

# **Agenda**

## **Sacramento Suburban Water District and San Juan Water District Joint Board Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, California 95821

Tuesday, October 15, 2013  
6:30 p.m.

Where appropriate or deemed necessary, the Board 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 Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Board concerning an agenda item either before or during the Board'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 the General Manager. The President 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 679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

### **I. Joint Discussion on Water Management Opportunities**

*Opportunities for Improvements in Regional Water Management, Resource Sustainability, and Long Term Water Supply Reliability*

1. Update on Phase I feasibility study of Alternatives
2. Confirm December 17, 2013 date for next meeting

### **II. Public Comment**

### **III. Adjourn**

### **UPCOMING JOINT BOARD MEETING DATES**

December 17, 2013 *tentative*

I certify that the foregoing agenda for the October 15, 2013 meeting of the Sacramento Suburban Water District Board of Directors was posted by October 11, 2013 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

---

Robert S. Roscoe  
General Manager/Secretary  
Sacramento Suburban Water District

**Agenda**  
Sacramento Suburban Water District and San Juan Water District  
**Joint Board Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, California 95821

Monday, October 15, 2013  
6:30 p.m.

Where appropriate or deemed necessary, the Board 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 Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Board concerning an agenda item either before or during the Board'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 the General Manager. The President 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 679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**I. Joint Discussion on Water Management Opportunities**

*Opportunities for Improvements in Regional Water Management, Resource Sustainability, and Long Term Water Supply Reliability*

1. Update on Phase I feasibility study of Alternatives
2. Confirm December 17, 2013 date for next meeting

**II. Public Comment**

**III. Adjourn**

**UPCOMING JOINT BOARD MEETING DATES**

December 17, 2013 *tentative*

I certify that the foregoing agenda for the October 15, 2013 meeting of the Sacramento Suburban Water District Board of Directors was posted by October 11, 2013 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

---

Robert S. Roscoe  
General Manager/Secretary  
Sacramento Suburban Water District

**JOINT BOARD MEETING  
OF THE  
SAN JUAN WATER DISTRICT AND SACRAMENTO SUBURBAN WATER DISTRICT  
BOARD OF DIRECTORS**

**October 15, 2013  
6:30 p.m.**

**Sacramento Suburban Water District  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821**

The Board may take action on any item on the agenda, including items listed on the agenda as information items. The Board may add an item to the agenda (1) upon a determination by at least three Board members that an emergency situation exists, or (2) upon a determination by at least four Board members (or by three Board members if there are only three Board members present) that the need to take action became apparent after the agenda was posted.

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. Public comment on items within the jurisdiction of the Board is welcome, subject to reasonable time limitations for each speaker. Upon request, agenda items may be moved up to accommodate those in attendance wishing to address that item. Please inform the General Manager. Times on the agenda are estimates, and items may be discussed at a different time than listed.

In compliance with the American's with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the SJWD Board Secretary at 916-791-6905 or SSWD 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.

- I. Joint Discussion on Water Management Opportunities**  
*Opportunities for Improvements in Regional Water Management, Resource Sustainability, and Long Term Water Supply Reliability*
  - 1. Update on Phase I feasibility study of Alternatives
  - 2. Confirm December 17, 2013 date for next meeting
  
- II. Public Comment**
  
- III. Adjourn**

**UPCOMING JOINT BOARD MEETING DATES**  
December 17, 2013 *tentative*

I declare under penalty of perjury that the foregoing agenda for October 15, 2013, Joint Board Meeting of the Board of Directors of San Juan Water District and Sacramento Suburban Water District was posted Thursday, October 11, 2013, on the outdoor bulletin boards at the District Office Buildings, 9935 Auburn Folsom Road, Granite Bay, California, and 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely accessible to the public.

---

Teri Hart  
Board Secretary

## STAFF REPORT

---

To: SSWD Board Members  
SJWD Board Members

From: Rob Roscoe, GM SSWD, and Shauna Lorance, GM SJWD

Date: October 9, 2013

Subject: Update on Phase I Study of Alternatives

---

### Staff Recommendation

The information provided is for information only.

