

Agenda

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

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Wednesday, July 7, 2021
3:00 p.m.

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

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/81711595801?pwd=V3BhN2hhaFRlSVV3YkFGS1Z5cXhyUT09>

Meeting ID: 817 1159 5801

Password: 024057

You can also dial in using your phone: 1 (669) 900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>
Zoom uses encryption of data during Zoom meetings. The two Agencies use a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

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

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to either one of the General Managers. The Chairperson will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

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

Call to Order

Roll Call

Announcements

Public Comment

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

Items for Discussion and/or Action

- 1. Introduction**
- 2. Overview of Carmichael Water District and Sacramento Suburban Water District**
- 3. Goal of the 2X2 Ad Hoc Committee**
- 4. Joint Discussion of Consolidation Opportunities**
- 5. Joint Discussion of Collaboration Opportunities**
- 6. Next Meeting Date and Time**
- 7. Public Comment**

Adjournment

I certify that the foregoing agenda for the July 7, 2021, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Ad Hoc Committee was posted by June 29, 2021 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and at the Carmichael Water District office, 7837 Fair Oaks Boulevard, Carmichael, CA 95608, and was made available to the public during normal business hours.

Dan York
 General Manager/Secretary
 Sacramento Suburban Water District

Agenda Item: 2

Date: July 7, 2021

Subject: Overview of Carmichael Water District and Sacramento Suburban Water District

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

Recommended Committee Action:

Receive PowerPoint presentation.

Discussion:

The General Managers of each agency will present an overview of the respective agencies.

2X2 AD HOC COMMITTEE MEETING

CARMICHAEL WATER DISTRICT AND
SACRAMENTO SUBURBAN WATER DISTRICT

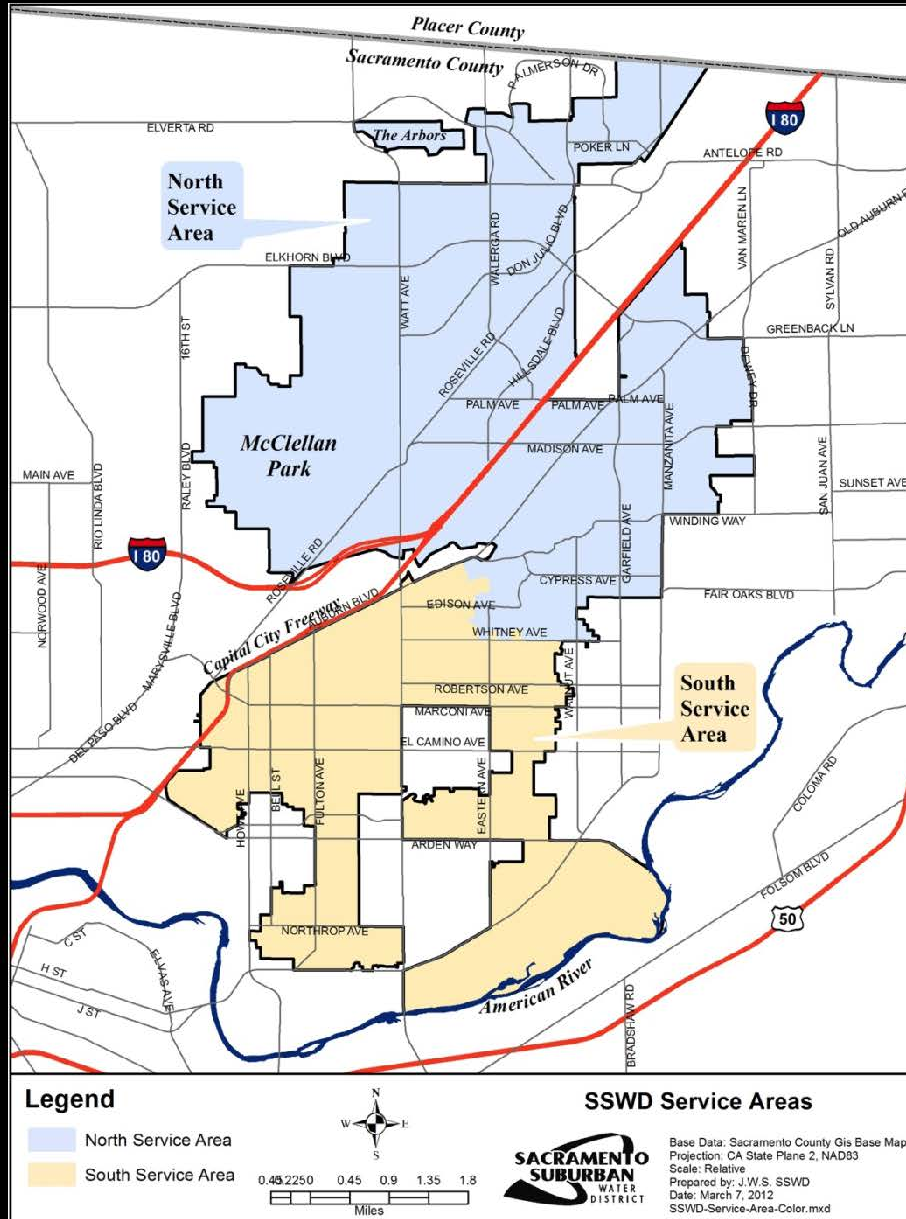
Cathy Lee
General Manager, CWD
July 7, 2021

