyond your first goal and imagining the next one. And the one after that. And then the one nobody has even thought possible. Your Baker Tilly team will support you through every step of the journey — during your analysis for a potential combination and beyond.

We're prepared to redefine what service and success means for the Agencies. It's not about ticking boxes. It's about navigating complex landscapes and blazing new trails. The road map shared in our proposal shows how important the Agencies will be to us as clients.

Sincerely,

A handwritten signature in blue ink that reads 'Carol Jacobs'.

Carol Jacobs, Managing Director  
+1 (949) 809 5588 | [carol.jacobs@bakertilly.com](mailto:carol.jacobs@bakertilly.com)

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## B. General statement of approach

*B. Include a general statement of the consultant's approach to conducting a financial and operational review of public utilities (two pages maximum).*

### Providing our approach to achieve the Agencies' objectives

Baker Tilly has provided a significant number of financial and operational reviews for utility clients. Our organizational structure brings a variety of specialized resources to match your engagement's diverse components. We anticipate working with the Agencies to develop any additional needs based on a macro-level of detail. We have created an efficient and effective process for these studies to achieve the Agencies' objectives and deliverables as outlined in the Requested Scope of Work.

Our approach to financial and operational review is multi-faceted and based on best practices developed by our team over the course of dozens of projects in recent years.

### Understanding federal, state, and local regulations

Utility advisory services require knowledge of federal, state and local regulations that may impact or constrain parameters.

Within California, probably the most important regulations applicable to municipal utilities stem from Proposition 218 and, to a lesser extent, Proposition 26, statewide popular initiatives passed in the wake of Proposition 13. While there are a variety of technicalities embedded in each, the overarching public policy objective of the propositions, particularly 218, is to ensure that utility rates and fees capture only the costs associated with the proper operation of the utility, not other unrelated municipal costs. In other words, the drafters of these initiatives were concerned with municipalities seeking a "workaround" from the Proposition 13 property tax restrictions via utility rate or fee adjustments.

At the federal level, the most frequently encountered source of regulation tends to be requirements associated with legacy grant funding that may have been used for system capital improvements. Typically, these requirements relate to keeping the system and the grant-related improvements in good working order through the maintenance of rate levels consistent with that end. These types of rate maintenance requirements are also sometimes found in bond documents associated with debt financing undertaken by the Agencies.

For this engagement a good understanding of the role and responsibilities of the Sacramento County Local Agency Formation Commission (Sacramento LAFCO) will be essential. Baker Tilly has worked on many governmental reorganization projects and LAFCO sponsored municipal service review projects over the years, so we understand how county LAFCOs are organized and operate.

## B. GENERAL STATEMENT OF APPROACH

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Utility regulations can take many forms and cover any number of restrictions at the local level. At the beginning of this engagement, our Baker Tilly team will work with the Agencies to understand any local regulations that may apply as well as any federal legacy or debt financing restrictions that might be in place.

### Committing to responsiveness and accessibility

The Agencies can expect a genuine, meaningful relationship with Baker Tilly throughout the duration of this work.

Real-time communication and responsiveness are key to our relationship. The Agencies will work with dedicated engagement team members who will be available when you need us, where you need us, and for as long as you need us. We will resolve your issues quickly and offer timely, forward-looking insight and advice to benefit your organization.



## C. Experience with similar public sector projects

*C. Describe the Firm's experience with public sector projects of a similar nature and scope. Emphasis should be placed on projects undertaken within the past three years.*

### Delivering specialized expertise to our public sector clients

*Baker Tilly has served state and local government agencies since our establishment more than 90 years ago. We are one of the few advisory, tax and assurance firms with a practice dedicated entirely to serving governmental clients.*

Unlike many other firms, Baker Tilly is organized by industry, not service line. What does this mean for the Agencies? It means you will be served by a carefully selected team that blends our utility-focused professionals with experienced specialists in the activities of the Agencies. The Agencies will work with a knowledgeable team that understands your specific challenges and provides innovative solutions to help you overcome them.

State and local government is a complex, unique environment shaped by fiscal, regulatory and operational considerations not found in other industries. Recognizing this complexity and eager to serve as a true valued advisor to the public sector, Baker Tilly formalized its dedicated public sector specialization more than 50 years ago. **Today, more than 350 Baker Tilly professionals — including nearly 30 principals** — focus directly on serving governments and provide hundreds of thousands of client service hours annually to organizations like the Agencies.

Nationwide, our public sector practice serves nearly 4,000 state and local governmental entities, including municipalities, counties, school districts, **utilities**, transit organizations, airports and special authorities. Several of these client groups are now served by dedicated specialists in distinct sub-practices.

**Public sector: Experience that matters**

The infographic consists of three columns. The first column features a black icon of three stylized human figures, with the text '4,000 public sector clients' below it. The second column features a red icon of a classical building with columns, with the text '90+ years of industry experience' below it. The third column features a teal map of the United States, with the text 'Serving clients nationwide' below it.