### Background

At the Joint Board meeting on August 20, 2013, the San Juan Water District and Sacramento Suburban Water District Boards approved issuance of the Request for Proposal – Phase 1 Evaluation of Water Management Alternatives (RFP) to interested consulting firms. The intent of the Study is to analyze the three water management alternatives, which are listed below:

- Alternative 1 – Do Nothing. Continue doing business as usual, keeping the same political structures and seek strategies for improved water resources management through agreements between the two agencies.
- Alternative 2 – Amend the existing contract between SJWD and the Bureau of Reclamation to expand their contract service area to include SSWD's service area boundary.
- Alternative 3 – Consolidate the Districts into a single agency with one Board of Directors.

The RFP was mailed to twelve consultants and consulting firms on August 1, 2013. The deadline for submittal of proposals was September 5, 2013. Of the twelve consultants and consulting firms, only one proposal was received from Municipal Consulting Group (MCG) together with Montgomery Watson Harza (MWH).

The 2x2 Water Management Ad Hoc Committee met on September 17, 2013 to review the proposals and select a consultant to complete the work. With Montgomery Watson being on the only team submitting a proposal, and Director Neil Schild being a current employee of Montgomery Watson, Director Schild did not attend the meeting to avoid any conflict of interest issues. If suitable terms could be agreed upon, staff was directed to enter into a contract and begin the work.

The 2x2 Water Management Ad Hoc Committee directed staff to negotiate with the one proposer to revise the scope of work to meet the Committee's expected work product and remove any concerns related to conflict of interests by Director Schild.

**Current Status**

SSWD and SJWD renegotiated the scope of work and SSWD entered into a contract solely with MCG to complete the Phase I Study of Alternatives. MWH is no longer part of the project team. The schedule shows a completion date of January 2014. The first kickoff meeting is scheduled for October 11, 2013.

**Budget Impact**

The budget for the project is \$50,000, with SSWD and SJWD splitting the cost 50/50.

COPY

**AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT  
AND MUNICIPAL CONSULTING GROUP FOR SERVICES RELATING TO  
HIGH LEVEL FEASIBILITY ANALYSIS FOR CONSOLIDATING SACRAMENTO  
SUBURBAN WATER DISTRICT AND SAN JUAN WATER DISTRICT**

THIS AGREEMENT is made this October 4, 2013, in Sacramento, California, between Sacramento Suburban Water District ("District"), a public agency, and Municipal Consulting Group, LLP ("Consultant"), for consulting services relating to a High Level Feasibility Analysis for Consolidating Sacramento Suburban Water District and San Juan Water District (the "Work"). The parties agree as follows:

**1. Scope of Work.** Consultant shall perform the work described in Exhibit A attached hereto and incorporated herein, and described as follows: High Level Feasibility Analysis for Consolidating Sacramento Suburban Water District and San Juan Water District (the "Work"). Consultant shall: (a) provide all labor, equipment, material and supplies required or necessary to properly, competently, and completely perform the Work under this Agreement; and (b) determine the method, details and means of doing the Work.

**2. Compensation.**

a. In exchange for the Work, the District shall pay to Consultant a fee based on Consultant's actual time and expenses necessarily and actually expended on the Work in accordance with Consultant's fee schedule, attached hereto as Exhibit B and incorporated herein.

b. The total fee for the Work shall not exceed **\$50,000**. There shall be no compensation for extra or additional work or services by Consultant unless approved in advance in writing by the District. Consultant's fee shall include all of Consultant's costs and expenses related to the Work.

c. At the end of each month, Consultant shall submit to the District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, the District shall pay the invoice within 30 days of its receipt.

**3. Term and Termination.**

a. This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. Consultant shall perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

b. This Agreement may be terminated at any time by the District upon 10 days advance written notice to Consultant. In the event of such termination, Consultant shall be fairly compensated for all work performed to the date of termination as calculated by the District based on the above fee and payment provisions. Compensation under this subsection shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Consultant's claimed benefit of the bargain.

4. **Professional Ability of Consultant.** Consultant represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. The District has relied upon Consultant's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Consultant shall meet the standard of care and quality ordinarily to be expected of competent professionals in Consultant's field.