Dan York
General Manager, SSWD
July 7, 2021

SSWD OVERVIEW

- Arcade Water District (1954) and Northridge Water District (1956) consolidate into Sacramento Suburban Water District on February 1, 2002
- 5 Board of Directors by Division
- 71 Regular full time employees
- 47,000 Service Connections
- 173,000 Population served
- 36 square miles of service area

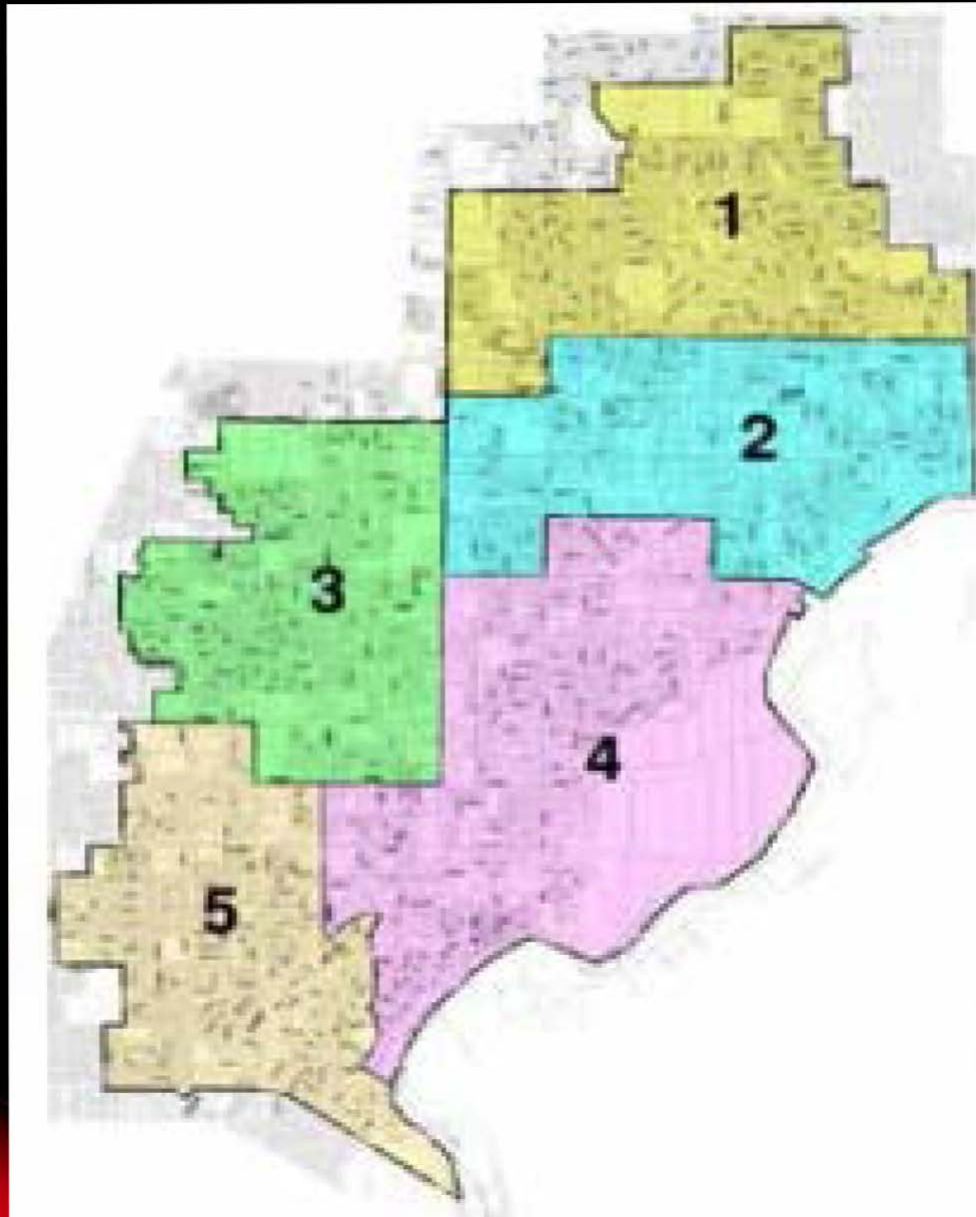
SSWD SERVICE AREA



CWD OVERVIEW

- Established in 1916 as an irrigation district
- Changed to Carmichael Water District in 1980'
- 5 Board of Directors by Division
- 8 square miles
- 11,700 service connections
- 38,000 population served
- 30 regular full time employees

CWD SERVICE AREA



CWD FINANCIALS

- Budget = \$17.8 Million
- FY CIP = \$6.27 Million
- FY Operating Budget = \$8.26 Million
- Debt Service = \$3.35 Million
- Reserves = \$11.6 Million
- Cash = \$4 Million

SSWD FINANCIALS

Budget = \$40.1 Million

CY Capital Budget = \$17.1 Million

CY Operating Budget = \$23.0 Million

Reserves = \$40.8 Million