#### COMMITMENT TO THE PUBLIC SECTOR

*Baker Tilly has been in business for more than 90 years, and public sector entities were some of our first clients.*

## C. EXPERIENCE WITH SIMILAR PUBLIC SECTOR PROJECTS

The Agencies will benefit from our industry specialization in several specific ways:

- **Dedication to the public sector:** Your engagement team members live and breathe government and work exclusively with the public sector year-round. This translates into insights only experience can bring, as well as an understanding of the best ways to communicate and collaborate with public-sector entities.
- **Specialized training and continuing education:** SJWD and SSWD can be assured of an engagement team with the necessary skills and timely knowledge to effectively perform your engagement.
- **Industry involvement:** Members of our public sector practice are leaders in key industry organizations. Because of our work with these groups, we know about dynamic trends and consequential developments in state and local government — and are equipped with leading practices to help SSWD and SJWD best respond to them.
- **Knowledge sharing with SSWD and SJWD:** At Baker Tilly, serving governments goes beyond delivering services – we also supply our clients with crucial thought leadership in the form of webinars, workshops, articles and our regular newsletter, CommuniTIES.
- **Year-round consultation:** Throughout our relationship, we will be available for routine calls and technical questions, connecting you with recommendations and ideas to address the inevitable operational issues that arise. We can also alert you to new opportunities for us to collaborate and create value for the Agencies.

Your team is ready to help you find solutions to overcome the obstacles that stand between you and your goals. We provide a full range of service offerings for state and local governments, including those listed below.

OUR FULL RANGE OF KEY SERVICE OFFERINGS:	
Accounting services and assurance	Housing and economic development
Arbitrage/rebate regulatory compliance	Human capital services
Attestation services	Investment services**
Capital planning	Organizational management advisory
Cybersecurity consulting	Post-issuance compliance
Economic development	Public finance/bond issuance*
Efficiency studies	Process improvement
Federal funding advisory	Rate and user fee studies
Financial management services	Risk advisory and internal audit
Financial reporting and GAAP services	Strategic planning
Public finance/bond issuance*	

*\*Services provided by Baker Tilly Municipal Advisors, LLC, a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm.*

*\*\* Services provided by Baker Tilly Investment Services, a division of Baker Tilly Wealth Management, which is a registered investment advisor and subsidiary of Baker Tilly US, LLP.*

## C. EXPERIENCE WITH SIMILAR PUBLIC SECTOR PROJECTS

### Investing our resources in California

Your population is the largest in the United States and growing. You have the fifth-largest economy in the world, boasting a diverse range of industries and businesses. We're proud to be growing right alongside you. For Baker Tilly, expanding client relationships, a burgeoning local presence and an understanding of your state's unique markets are escalating our growth in the Golden State.

Baker Tilly has more than 800 professionals across nine California locations here for you. For SJWD and SSWD, that means exceptional service from a local team passionate about protecting and enhancing your value and standing ready to draw on our broad national resources as your goals or needs evolve.



#### COVERING MORE OF THE CALIFORNIA MAP TO SUPPORT THE AGENCIES

*When the Agencies want a team with an in-depth understanding of economic conditions, knowledge of regional and state regulations and local assistance, you won't have to go far.*

### Providing similar services to clients

For nearly 50 years, Baker Tilly's specialists have worked with communities to review utility rates and connection/impact fees, explore available financing for project improvements, and perform long-range financial projections. Each year, we help as many as 50 utility clients plan for the future through long-term projections and planning for major capital projects requiring creative rate and funding solutions. This experience gives Baker Tilly a broad view of industry issues and a specific familiarity with municipal utility goals.

#### 250+ studies

Your engagement team has conducted more than 250 studies in the past few years.

## C. EXPERIENCE WITH SIMILAR PUBLIC SECTOR PROJECTS

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Our staff members practice their craft with the knowledge, experience, skills and integrity to deliver what you ask and meet your goals. We also teach courses for industry associations on cost-of-service and rate design principles for utility organizations. The Agencies will benefit directly from our depth of knowledge in this area.

While the merger of public agencies is fairly uncommon, our project team has been involved in several successful efforts. For example, we were involved in the successful effort to change the governance structure for the dysfunctional Sacramento Port District from a special district involving two counties and the cities of Sacramento and West Sacramento to a department within the City of West Sacramento where the port is located. In another governance change, as part of our management of the City of San Bernardino's bankruptcy, we managed a reorganization of the City's Fire Department into the County of San Bernardino Fire Protection District, which resulted in significant economic and service improvements. Both of these governance changes were processed successfully through county LAFCOs.

We also developed a successful merger between the Association of Bay Area Cities and the Metropolitan Transportation Commission (the regional transportation agency for the Bay Area). While this merger did not have to be processed through a LAFCO it did need to receive unanimous approval from 28 separate city governments and seven counties.

While we have not provided utility studies for many California clients, Baker Tilly has provided consulting services to the following California public sector organizations in the past 12 months.