5. **Conflict of Interest.** Consultant (including its principals, associates and professional employees) represents and acknowledges that: (a) it does not now and shall not acquire any direct or indirect investment, interest in real property or source of income in the area covered by this Agreement or that would be affected in any manner or degree by the performance of Consultant's services under this Agreement; and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Consultant is not a designated employee within the meaning of the Political Reform Act and the District's conflict of interest code because Consultant will perform the Work independent of the control and direction of the District or of any District official, other than normal contract monitoring, and Consultant possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel. Consultant shall not engage in any conduct or other employment or business that would be incompatible with or unreasonably interfere with its obligations under this Agreement, that would create a conflict of interest, or that would reflect unfavorably upon the interests of the District.

6. **Consultant Records.**

a. Consultant shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and charges for services, expenditures and disbursements for the Work for a minimum period of three years (or for any longer period required by law) from the date of final payment to Consultant under this Agreement. The District may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

b. In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the State Auditor General for three years following final payment under the Agreement.

7. **Ownership of Documents.** Every report, study, spreadsheet, worksheet, plan, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, GIS data file, computer software and any other document or thing prepared by Consultant under this Agreement and provided to the District ("Work Product") shall be the sole and exclusive property of the District, and the District shall have the perpetual, world-wide right to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Consultant or any other party. Consultant may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Consultant shall not provide any Work Product to any third party without the District's prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Consultant may copyright the same, except that, as to any Work Product that is copyrighted by Consultant, the District reserves a royalty-free, nonexclusive, world-wide, and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If the District reuses or modifies any

Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then the District shall hold Consultant harmless against all claims, damages, losses and expenses arising from such reuse or modification. For Work Product provided to the District in paper format, upon request by the District, Consultant agrees to provide the Work Product to the District in an appropriate and usable electronic format (e.g., Word file, Excel spreadsheet, Adobe pdf, AutoCAD file).

**8. Compliance with Laws.** Consultant shall perform the Work in compliance with all applicable federal, California, and local laws and regulations, include applicable anti-discrimination and anti-harassment laws. Consultant also shall possess, maintain and comply with all federal, state and local permits, licenses, certificates, and approvals that may be required for it to perform the Work. In accordance with California Code of Regulations Title 13, section 2022.1(g), Consultant shall comply with all federal, state and local air pollution control laws and regulations applicable to the Consultant and its Work.

**9. Confidentiality of Documents and Information.** Consultant shall keep in strict confidence all Work Product and other documents and information provided to, shared with or created by Consultant in connection with the performance of the Consulting Services under this Agreement or during its time as a District consultant (collectively "Information"). Consultant shall not use any Information for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by the District. Consultant shall not disclose any Information to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in writing by the District.

**10. Professional Liability Insurance.** Consultant shall maintain professional liability insurance as shall protect against claims based on alleged errors or negligent acts or omissions which may arise from the Work or from Consultant's operations or performance under this Agreement, whether any such claim is made during or subsequent to the term of this Agreement, and whether such operations or performance be by Consultant or its employees, consultants, agents or anyone else employed by any of the foregoing. The amount of this insurance shall not be less than \$1,000,000. Said policy shall be continued in full force and effect during the term of this Agreement and for a period of five years following the completion of the Work. In the event of termination of said policy, new coverage shall be obtained for the required period to insure for the prior acts of Consultant during the course of performing services under the terms of this Agreement. Consultant shall provide to the District a certificate of insurance on a form acceptable to the District indicating the deductible or self-retention amounts and the expiration date of said policy, and shall provide renewal certificates within 10 days after expiration of each policy term. The insurance is to be placed with insurers licensed to do business by and in good standing with the California Department of Insurance, with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to District.

**11. General Insurance.**

a. Consultant, at its sole cost and expense, shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<u>Type</u>	<u>Limits</u>	<u>Scope</u>
Commercial general liability	\$1,000,000 per occurrence & \$1,000,000 aggregate	at least as broad as ISO CG 0001



Automobile liability	\$1,000,000 per occurrence	at least as broad as ISO CA 0001 (Code 1, any auto)
Workers' compensation	Statutory limits	
Employer's Liability	\$1,000,000 per accident	

b. The general liability, auto, and property and casualty policies will be endorsed to name the District, and its directors, officers, employees, authorized volunteers, and agents as additional insureds regarding liability arising out of this Agreement. Consultant shall provide all applicable certificates of insurance and additional insured endorsements to the District within five days after execution of this Agreement. The policies shall contain no special limitations on the scope of protection afforded to the District, and its directors, officers, employees, authorized volunteers, and agents. Each insurance policy will be endorsed to state that coverage will not be canceled, except after 30 days' prior written notice to the District (10 days for non-payment of premium). The worker's compensation policy will be endorsed to include a waiver of subrogation against the District and its directors, officers, employees, volunteers, and agents.