Debt Service = \$70 Million

SSWD WATER SUPPLIES

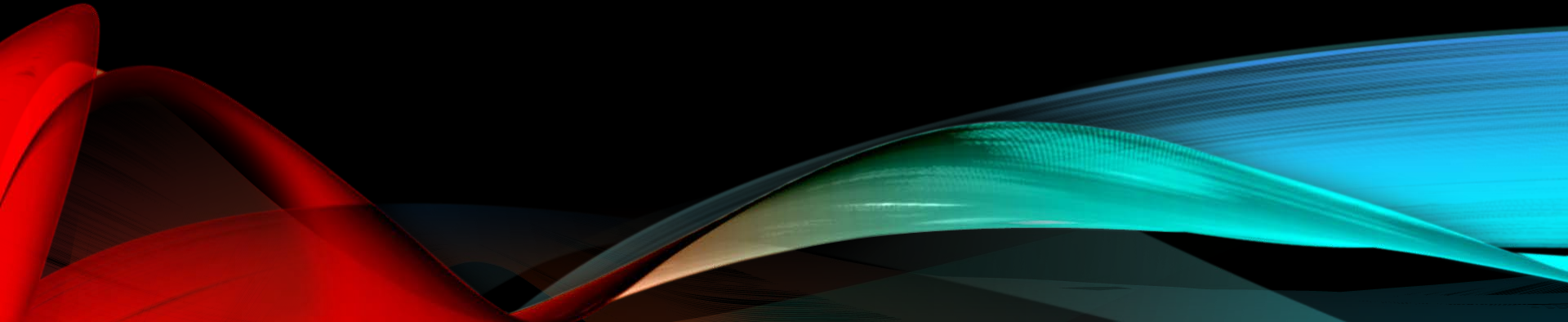
- 72 groundwater wells = 115.8 Million Gallons Per Day (MGD).
- North Service Area is non-fluoridated and South Service Area is fluoridated (Agreement ends in 2027).
- City of Sacramento surface water contract right = 26,064 acre feet (af).
- Placer County Water Agency surface water contract right = 29,000 acre feet. 8,000 af take or pay. SSWD has a Long Term Warren Act Contract that expires in 2045.

CWD WATER SUPPLIES

- 3 Post-1914 Surface Water Rights
(2 Licenses and 1 Permit)
- 32,627 ac-ft per year
- Bajamont Water Treatment Plant = 22 MGD capacity
- Curtailed in 2014, 2015 and 2021
- 4 Groundwater wells = 7.5 MGD
- Remediated groundwater = 2 Aerojet wells

SSWD INFRASTRUCTURE

- Continue replacing aging distribution system.
- Continue work on three new groundwater wells.
- Continue Multi-Year Process to Acquire Property for Future Well Sites.
- To date, approximately \$110 million spent on distribution replacement program.