- Alameda County
- Albany
- Altadena Library District
- American Canyon
- Anaheim
- Antioch
- Arcata
- Bell
- Berkeley
- Brisbane
- California City
- Contra Costa Water District
- Costa Mesa Sanitary District
- Cosumnes Community Services District
- Cudahy
- Dublin
- Fremont
- Hayward
- Hayward Area Recreation District
- Hercules
- Hesperia
- Hillsborough
- La Canada Flintridge
- Livermore
- Long Beach
- Los Angeles
- Malibu
- Manhattan Beach
- Marina
- Menlo Park
- Millbrae
- Mono County
- Monterey
- Monterey County
- Napa
- Northern California Power Agency
- Oakland
- Oakley
- Ojai
- Orange County
- Pleasanton
- Pomona
- Riverside
- Sacramento Municipal Utility District
- San Jose
- San Luis Obispo
- San Rafael
- San Ramon
- Santa Clarita
- Santa Cruz
- Santa Cruz County
- Santa Maria
- Saratoga
- Seal Beach
- Shafter
- Silicon Valley Clean Energy
- Suisun City
- Sunnyvale

## C. EXPERIENCE WITH SIMILAR PUBLIC SECTOR PROJECTS

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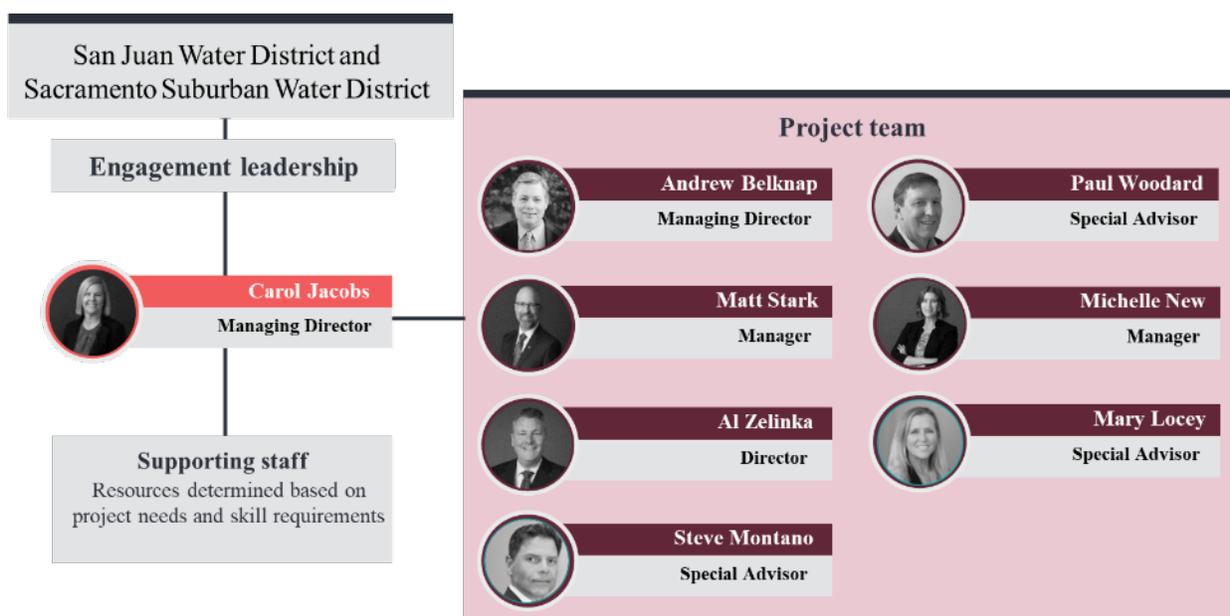
- Thousand Oaks
- Truckee
- Union City
- Union Sanitary District
- Victorville
- West County Wastewater District
- West Sacramento
- West Valley Clean Water Authority
- Windsor
- Woodside

## D. Team organization

*D. Identify a team organization clearly showing all key personnel (consultant employees and sub-consultants, if any) and their respective roles. Include brief summaries, up to one page of their background, knowledge, and experience relevant to the project.*

### Leading the Agencies' business case analysis for a potential combination and uncovering opportunities along the way

Meet the Agencies' team we've assembled to achieve everything you envision. Selected intentionally for your goals and backed by our specialized resources, these individuals are collaborative and multidisciplinary. Their passion for the state and local government industry will make them an unstoppable force on your behalf. You'll find their bios/team org chart below.



Many of our senior-level practice professionals bring a combination of large-firm consulting and industry-based experience to your engagement. We combine their diverse expertise in a personalized delivery model for SJWD and SSWD, working side by side with your team and your unique culture.

### Aligning key engagement team members with SJWD and SSWD's goals

While other firms may not always assign their best and most experienced people to state and local government engagements, that is not the case at Baker Tilly. We believe in strong personal relationships, and this means a personal interest in SJWD and SSWD from some of our most experienced team members. You will work with our best and brightest state and local government professionals who will be dedicated to you and the organizations you serve. This handpicked team offers a collaborative focus supported by the breadth and depth of our firm's resources.