c. Consultant's coverage will be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. The District's insurance or self-insurance, if any, will be excess and will not contribute with Consultant's insurance.

d. Insurance is to be written on policy forms acceptable to the District and be placed with insurers with a current A.M. Best's rating of A:VII or better and that are admitted to do business and in good standing in California, unless otherwise acceptable upon notice to and approval by the District.

e. Upon execution of this Agreement and annually thereafter, Consultant will provide to the District the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf the insurer(s), and certifying the additional insured coverage.

f. The requirements as to the types, limits, and the District's approval of insurance coverage to be maintained by the Consultant are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by Consultant under this Agreement. In addition, in the event any change is made in the insurance carrier, policies or nature of coverage required under this Agreement, Consultant shall notify the District prior to making such changes.

g. Consultant shall ensure that all required insurance coverages are maintained throughout the term of this Agreement. If any of the required coverages expire during the term of this Agreement, Consultant shall deliver renewal certificates and any required endorsements to the District at least 10 days before the expiration date.

h. Consultant must declare any deductible or self-insured retention and such must be approved by the District. At the District's sole option, Consultant may be required to either reduce or eliminate such deductibles or self-insured retentions.

**12. Indemnification.** To the fullest extent permitted by law, Consultant shall indemnify, defend (with counsel approved by District), protect, and hold harmless the District, and its directors, officers, employees, volunteers, and agents from and against any and all actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, damages, liabilities, interest, and costs (including, without limitation, attorney's, expert witness and consultant fees and expenses, fines, penalties, and litigation costs and expenses) of every nature ("claims" or "claim"), arising out of, pertaining to or in any way connected with the negligence, recklessness or willful misconduct of Consultant or its employees', agents' or subcontractors' negligence, recklessness or willful misconduct, except where caused by the active negligence or willful misconduct of the District or as otherwise provided or limited by law. Consultant's obligations under this indemnification provision shall survive the completion of Work under, or the termination of, this Agreement. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in this Agreement does not relieve Consultant from liability under this provision. The obligations of this provision shall apply whether or not such insurance policies shall have been determined to be applicable to any claims.

**13. Subcontractors.** No subcontract shall be awarded nor any outside contractor engaged by Consultant without the District's prior written approval. Any approved subcontractor shall be covered by Consultant's insurance in accordance with the insurance requirements of Paragraphs 10 and 11 of this Agreement or such subcontractor services will be subject to a separate agreement between the District and the subcontractor.

**14. Independent Contractor.** It is expressly understood and agreed by the parties that Consultant's relationship to the District is that of an independent contractor. All persons hired by Consultant and performing the Work shall be Consultant's employees or agents. Consultant and its officers, employees and agents are not District employees, and they are not entitled to District employment salary, wages or benefits. Consultant shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Consultant's employees. Consultant shall, to the fullest extent permitted by law, indemnify District, and its officers, employees, volunteers and agents, from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board or other federal or state agency concerning Consultant's independent contractor status.

**15. Entire Agreement.** This Agreement and the attached exhibits represent the sole, final, complete, exclusive, and integrated expression and statement of the terms of the agreement between the parties concerning the Work. There are no written or oral agreements, conditions, representations, warranties, or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

**16. Successors and Assignment.** This Agreement shall be binding on, and inure to the benefit of, the heirs, successors, and assigns of the parties; however, Consultant agrees that it will not subcontract, assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, or its power to execute the same without the prior written consent of the District.

17. **Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

18. **No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by the District to Consultant shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

19. **Interpretation.** The District and Consultant each had the opportunity to consult independent counsel in the negotiation and execution of this Agreement. For the purposes of interpretation of this Agreement, neither party will be deemed to have been its drafter.

20. **Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The state superior or federal district court where the District's office is located shall be venue for any litigation concerning the enforcement or construction of this Agreement.