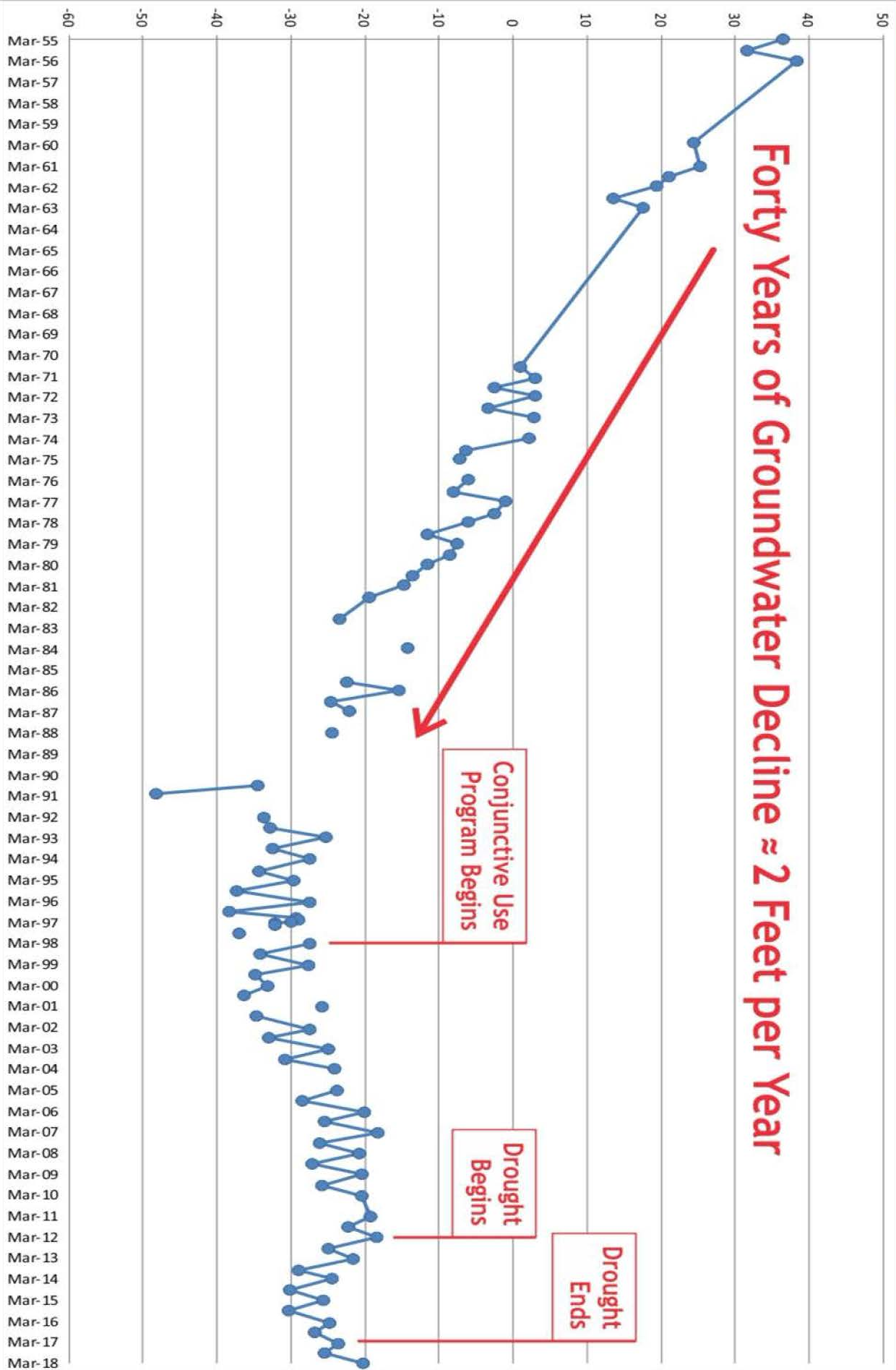
CWD INFRASTRUCTURE

- 2 new additional groundwater wells
- Water treatment plant rehabilitation projects
 - Switchgear and generator
 - SCADA
 - Filter replacement (20-30 years)
- Distribution pipeline replacement
- Fully metered

SSWD CONJUNCTIVE USE PROGRAM

- 100% groundwater in dry and very dry years.
- 72 groundwater wells
- Surface water available in average and wet years
- Contract rights for surface water totaling 55,064 acre feet per year in average and wet years
- \$120 million investment in conjunctive use infrastructure
- Over 220,000 acre feet of groundwater banked

Forty Years of Groundwater Decline \approx 2 Feet per Year



SSWD WATER METERS

- Currently about 46,000 services are metered in SSWD.
- Approximately 1,000 services remaining.
- Current SSWD schedule is set to comply with State law requirements in advance of the 2025 mandate.

SSWD WATER RATES

SSWD

5/8" Meter: \$32.01

* 3/4" Meter: \$44.40

1" Meter: \$69.19

Note: SSWD flat rate based on \$2.35 per 1,000 square feet of parcel and Fixed Charge.