THE TEAM TO ACHIEVE YOUR GOALS

*Your engagement leadership team orchestrates our services to bring the right people with the right experience together to move you forward*



**Carol Jacobs — Managing director**

***Engagement role: Relationship manager***

Carol is a managing director with Baker Tilly. She has held a wide range of roles across local government and consulting, including multiple stints as a city manager. She served most recently as assistant city manager of the City of Newport Beach, California. In that role, she was responsible for functions such as fire, library, harbor, information technology, utilities, and homelessness, with service as interim finance director and harbormaster. Carol also served as city manager for the Southern California cities of Eastvale and Stanton, interim city manager for the City of Grand Terrace, and in a series of roles with increasing responsibility for the City of Costa Mesa. Carol’s consulting experience includes managing a financial solutions practice area that served local governments, managing client needs, preparing financial studies, and conducting management and organizational reviews. She earned a Master of Public Administration with an emphasis in Finance and a Bachelor of Arts in Communications from California State University- Fullerton.



**Andy Belknap — Managing director**

***Engagement role: Engagement leader***

Andrew is responsible for Baker Tilly’s western operations based in San Jose, California. He has more than 20 years of local government experience, including service as a city manager, public works director and consultant to municipalities and special districts. His areas of expertise include fiscal and budget analysis, intergovernmental relations, developing service delivery partnerships, and functional consolidations to take advantage of economies of scale in public sector service delivery. Andy is a trained economist with expertise in fiscal analysis and public finance issues. His blend of quantitative skills and a practitioner’s understanding of public services and management systems adds value to all types of organizational and policy analysis.

*Subject matter specialists*



**Matt Stark — Manager**

***Engagement role: Project analysis***

Matt is a manager with Baker Tilly’s municipal advisory team. With the firm since 2002, he has applied his analytical expertise to new challenges in long-term financial planning, operational finance, community surveys and economic development. During his tenure with the organization, Matt has built a suite of analytical tools used by clients and colleagues in operational finance, cost allocation and cost of services, capital planning, cost-benefit of

THE TEAM TO ACHIEVE YOUR GOALS

development incentives, compensation programs, and utility rate studies. Matt holds a degree in Physics from Penn State University.



**Al Zelinka — Director**

*Engagement role: Consulting services*

Al brings a wealth of experience in both local government leadership and consulting to his work with Baker Tilly’s public-sector advisory team. He served most recently as city manager for the California cities of Huntington Beach and Riverside. Key accomplishments in those roles include overhauling outdated administrative policies and procedures, improving financial health, developing public infrastructure, advancing strategic planning and succession planning, advancing policies on equity and homelessness, and promoting community engagement. Al also served as community development director for the cities of Riverside and Fullerton, creating more efficient and effective processes and improving operations.



**Steve Montano — Special advisor**

*Engagement role: Finance specialist*

Steve is a public finance professional with more than 25 years of experience and has held a wide range of roles in local government including budget development and administration, long-term strategic business and financial planning, and the analysis of operational areas to improve organizational effectiveness. After serving in the United States Marine Corps, Steve worked for the U.S. Office of Management and Budget, the City of Palo Alto, and the City of San Juan Capistrano, and served most recently as the Deputy Finance Director for the City of Newport Beach. In that role, he had the responsibility of coordinating the development and preparation of the City’s annual long-range fiscal forecast, performing financial planning and analysis associated with capital replacement plans, and developing strategies to achieve City goals in a fiscally responsible manner. Steve holds a bachelor’s and a master’s degree in political science and public policy from the University of California at Berkeley.



**Paul Woodard — Special Advisor**

*Engagement role: Public works and water agency subject-matter specialist*

Paul has over 40 years of experience in the public sector, specifically in local government. His career has included leadership roles as an assistant village engineer, city engineer and director of public works. In these roles Paul has coordinated and supervised activities including solid waste and recycling, engineering, streets, fleet, landfill, buildings, sewer and water utility district, parks, planning, building inspection and stormwater utilities. His responsibilities have included planning and implementing capital improvement programs and supervising the engineering and preparation of plans and specifications,

THE TEAM TO ACHIEVE YOUR GOALS

cost estimates, bidding and construction inspection for capital improvement projects. He has worked extensively with city administrators and managers, councils, boards and commissions and led efforts in capital planning, contract negotiations, and department mergers.

Michelle New — Manager, Consulting

Engagement role: HR and support services expert



Michelle assists public sector clients with strategic plans, city council workshops, organization assessments and comparison analysis studies. She spent 15 years with the City of Santa Maria, where she worked first as a management analyst in the City Manager’s Office and then as the human resources manager, responsible for oversight of all aspects of the human resources function. During her tenure, Michelle developed an award-winning succession planning program, overhauled multiple paper processes, actively participated in employee negotiations, coordinated the city’s performance, disciplinary and investigative issues and was involved in the citywide budget. She also participated in the coordination of the city’s COVID-19 response as one of two contact tracers. Michelle served as a Central Coast regional co-chair of the Municipal Management Association of Southern California (MMASC) and is the founding member of the region’s annual Women in Leadership event. Michelle is also a graduate of Leadership Santa Maria and served on its board for three years including one year as vice chair.