21. **Notices.** Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to be properly given if delivered, mailed or sent by facsimile or e-mail in the manner provided in this paragraph, to the following persons:

District:  
Sacramento Suburban Water District  
Attn: Dan York, Acting AGM  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821  
E-mail: dyork@sswd.org

Consultant:  
Municipal Consulting Group, LLP  
Attn: Derrick H. Whitehead, P.E., Partner  
431 I Street, Suite 202  
Sacramento, CA 95814  
E-mail: dwhitehead@municipalcon.com

If sent by mail, any notice, delivery or other communication will be effective or deemed to have been given three days after it has been deposited in the United States mail, with postage prepaid, and addressed as set forth above. If sent by facsimile or e-mail, any notice, delivery or other communication will be deemed to have been given only after it has been confirmed in writing as received. If delivered personally or by overnight delivery service, any such notice, delivery or other communication will be deemed to have been given on the date of delivery. Either party may change that party's address by giving written notice of the change to the other party in the manner provided in this paragraph.

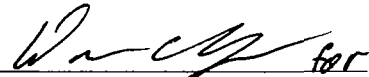
22. **Licensing.** Consultant represents that it is licensed by the California Board for Professional Engineers, Land Surveyors, and Geologist, and that Consultant's license is in good standing and will be kept in good standing during the term of this Agreement.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

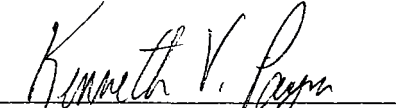
SACRAMENTO SUBURBAN WATER DISTRICT:

MUNICIPAL CONSULTING GROUP:

By:

  
Robert S. Roscoe, P.E.  
General Manager

By:

  
Kenneth V. Payne, P.E.  
Partner

## SCOPE OF WORK

Based on the scope of work outlined in the Request for Proposal (RFP), the Municipal Consulting Group, LLP (MCG) will provide a broad-level evaluation for each alternative to meet the following Primary Goals identified in the RFP:

- *The feasibility of water management and conjunctive use opportunities;*
- *Whether political issues can be addressed successfully (other agency concerns, Board make up, Districts, etc.);*
- *Actions that must be undertaken to assure that financial stability is maintained;*
- *Customer benefits for water supply, financial, risks and political / institutional benefits;*
- *What is the most appropriate District structure (County Water Agency or Special District); and,*
- *Other items of interest not identified in the request for proposal.*

As a first phase, broad-based evaluation process, MCG will provide a feasibility-level report for the Primary Goals identified above. Because of the budget constraints placed on this Study, the Districts recognize that this effort will be conducted as a high-level feasibility analysis of the Primary Goal. It is assumed by MCG that this Study will be used by the Districts to undertake more detailed discussion and evaluations of various components of the Primary Goals if determined to be appropriate and feasible.

The MCG Team has reviewed the RFP, held conversations with executive managers and officials regarding the subject Project. As a matter of due diligence, MCG supports the Districts' perspective to evaluate the options identified in the RFP as follows:

- Option 1 – Do Nothing. Continue with existing political structures and continue to seek strategies for improved water resources management via agreements between separate entities
- Option 2 – Amend the existing CVP contract service area to include SSWD's boundaries.
- Option 3 – Consolidate into a single entity with one Board of Directors configured similar to the existing SJWD wholesale/retail governance model.

To meet this objective and preserving the funding identified for this effort, MCG has developed a scope and budget that meets the needs on the appropriate level of effort. To provide clarity, MCG has developed the following tasks:

### Task 1 Project Management

*Description:* This Task includes the submittal of a work plan after the kickoff meeting, monthly progress reporting with invoicing, scheduling, office administration and general correspondence. MCG has budgeted time to maintain contact with each District's Executive management to incorporate decision, findings and suggestions regarding this Study.

Deliverables: Monthly progress reports and invoices.

