

# **Agenda**

## **Sacramento Suburban Water District Special Board Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, California 95821

Monday, June 4, 2018  
4:00 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 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

### **Call to Order**

### **Pledge of Allegiance**

### **Roll Call**

### **Board Vacancy**

1. Consider Appointing New Director for Division 2  
*Receive written staff report and direct staff as appropriate.*

### **Swearing in Newly Elected Director**

If a new Division 2 Director is appointed, the District Secretary will swear in the appointee.

### **Items for Discussion and/or Action**

2. Review of Securing Water Supplies, Reliability and Efficiencies with San Juan Water District  
*Receive written staff report and direct staff as appropriate.*

**Adjournment**

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**Upcoming Meetings**

Monday, June 18, 2018 at 6:00 p.m., Regular Board Meeting

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I certify that the foregoing agenda for the June 4, 2018 meeting of the Sacramento Suburban Water District Board of Directors was posted by June 1, 2018 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 1

**Date:** June 1, 2018

**Subject:** Consider Appointing New Director for Division 2

**Staff Contact:** Dan York, General Manager

### Recommended Board Action:

1. The Board will develop a list of their top 3 candidates;
2. The Board will interview those top 3 candidates;
3. The Board will begin making a motion to appoint the top candidate until the majority of the Board approves the nomination.
4. The District Secretary will swear in the selected Director for Division 2.

### Discussion:

On April 16, 2018, General Manager Dan York received notice that Director Neil Schild passed away. At the April 23, 2018 Special Board meeting, the Board directed staff to proceed with the process for the remaining Sacramento Suburban Water District Board of Directors to appoint a Director for Division 2. The deadline to appoint a replacement Director is June 14, 2018.

On May 30, 2018 the District held a Special Board meeting for the Board to interview the eight candidates that submitted a letter of interest for the vacant position.

At the May 30, 2018 Special Board Meeting, the Board agreed to each provide their top 3 candidates at the June 4, 2018 Special Board meeting for consideration.

The Board will then interview the top 3 candidates and choose one of the 3 candidates to be appointed the new Division 2 Director. Once appointed, the new Director will be officially sworn in as a Director and will be seated at the dais.

### Fiscal Impact:

None.

### Strategic Plan Alignment:

Customer Service – 3.A. Operate in an open manner including public information to the Board of Directors.

Elections provide District customers an opportunity to become directly involved in SSWD, exercise the democratic process, and voice an opinion on their elected representative on the District's Board of Directors.



## Agenda Item: 2

**Date:** June 1, 2018

**Subject:** Review of Securing Water Supplies, Reliability and Efficiencies with San Juan Water District

**Staff Contact:** Dan York, General Manager

### **Recommended Board Action:**

Sacramento Suburban Water District to re-initiate merger discussions, securing water supplies, operational system reliability/efficiencies and regional collaboration with San Juan Water District.

### **Background:**

In 2011, Sacramento Suburban Water District (SSWD) and San Juan Water District (SJWD), mutually agreed to investigate opportunities to maximize the reliability of their water supplies. The Municipal Consulting Group, LLP (MCG) was retained to conduct a Phase 1 analysis. In April 2014, MCG presented the final report of the Phase 1 analysis to the Joint Boards of Directors (Joint Boards). Based on the findings of Phase 1, MCG recommended to the Joint Boards that consolidation of the two Districts was preferable for providing increased water reliability benefits to customers of both Districts, and that a Phase 2 analysis of combining the two Districts be performed. The individual Boards of both Districts accepted MCG's recommendation and directed the Water Management Ad Hoc Committee (2x2 Committee) to move forward with developing a Scope of Work and Budget for a Phase 2 Study, Further Analysis of Consolidating SSWD and SJWD.