Mary Locey – Special Advisor

Engagement role: Project delivery support and analysis



Mary’s broad range of local government experience includes public information and community and employee engagement, budgeting and purchasing, managing agendas, administering state and federal grants, implementing special projects, managing economic development and business improvement districts, developing internal policies and procedures, leading interdepartmental teams, and providing research and project support for city councilmembers and executive staff. Before becoming a consultant, she held progressively responsible roles in the California city of Newport Beach. Mary holds a bachelor’s degree in strategic communications and a Master of Public Administration from National University. She is also a graduate and former board member of Leadership Tomorrow Orange County

AN INTEGRATED TEAM WORKING TOGETHER FOR SUCCESS

Each professional on your team was selected for a reason, but it’s our collective brainpower and collaboration that will ultimately make a difference for the Agencies.

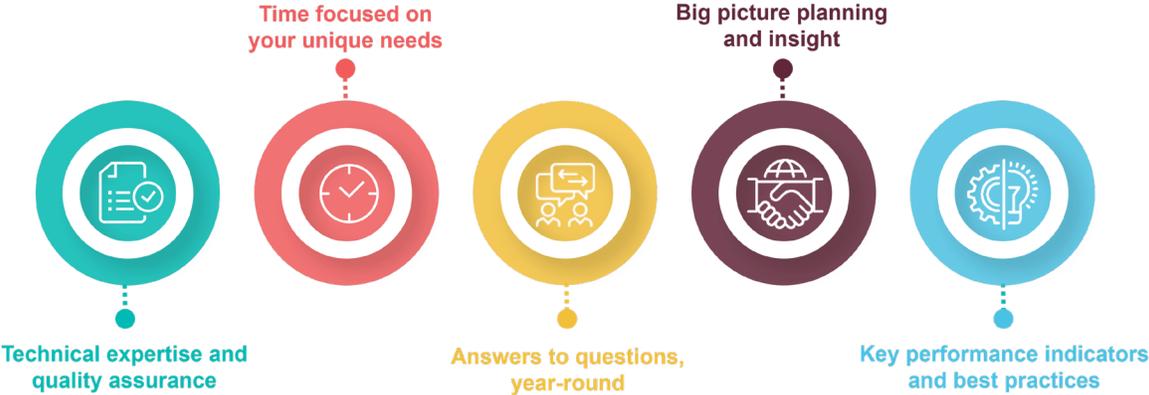
**Building trust with our client-focused approach to staffing to demonstrate how important you are to our firm**

The work we do matters to you, and it matters to us. Your Baker Tilly principals will reimagine your challenges and deliver value that exceeds your expectations to give you peace of mind. Experienced specialists chosen by your principals will contribute insights into your distinct challenges.

**Our leaders are committed to you**

Unlike other firms of our size, we commit to significant leadership involvement on every engagement – up to 35% of total engagement hours.

Your engagement leaders won't just see you off at the outset. They stay involved, keeping an open line of communication with you and the process running smoothly. As a team, we work together to bring the Agencies:



**OUR LEADERS WILL PRIORITIZE YOUR WORK**

*Our managers work hard to earn your trust every step of the way. By leaning into our work with the Agencies, they intimately understand your organization to deliver a positive impact.*

## E. Approach to conducting the study

*E. A general statement of the consultant's approach to conducting the required Study. This discussion should estimate the total cost for the Study (two pages maximum).*

### Creating a customized service plan unique to the Agencies

The Agencies are one-of-a-kind organizations with unique risks and opportunities. We build our service plans accordingly. Tailoring our analysis for a potential combination between the Agencies to your specific needs.

Below is a discussion of our proposed scope of work, informed by our deep understanding of the local government environment and water districts in particular. We aim to help you achieve your goal of fully understanding a potential combination.

#### OUR PROPOSED SCOPE OF WORK

##### *Activity 1: Describe the current environment*

We will begin this project by providing general background on each Agency. This will be a rather comprehensive inventory of the work and assets of both SSWD and SJWD given the nature of this undertaking. We anticipate that this description will include but not be limited to:

- Governing statute and statutory limitations
- Governance
- Service standards
- Staffing levels by number and classification
- Organizational structure by program level
- Description of water supply and distribution and treatment
- Overall system condition and inventory
- Performance data
- Facilities
- Fleet assets
- Office assets
- Capital assets
- Capital project planned and underway
- Master plans
- Real estate and land holdings

We will also describe the current fiscal status of both agencies in detail. Our approach to the fiscal detail will be to first gather all the relevant data pertinent to the fiscal condition of each District, such as is described in the RFP. Using this information and more, basically time series information, we will then develop a basic fiscal forecast model for each District. This will allow us to eventually develop a joint long-term fiscal model for the combined District and also have visibility into the financial condition and prospects of each District on a stand-alone basis.

##### *Activity 2: Identify opportunities and challenges for the future*

Using the operational and financial baseline information developed in Activity 1 we will begin the work which forms the heart of this project of developing a business case analysis for the possible combination of the two agencies. This work will proceed through a combination of interviews with SSWD and SSJD staff, Sacramento LAFCO staff and the analysis of appropriate peer jurisdictions. The RFP spelled out a number of issues for which “opportunities and challenges” are to be analyzed. This is a great list, but we may need to add to it as we learn of other issue areas.