### Task 2 & Task 4 Meetings & Data Collection

*Description:* MCG understands the need to meet with the various stakeholders within each District and with other interested agencies. These meetings also provide an ideal venue to gather data necessary to conduct the Phase 1 feasibility analysis of the alternatives identified in the RFP. Therefore, MCG has combined these two tasks into a single task for the purposes of execution of the tasks identified in the RFP. The number of meetings, as outlined in the RFP are included in this task and summarized below, and the review of collected data is also included to allow MCG time for necessary follow-up discussions or meetings with As there is a great deal of interest in this Project with numerous stakeholders, there will be a number of public and private meetings during the course of this project. For the purpose of preparing this proposal, the following meetings are assumed by MCG:

1) Project Kick-Off Meeting	1
2) Meetings with Executive Staff	4
3) Meetings with SJWD Wholesale Agencies	4
4) Meetings with 2x2 Water Management Ad Hoc Comm.	2
5) Joint District Board Meeting Presentations	1

*Deliverables:* List of data collected, sources and documented verbal conversations will be included in the Project Report, no separate deliverable. Meeting agendas and brief, single-page meeting summaries will be provided to each District.

### Task 3 Analysis Description

*Description:* Subsequent to the Kick-off meeting identified in Task 2, and once data is collected, MCG will develop a written description of water management including benefits of conjunctive-use, available water supplies, water supply reliability, and political/institutional benefits. The water management description will summarize the three alternatives in the existing and future condition.

*Deliverables:* A brief written description of the water management analysis for each alternative in both the existing and future conditions.

## Task 5 Alternative Analysis

*Description:* MCG will evaluate the options identified to determine the overall feasibility of each alternative under existing and future conditions. It is envisioned that a visual format will be used (matrix) in presenting information for the alternatives identified above. To execute the evaluation on a broad-based, feasibility-level basis, the following assumptions are included:

- a) The Districts, for coordination and discussion regarding water supply constraints and agency-specific governance, will make BKS available as requested and as coordinated through the Districts.
- b) MCG will investigate the feasibility of water management and conjunctive use, including physical limitations; environmental impact processes; risk; fluoridation constraints; infrastructure needs and shortage risks to each agency.
- c) MCG will assess local political and institutional issues. An example includes the development of district divisions for director elections.
- d) MCG will identify actions or systems that assist in maintaining financial fairness for customers of both Districts. As required, this analysis will be a broad-based assessment to address the fairness and equity issues necessary for financial fairness where customers are not subsidizing others, and other similar issues.
- e) MCG will develop a plan of future actions for implementing a recommended alternative focused on the benefits for each agency considering the issues, time and magnitude cost to implement each alternative.
  - 1) Develop a listing of major steps/action items and the associated broad-level schedule, in terms of months and years, for completion of each alternative.
  - 2) Develop estimated costs to complete major steps within each alternative. This analysis will include major costs categories and is not intended to be all-inclusive.
  - 3) Develop estimated costs, opportunity costs and avoided costs for implementing each alternative under existing and future conditions. This analysis will include only major costs categories and is not intended to be all-inclusive.
  - 4) Develop a broad-based estimate of staffing needs required for implementation of each alternative.
- f) The Analysis will focus on wholesale and agency-specific benefits regarding the following topic areas and other topics, as appropriate:
 

• Water supply reliability;	• Water Quality (surface water/groundwater)
• LAFCo Processing	• Financial (Rates, debt, etc.)
• District Political/Institutional	• Water Management
• Regional/Federal Political	• Loss of Institutional Knowledge
• Service Reliability	• Legal/Agency Structures
• Water supply contract limitations	• Permits, approvals
	• Dry Year contingencies

Other topics may include regional issues, as identified by MCG, that may influence each of these topic areas may be included. Examples include but are not limited to BDCP, climate change and Folsom Reservoir Operational Changes.

- g) Provide a recommendation for which alternative should be pursued that includes a listing of major actions and timelines/milestones.

*Deliverable:* Analysis, comparisons and other information developed in this Task will be included in the Project Report with no separate deliverable.

## Task 6 Report Preparations

*Description:* MCG will prepare an administrative draft, final draft and a final report of this study as follows:

- A. Administrative Draft: MCG will provide a draft report for District staff and for the 2x2 Water Management Committee's review and comment. As discussed in the RFP, the report will not include a significant amount of "boiler plate background information" such as adopted budgets, water supply histories and other such information previously heard or approved by each District. The report will be brief and succinct and presented in memorandum format.
- B. Final Draft Report: After incorporating appropriate comments from the 2x2 Water Management Committee, MCG will provide a final draft report, and will conduct a presentation to the Joint Board of Directors for comment. The report will be brief and succinct and presented in memorandum format.
- C. Final Report: After receiving and incorporating appropriate comments, MCG will produce and present the final report.