(e.g., 8,000 sf = \$18.80 + \$44.40 for 3/4" connection = \$63.20)

* 3/4" metered rate is the major portion of SSWD's rate structure.

CWD WATER RATES

- Mostly 1-inch residential meters
- 1" Meter: \$43.91
- Water usage rate: \$1.65/CCF (every 10-cubit feet)



QUESTIONS?

Agenda Item: 3

Date: July 7, 2021

Subject: Goal of the 2X2 Ad Hoc Committee

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

Recommended Committee Action:

Set the goal(s) for the 2X2 Ad Hoc Committee.

Discussion:

The 2X2 Ad Hoc Committee will discuss the goal of the subject committee and direct staff as appropriate.

Agenda Item: 4

Date: July 7, 2021

Subject: Joint Discussion of Consolidation Opportunities

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

Recommended Committee Action:

Conduct an investigation of alternatives to consider the benefit of consolidating Carmichael Water District and Sacramento Suburban Water District into one agency.

Discussion:

If there is an agreement to analyze the benefits of consolidating the two agencies into one organization, focus should be considering the impacts of potential benefits to the Districts' customers and demonstrate how these benefits can be maintained in a long-term, sustainable manner. In addition, to ensure a consolidation would be in the public's interest, meeting the following objectives: (1) Providing increased water supply reliability, and (2) Resulting in greater economies in the form of less cost, or reduced costs, and a higher level of service for the general public. If these two objectives are met, a combined agency would place the two Districts in a better position to control their destiny; manage and protect their respective water supplies; and provide the ability to address federal, state and regional influences impacting water supply reliability.

If there is a consensus of the two agencies to initiate developing criteria to implement an investigation on consolidation opportunities, below are three principal options to consider:

- 1. Continue Existing Process** – Define as continuing business as usual. Any action that can be done now to increase water supply reliability, without any outside permissions or involvement from local, state or federal agencies.
- 2. Inter-Agency Agreements** – Analyze and agree that various alternatives, along with inter-agency agreements, be considered. This option considers actions that would be available if the two governing boards remained independent, and could obtain execute agreements or implement programs required for more flexible operations and enhanced water supply reliability, etc.
- 3. Consolidation of Carmichael Water District and Sacramento Suburban Water District:** This option acknowledges that current governance, and an institutional Requirements, can impede efficient water management practices and therefore presumes that a consolidated and uniform governance structure could be created to maintain or increase overall water supply reliability, etc.

Joint Discussion of Consolidation Opportunities

July 7, 2021

Page 2 of 2

One tool that could be utilized is based on the requirements of the Sacramento Local Agency Formation Commission (LAFCo) outlined for the Municipal Services Review (MSR). LAFCo has specific requirements for considerations when changing, adjusting or modifying service area boundaries. The MSR provides a written determination for the following factors:

- Infrastructure needs and deficiencies
- Growth and population projections for the affected areas
- Financial constraints and opportunities
- Cost avoidance opportunities
- Opportunities for rate restructuring
- Opportunities for shared facilities
- Government structure options including advantages and disadvantages of consolidation or reorganization of service providers
- Evaluation of management efficiencies
- Local accountability and governance.

In addition, below are a few other areas for consideration to be analyzed:

- Water Management/Supply
- Governance Comparison
- Fiscal Continuity
- Water Rights/Contract Rights
- Operations

Financial Considerations

Initial work to be completed to be entirely conducted by the staffs and board members of the agencies. If a consultant is contracted to conduct specific tasks, each agency would have to agree to split the costs 50/50, as well as any legal costs, if necessary.

Agenda Item: 5

Date: July 7, 2021

Subject: Joint Discussion of Collaboration Opportunities

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

Recommended Committee Action:

Receive verbal staff presentation.

Discussion:

Develop a collaborative relationship between the two agencies based on several opportunities listed in the Sacramento Regional Water Utility Collaboration Study (Study) that was recently completed.

The goal of the Study was to identify opportunities for additional operational and financial efficiency, and to improve service provision to customers. It provided an overview of the participating agencies' operations, existing and past collaborations, and identified the potential for additional activities.

The Study identified in excess of 80 areas of opportunity to collaborate, however, the participating agencies identified seven of higher priority, which are listed below:

- Distribution System Preventative Maintenance
- Human Resources
- Leak Detection
- Paving
- Stand-by / Emergency Operations
- Water Conservation Programs
- Water Supply

On June 21, 2021, the Sacramento Suburban Water District Board of Directors accepted the Study and directed the General Manager to continue seeking collaboration/consolidation opportunities.