## E. APPROACH TO CONDUCTING THE STUDY

### OUR PROPOSED SCOPE OF WORK

For now, the opportunities and challenge areas to be analyzed and the sub-issues can be summarized as follows:

#### 1. Governance structure

- a. Apportionment and equity for each agency
- b. Structural alternatives
- c. Phasing

#### • Service integration

- a. Water resources
- b. Operations (all facets)
- c. Customer service
- d. Support services
- e. Compensation and benefits
- f. Integration challenges and opportunities
- g. Costs and potential cost savings

#### 2. Facilities integration

- a. Building and grounds opportunities and challenges
- b. Consolidation and surplus potential
- c. Costs and potential cost savings

#### 3. Financial obligations and thresholds

- a. Rates
- b. Liabilities
- c. Pensions and OPEB
- d. Reserves
- e. Financing options related to LTD

#### 4. Staffing

- a. Rationalization of staffing and units in new organization
- b. Compensation and benefits
- c. Impacts to policies and practices
- d. Long-term staffing efficiencies and implementation options

#### 5. Identification of stakeholders

- a. Who are stakeholders for purposes of potential combination?
- b. How could disadvantaged communities be impacted and communicated with?
- c. Plan for structured communications with stakeholders (employees, customers, developers and others identified)

#### 6. Regional participation

- a. How might combination afford greater regional leverage?
- b. What steps should be taken at the regional, state and federal levels?

Our analysis of these issues will be detailed and include reference to peer jurisdictions which will be identified with input from both SSWD and SJWD. In our experience, much can be learned about the future state of a combined SSWD and SJWD from “mapping” similar peer jurisdictions that will have similar attributes to the combined new agency. However, care must be exercised so the comparisons are accurate. Water districts vary across a great range of variables.

#### *Activity 3: Meetings and deliverables*

- Baker Tilly will meet with the Agencies’ leaders in a workshop session to present the Final Report.
- We will present our recommendations to the Agencies and provide expert insights to assist and facilitate their decision-making on our recommendations, with a specific focus on developing a path for implementation.
- We will provide the Agencies with a copy of the Final Report in PDF format. This report will describe the process and methodology used in the study. We will also provide a PowerPoint presentation covering the most significant results of the study.

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## F. Identifying sub-consultants

*F. Identify any sub-consultants and include the same information as described in "D".*

### Performing the Agencies' scope of work with our talent

#### **We have all the resources you need**

Planning your scope of work began with one of our most important considerations: the most effective way to enhance and protect impact for the Agencies. A part of that process was considering whether collaborating with subcontractors would add additional value for you.

With a vast depth of resources and experience to perform everything you outlined in your RFP, our path forward is clear: The best way to deliver value to you is by not subcontracting any portion of the Agencies' scope of work.

# G. Estimated hours for each position

*G. Provide a table showing the estimated hours for each position/role shown on the organization chart, as well as the individuals' availability for the Project. The staffing plan shall also include a table with the level of effort by task and subtask for each proposed staff member. Hours for sub-consultants may be shown as an aggregate total. The hours shown shall be consistent with the hours presented in the fee table that shall be submitted as a separate document.*

## Detailing estimated staff hours on the engagement

We've assembled the ideal team and plan to serve you. One question remains: How much time will each team member devote to your engagement? While each member's hours may vary, factors like personnel, new regulations or records — this estimate outlines the time we expect to spend on the engagement.

Estimates of the time requirements for the Agencies' analysis by staff level and segment of the engagement are as follows.

ESTIMATED STAFF HOURS					
Project phase	Managing Director	Director	Manager	Consultant/ Advisor	Additional services
Activity 1	19	5	61	25	10
Activity 2	33	20	93	62	
Activity 3	19	8	58	22	10
<b>445 total hours</b>	<b>71</b>	<b>33</b>	<b>212</b>	<b>109</b>	<b>20</b>

## Meeting every milestone with a results-driven work plan

Road maps matter. They keep us on track and focused on your goals. This is why they are built into our project management approach in the form of a detailed work plan with key milestones, client sign-offs and deliverables for each project phase.

### Here's how we get there:

- **Kickoff:** In this meeting before the initial on-site visit, we'll work with the project steering committee to get your input on goals, timeline and deliverables.
- **Approval:** Both Agencies and Baker Tilly's engagement manager will approve the final plan.
- **Progress summaries:** We'll outline in writing all work accomplished during the initial and subsequent reporting periods.
- **Communication:** The Agencies will get updates throughout the engagement, detailing progress on specific activities and deliverables. Each activity and deliverable will reflect its status and percentage of completion.
- **Resolution:** We will communicate any problems — actual or anticipated — immediately to make sure the Agencies and our firm understand the issues and what is needed for timely resolution.
- **Changes:** Our team members will share any significant changes in our agreed-upon work plans with the Agencies.

## G. ESTIMATED HOURS FOR EACH POSITION

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### Securing our proposed team members' availability

We are committed to staffing your project with our proposed team. To make sure this happens, our firm uses ProStaff scheduling software to plan and secure each team member's availability. Project managers will also meet monthly to make sure our time is managed to meet your needs.

The team members identified in this proposal will perform the Agencies' business case analysis for a potential combination between SJWD and SSWD. They will not be substituted with other personnel or reassigned to another project without the Agencies' approval.