*Deliverable:* An electronic copy of the draft reports, in PDF format will be provided. A final report, in both Word and PDF formats, and the presentation materials, in PDF and PowerPoint formats, will be provided.

To maximize the available funds, MCG will provide electronic reports to the Districts for the 2x2 Water Management Committee and Joint Board of Directors meetings. The Districts will be responsible for providing 14 copies at the 2x2 Water Management Committee and Board meetings.



## Project Team

MCG presents the following team to complete the subject assignment. Please note that additional resources in business consulting and water management are shown without a specific role should the project need or require their expertise and for future efforts if the project progresses to further stages.

Derrick Whitehead, as Project Manager, leads the project team. A Financial and Policy Task Leader and a Water Management Task Leader will support him. The following section describes the roles and expertise of our team leadership.

Team Member	Administration with SWRCB	Experience with Water Rights and CVP Long Term Water Contracts	Conjunctive Use (Urban Groundwater Substitution)	Political Issues and Water Agency Governance/Institutional Structures	Organizational/Change Consolidations	Utility Finances and Budget	Rate and Connection Fee Setting	Communications and Outreach	Business Case Analysis
Derrick Whitehead	X	X	X	X	X	X	X	X	
Brian Thomas					X	X	X		X
Ken Payne	X	X	X	X	X	X	X	X	X

### *Team Leadership Highlights*

**Derrick Whitehead, PE (MCG)** — Derrick will serve as the Project Manager for the SJWD&SSWD Phase I Evaluation of Water Management Alternatives. He is an experienced local government professional with a combination of technical expertise, municipal administrative understanding, and outstanding leadership and personnel management skills.

Derrick has a history of developing constructive working relationships throughout the region as one of the original negotiators of the Water Forum Agreement, and continues to serve as an executive committee member for the Regional Water Authority. He has also coordinated the formation of the South Placer Wastewater Authority, partnered in the development of the original Integrated Regional Water Management Plan for the Sacramento region, and managed and implemented 2X2 Ad Hoc Water Management Committee for Roseville's Aquifer Storage and Recovery program. Derrick's 25 years of experience also includes budgetary development and administration; strategic planning; policy/procedure development and implementation; labor relations; and customer-friendly public and community outreach/messaging.

**Brian Thomas (PFM)** — Brian will serve as the Financial and Policy Task Leader for the project team. Brian has over 30 years of experience in the public water sector. For the last ten and a half years, Brian was the Assistant General Manager and Chief Financial Officer for the Metropolitan Water District of Southern California, the nation's largest supplier of treated drinking water. He was responsible for all financial functions, including treasury and debt management, capital planning, financial reporting, \$1.8 billion expenditure budget, and water rates and charges. In addition, he was an important participant in negotiations involving water transfers, water wheeling, and the development of local water resources, including work on Metropolitan's local resource program and groundwater conjunctive use projects. Brian has also served as the Assistant General Manager for Finance and Administration for the public utilities in the cities of Anaheim and Riverside. He is currently a managing director and co-head of the PFM Group's Los Angeles office, a national leader in providing independent financial advice.

**Kenneth Payne, PE (MCG)** — Ken will serve as the Water Management Task Leader for the project team. He has 27 years of experience, including ten years as Utilities Director with the City of Folsom, where he streamlined and improved infrastructure operations and maintenance efficiencies while still complying with permits and codes, and maintaining or reducing rates. As a consultant, he brings key experience in organizational change including facilitation in organization and program strategies and visionary leadership, including integration of workforces and necessary cross training. Ken's experience also includes technical, policy, and institutional aspects of regional mergers or annexations, including topics such as water resources, tax sharing, service negotiations and related inter-agency agreements.

He also developed a detailed strategy to annex 3,500 acres with minimal opposition due to proactive collaboration with regional environmental groups, businesses and adjacent agencies. He played a major role in regional water resources planning, municipal services planning and mitigation strategies in the recent 3,600-acre annexation in Folsom that received minor comments prior to approval by the city council and Local Agency Formation Commission. Ken has region-wide water resource experience, serving as an executive committee member of the Regional Water Authority and the Sacramento Central Groundwater Authority, and has represented the region to facilitate regional collaboration to address water supply reliability issues.