Both Boards further directed the Phase 2 study be broken into two phases - 2A and 2B. Phase 2A would focus on key high level issues that Board members needed to evaluate in order to make a decision of whether or not to proceed with a Phase 2B analysis. Phase 2B would focus on other important issues or incomplete or unaddressed information needed to be prepared before applying to Local Agency Formation Commission (LAFCo) for merger consideration should the Boards decide to do so. In addition, the Boards directed that Phase 2A address major concerns of SJWD's wholesale customer agencies, including water supply reliability, as well as identify other potential benefits or impacts of consolidation, such as cost saving opportunities, political influence, human resource, operations, etc. Full customer outreach was not anticipated as a component of the Phase 2A scope, instead a limited effort to obtain customer concerns by way of sampling 600 customers via a telephone survey was conducted. Should the Boards decide to proceed to Phase 2B, a full outreach to all customers was intended to be included in the scope.

The completion of Phase 2A was effectively a milestone, not a completed report. During the Phase 2A analysis, approximately 50-60 meetings were held with elected officials and other stakeholders in order to inform them of the process that the agencies were considering. After completion of the work effort for Phase 2A, the Boards were going to consider whether or not to complete a final Phase 2 report that would include more detailed analysis and information that would be needed to make the decision whether or not to submit a resolution to LAFCo to initiate reorganization proceedings, which would be Phase 3.

At the June 25, 2015 Joint Board Meeting between SSWD and SJWD, two motions by SSWD Directors passed. Paraphrasing, the first was to pay the Phase 2A Consultant, but not accept the Phase 2A report. The second motion was to suspend all work on consolidation with SJWD until SSWD coordinates with SJWD Wholesale Agencies and SSWD can evaluate the independent legal research SSWD commissioned pertaining to SJWD water rights.

The District's General Manager was directed by the Board to meet with management personnel of Citrus Heights Water District (CHWD), Fair Oaks Water District (FOWD) and the City of Folsom (Folsom). All confirmed that the questions and concerns they had was represented in the written comments they provided prior to the June 25, 2015 Joint Board Meeting.

In addition, the SSWD Board requested that SJWD's water rights be reviewed by outside legal counsel. At the January 25, 2016 Board meeting, the independent legal review of SJWD's water rights and contracts were summarized for the Board by the Brenda Davis Law Group. The conditions placed to suspend work on merger discussion were met.

On March 8, 2018, the District received correspondence from the SJWD General Manager, on behalf of the Board of Directors of SJWD, inquiring about the status of the merger discussions previously conducted by SSWD and SJWD. At the March 19, 2018 regular Board meeting, the Board approved by unanimous vote to develop a 2X2 Committee to meet with the District's General Manager and develop goals and discussion points to bring back to the full Board. The 2X2 Committee members consist of President Craig Locke and Vice President Dave Jones.

**Discussion:**

The 2X2 Committee met with the General Manager on May 23, 2018 and developed goals and discussion points, which are listed below:

Goals

- Create better cooperation within the water agencies of Northern Sacramento
- Secure existing water rights for the region and ensure that they are put to beneficial use
- Increase operational efficiency of the water district and save rate payers money
- Operate the groundwater and surface water supplies for the region in a sustainable manner
- No rate increase for SSWD customers as a result of a merger
- Develop off-ramps should there be fatal flaws during the process

- Attempt to achieve consensus with cooperative agreements amongst wholesale customer agencies of SJWD and regional water agencies

#### Discussion Points

- Respond to comments received from Phase 2A
- Address financial, human resource, water operations, operational issues, salary and benefits and customer outreach
- Research potential consultants with merger analysis experience to conduct Phase 2B analysis
- Develop Memorandum of Understanding between SSWD and SJWD
- Budget and cost sharing analysis
- Full outreach to SSWD customer agencies

At the May 30, 2018 Special Board meeting, the Directors were asked to provide their edits/comments to the above mentioned Goals and Discussion Points prior to the June 4, 2018 Special Board meeting.

#### **Fiscal Impact:**

Unknown at this time. Funds were not allocated for the subject topic in the CY2018 Budget.

#### **Strategic Plan Alignment:**

Water Supply – 1.B. Provide for the long-term water supply needs of the customers through prudent planning that will ensure capacity to serve system demands.

Customer Service – 3.D. Provide effective customer and community relations by communicating, educating, and providing information on District operations, drinking water issues, resource sustainability and environmental stewardship.