## H. TIMELINE FOR COMPLETION OF THE PROJECT

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### Scheduling for success

A timeline is nothing without the best people with the time and knowledge to devote to meeting your goals. Our scheduling and planning strategies help our teams manage their time commitments, prioritizing the Agencies' needs with a responsive, accessible, and consistent team.



#### Dedicated teams with clearly defined roles and responsibilities

We structure our responsive team to quickly escalate any issues, be available when you need us and meet your needs without overburdening individual team members.



#### Staff scheduling tools and resources to deliver high-quality service

Our team members enter their availability into ProStaff. Resource management coordinators use weekly reports to make sure team members' commitments do not exceed their capacity to deliver high-quality service.



#### Flexible staffing ratios and a high level of principal and manager resources

We offer flexible staffing ratios depending on project needs. We balance workloads for team members through advanced planning and integrate additional subject-matter specialists and support staff when needed.

#### MEETING YOUR DEADLINES WITH AN ORGANIZED SCHEDULING PROCESS

*Building the ideal team to meet and exceed the Agencies' goals is just the beginning. Our scheduling tools and processes keep these team members available and on track to achieve your objectives cost-effectively.*

# I. References

*1. Provide references for your firm’s three most representative projects. Include the following:*

- 1) Name of public agency*
- 2) Name and title of contact person.*
- 3) Telephone number of contact person.*
- 4) Brief description of the project including start and completion dates and your firm’s role in the project.*
- 5) The telephone number and contact names of private firms involved in the project.*

## Demonstrating that we've been down this path before

The experiences of our clients speak more to Baker Tilly’s capabilities than any proposal ever could. That’s why we encourage you to talk with our clients. Here are a few individuals who welcome the opportunity to share their Baker Tilly experience.

Each will give you an authentic perspective as you consider your own needs.

CITY OF FULLERTON, CALIFORNIA			
<b>Name</b>	Ellis Chang	<b>Title</b>	Director of Administrative Services
<b>Phone</b>	+1 (714) 738 6522	<b>Email</b>	<a href="mailto:echang@cityoffullerton.com">echang@cityoffullerton.com</a>
<b>Name</b>	Adam Loeser	<b>Title</b>	Fire Chief
<b>Phone</b>	+1 (714) 853 3348	<b>Email</b>	<a href="mailto:adam.loeser@fullertonfire.org">adam.loeser@fullertonfire.org</a>
<b>Start</b>	3/7/2022	<b>End</b>	9/7/2022
<b>Project summary</b>	<p>Baker Tilly completed (September 2022) an evaluation of a potential contract for fire service delivery between the City of Fullerton and the Orange County Fire Authority (OCFA). Management Partners was retained by the City to complete an independent third-party review of the service arrangement, contract terms and economics of the proposed draft contract proposed by the OCFA. We completed an extensive analysis of all aspects of the proposed contract, including service levels, transition costs, personnel transition considerations, pension liabilities, facility and equipment transfers and other factors that must be taken into account when making a decision with long-term implications such as this. In order to understand the long-term economics, we developed a costing model to compare the long-term costs of maintaining a sustainable independent city fire department and contracting with the OCFA. This model allowed for various assumptions regarding levels of cost increases over basic cost increases for both the basic OCFA contract and core city cost elements such as labor, supplies, equipment and facilities. Using the model and associated analysis we evaluated the economies of scale achievable via contracting and the various pros and cons of independent direct operations and contracted services. Our conclusion was that OCFA contracted services would be somewhat more expensive, while several non-economic factors argued in favor of the contract approach. The City is still considering a final decision.</p>		

## I. REFERENCES

### CITY OF MISSOULA, MONTANA

<b>Name</b>	Leigh Griffing	<b>Title</b>	Finance Director
<b>Phone</b>	+1 (406) 582 2318	<b>Email</b>	<a href="mailto:mhodnett@bozeman.net">mhodnett@bozeman.net</a>
<b>Start</b>	8/17/2016	<b>End</b>	09/2017

<b>Project summary</b>	<p>Springsted, Incorporated (now Baker Tilly Municipal Advisors, LLC (BTMA)) was retained to assist the City in the acquisition of the privately owned water system serving the entire community through eminent domain. Our work included developing an RFP for the selection of a qualified engineering consultant to review the condition of the water utility and to develop a cost estimate for needed improvements. BTMA led the development of a multi-year pro-forma of the financial performance of the water utility under City ownership and operation. Given the litigation, our primary information sources were state public facilities commission filings of the private financial statements of the company and its parent. This required us to segregate operating costs the City would not incur such as the main office allocation made to the parent company of Mountain Water, income taxes, internal debt payments, and other costs. BTMA also added costs the water utility would incur under City ownership such as payments to the general fund for support services. These projections were central to defining the City’s revenue bonding capacity for acquisition and future capital investment. They helped form the debt framework which had to be in place prior to formal acquisition, and were of primary importance to the City receiving an ‘A’ S&amp;P rating before the City acquired the system.</p> <p>BTMA’s financial projections were challenged by Mountain Water Company during the eminent domain process. We successfully presented them under testimony in court where the City prevailed. BTMA’s financial projections were an instrumental part of the City’s success by proving the City could operate the water utility at a lesser cost than Mountain Water. The City’s actual experience after its first full year of operations was in line with the proforma. This process and its ultimate \$138M debt program received The Bond Buyer’s 2017 ‘Deal of the Year – Small Issuer Category’.</p>
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### SACRAMENTO AREA SEWER DISTRICT AND SACRAMENTO COUNTY REGIONAL SANITATION DISTRICT, CALIFORNIA