## Project Schedule

The following schedule depicts major tasks, anticipated durations of activities and key milestones of the proposed scope of work. Revisions subject to discussion and scoping:

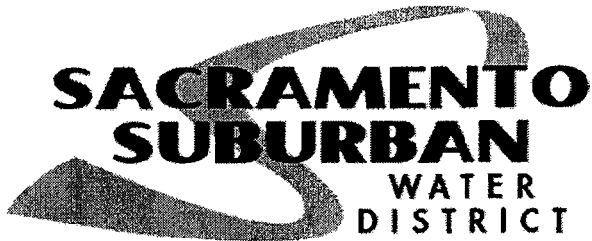
TASK	October			November				December			January, 2014					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Task 1 Project Management	●	—	—	▲	—	—	—	▲	—	—	▲	—	—	—	—	—
Task 2/4 Meetings/Data Collection	◆	—	—	◆	—	—	—	—	—	—	◆	—	—	—	—	—
Task 3 Analysis Description	◆	—	◆	—	—	—	—	—	—	—	—	—	—	—	—	—
Task 5 Alternative Analysis	◆	—	—	◆	◆	◆	◆	◆	◆	◆	◆	—	—	—	—	—
Task 6 Report Preparation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

SYMBOL	DESCRIPTION
●	- Kick-off Meeting
◆	- Board of Directors Meeting
◆	- 2x2 Water Management Committee
◆	- Executive Management
▲	- District/Agency Staff (4 meetings)
▲	- Progress/Budget/Schedule Checkpoints
◆	- MCG Activity Periods & Milestone
◆	- SJWD Wholesale Agencies/Executive Committee Meetings

## Cost Summary

MCG has estimated the number of hours per Task from the proposed scope of work as follows. We are proposing a lump sum contract and fee with monthly progress payments based on percentage complete of the listed Tasks.

TASK	SENIOR CONSULTANT/ PROFESSIONAL			OTHER DIRECT COSTS	LUMP SUM FEE PER TASK
	PARTNER	ADMIN			
Task 1 Project Management	36	0	4	\$200	7,780
Task 2/4 Meetings and Data Collection	36	8	4	\$400	9,980
Task 3 Analysis Description	10				2,000
Task 5 Alternative Analysis	65	8	0	\$500	15,500
Task 6 Report Preparation	32	20	32	\$300	14,140
<b>TOTAL ESTIMATED HOURS &amp; COSTS</b>	<b>179</b>	<b>36</b>	<b>40</b>	<b>\$1,400</b>	<b>\$50,000</b>
<b>ESTIMATED COSTS / TASK</b>	<b>\$ 34,800</b>	<b>\$ 9,000</b>	<b>\$ 3,800</b>	<b>\$2,400</b>	<b>\$ 50,000</b>



**CLEARLY REFRESHING SERVICE!**

<b>Purchase Order</b>	
<b>Purchase Order No.</b>	PO0005781
<b>Date</b>	10/4/2013

**Vendor:**

MUNICIPAL CONSULTING GROUP  
431 I STREET, SUITE 202  
SACRAMENTO CA 95814

**Ship To:**

Sacramento Suburban Water Dist  
3701 Marconi Ave  
Sacramento Ca 95821  
(916) 972-7171 Ext. 0000

**Contract Number:**

^ Changed Since the Previous Revision

Buyer ID		Payment Terms		G/L Number			Page	
		Net 30		0-02-54506			1	
L/N	Item Number	Description	Req. Date	U/M	Ordered	Unit Price	Ext. Price	
Shipping Method		Reference Number		FOB				
1	CONSOLIDATION FEA	CONSOLIDATION FEASIBILITY STL	10/4/2013	Each	50,000.00	\$ 1.00	\$ 50,000.00	
	DELIVERY			None				
		Feasibility analysis for potential consolisation of SSWD and SJWD.						

<b>Subtotal</b>	\$ 50,000.00
<b>Trade Discount</b>	\$ 0.00
<b>Freight</b>	\$ 0.00
<b>Miscellaneous</b>	\$ 0.00
<b>Tax</b>	\$ 0.00
<b>Order Total</b>	\$ 50,000.00

\_\_\_\_\_  
Authorized Signature