<b>Name</b>	Christoph Dobson	<b>Title</b>	General Manager
<b>Phone</b>	+1 (916) 875 6730	<b>Email</b>	<a href="mailto:dobsonc@sacsewer.com">dobsonc@sacsewer.com</a>
<b>Start</b>	11/1/2018	<b>End</b>	9/4/2019

<b>Project summary</b>	<p>Management Partners (now Baker Tilly) performed a comprehensive assessment of the advantages and disadvantages of merging the Sacramento Area Sewer District (SASD) and the Sacramento County Regional Sanitation District (Regional San) into one wastewater agency and provided a recommendation</p>
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## I. REFERENCES

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regarding whether the agencies should pursue such action. We believe a seamless service model provided the appropriate framework to consider whether to consolidate operations aligned because such a model improves economies of scale, decreases costs and eliminates duplication of internal services and functions. Following the development of a comprehensive set of criteria and analysis, we recommended that the districts pursue consolidation.

**EXPERIENCE MATTERS. ESPECIALLY THE EXPERIENCE OUR CLIENTS RECEIVE**

*Connect with our clients to learn more. Additional references are available by request.*

## J. Summary of similar projects

*J. Provide a summary of all similar projects over the past 10 years involving any Agency. This summary shall include:*

- 1) Name of public agency*
- 2) Name and title of contact person.*
- 3) Telephone number of contact person.*
- 4) Brief description of the project including start and completion dates and your firm's role in the project.*
- 5) The telephone number and contact names of private firms involved in the project.*
- 6) To address any potential conflict of interest, if your firm is/has provided professional services to either of the Agencies please list the name of the agency and services provided.*

### Serving large governmental entities

Baker Tilly will bring the Agencies deep experience serving large governments across the nation. The following is a representative list of our recent audit and advisory clients, which includes a diverse array of high-profile public-sector utilities.

#### REPRESENTATIVE LIST OF OUR PUBLIC-SECTOR CLIENTS

- Anaheim Public Utilities, CA
- Austin Energy, TX
- Burbank Water and Power, CA
- City Public Service of San Antonio, TX
- Colorado Springs Utilities, CO
- Detroit Water and Sewerage Department, MI
- Great Lakes Water Authority, MI
- Independence Power & Light, MO
- Las Vegas Valley Water District, NV
- Long Island Power Authority, NY
- Lower Colorado River Authority, TX
- Memphis Light, Gas and Water, TN
- Metro Water Reclamation District of Greater Chicago, IL
- Northern California Public Power Agency
- Oklahoma Municipal Power Authority
- Orlando Utility Commission, FL
- Pasadena Water & Electric, CA
- Sacramento Municipal Utility District, CA
- San Antonio Water System, TX
- San Diego Gas & Electric, CA
- Seattle City Light, WA

We are not aware of any potential conflicts of interest in providing the proposed services to the Agencies.



September 16, 2024

# San Juan Water District and Sacramento Suburban Water District

Cost proposal to conduct an analysis on a potential combination of the two agencies into a single entity

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# Cost proposal

*When we say value, we mean achieving your objectives and imagining new ones. We mean sharing public sector industry insights, gaining efficiencies and directing our best resources to SJWD and SSWD.*

## Sharing our transparent fee estimate

The Agencies' fee estimate is based on what we've learned is important to you. We'll go beyond what's expected to deliver a return on your investment. Our fees allow for thorough and insightful advice from experienced professionals without unnecessary add-ons or startup charges.

We envision devoting approximately **445 hours** of our team's time to complete this engagement. The total cost of Activities 1 through 3, discussed in our separate proposal, is **\$149,900**, which includes all fees and expenses.

## Detailing our assumptions

Our estimate is based on the below assumptions. Should any of these change during the engagement, we will immediately contact the Agencies and prepare a change order detailing the new requirements and any corresponding budget impact.

- Adequate support, preparedness and cooperation from the Agencies' management
- Organized books and records
- Fees based on current advisory standards
- No significant changes in scope

## Delivering services above the standard — at standard hourly rates

When you need us, we step in to help, even outside the scope of our engagement. If the service you need is out of scope, we'll let you know and get your approval. Whenever possible, we'll give you an estimate in advance, outlining the time and expense we believe we'll need to achieve your objectives.

STANDARD HOURLY RATES	
Staff level	Hourly rate
Managing director/Director	\$475
Manager	\$295
Senior consultant/Special advisor	\$230

### DELIVERING BEYOND THE STANDARD

*When the Agencies need additional services, we're flexible and accessible, standing ready to serve your needs beyond the scope of our engagement.*