



Agenda

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

3701 Marconi Avenue
Sacramento, CA 95821

Wednesday, August 9, 2023
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. If a member of the public chooses to participate in this public meeting via videoconference and/or teleconference, please see the instructions below.

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Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/88422724401?pwd=K0Zwd1JidExsVzFWZ3Z3T1Y2dUJsUT09>

Meeting ID: 884 2272 4401

Password: 601489

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

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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

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.

Consent Items

The Committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Committee member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. **Draft Minutes of the July 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**
Recommendation: Approve the draft minutes of the July 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Items for Discussion and/or Action

2. **Powers of Authority**
Recommendation: Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Boards on the options available for Powers of Authority.
3. **Consolidation or Reorganization**
Recommendation: Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on the option of a consolidation or a reorganization of the two districts.
4. **Final Number of Board of Directors**
Recommendation: Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on a final number of Board of Directors if a decision has been made to combine the two districts.

5. **Board of Director Division Maps**

Recommendation: Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Boards to develop the Board of Director division maps internally or externally.

6. **Implementation Costs**

Recommendation: For information only on the potential funding, short term and long-term, if the agencies are combined.

7. **Regular Board Meeting – Consider Changing Standing Meeting Day**

Recommendation: Discuss potential to change the standing regular Board meetings for Carmichael Water District or Sacramento Suburban Water District and direct staff appropriately.

8. **Next Public Information Workshop**

Recommendation: Receive staff report and provide direction on holding another Public Information Workshop.

9. **Outreach Summary Report**

Recommendation: Provide direction to staff on how to finalize the summary and information received from the Public Information Workshops.

Adjournment

I certify that the foregoing agenda for the August 9, 2023, meeting of the Carmichael Water District/Sacramento Suburban Water District 2x2 Committee was posted by August 4, 2023, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, 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: 1

Date: August 9, 2023

Subject: Draft Minutes of the July 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting

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

Recommended Committee Action:

Approve the draft minutes of the July 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes of the July 11, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting.



Minutes

Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting July 11, 2023

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #845 5574 5262

Call to Order – Videoconference/Audioconference Meeting

SSWD Director Criag Locke (Chair Locke) called the meeting to order at 3:00 p.m.

Pledge of Allegiance

Chair Locke led the Pledge of Allegiance.

SSWD Directors

Present: Dave Jones and Craig Locke.

SSWD Directors

Absent: None.

CWD Directors

Present: Mark Emmerson and Jeff Nelson.

CWD Directors

Absent: None.

SSWD Staff Present: Sacramento Suburban Water District (SSWD) General Manager Dan York (SSWD GM York), Jeff Ott, and Heather Hernandez-Fort.

CWD Staff Present: Carmichael Water District (CWD) General Manager Cathy Lee (CWD GM Lee) and Debbie Martin.

Public Present: William Eubanks, Ellen Cross, Kevin Thomas, Ron Davis, Greg Zlotnick, Paul Helliker, Paul Selsky, Carl Jones, and Ron Greenwood.

Public Comment

None.

Consent Items

1. **Draft Minutes of the June 8, 2023, Carmichael Water District/Sacramento Suburban Water District 2x2 Committee Meeting**

CWD Director Nelson moved to approve the Consent Item; SSWD Director Jones seconded. The motion passed by unanimous vote.

AYES:	Emmerson, Nelson, Jones, and Locke.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

2. **Combination Discussions – Communications Plan Update**

SSWD GM York presented the staff report.

Ellen Cross (Ms. Cross) provided a summary of the Public Information Workshops.

CWD Director Emmerson expressed he was surprised as he thought there would be more members of the public in attendance at the Public Information Workshops.

Ms. Cross pointed out that people generally attend meetings when they are unhappy, and that it was a good sign and testimony that the public was generally not protesting the combination discussions.

Chair Locke expressed that he received positive feedback from his neighbors, noting they were confident in the management and leadership of the districts. He further recommended staff place the questions and comments on each district's website.

Ms. Cross expressed that the plan was to address the questions and update the websites accordingly.

SSWD Director Jones expressed he was impressed with the turnout at the Public Information Workshops.

William Eubanks (Mr. Eubanks) commented that he did not feel the districts were providing enough information to the public.

SSWD GM York stated the questions and summary of the meetings would be on the district's website as soon as they were ready for public consumption.

SSWD GM York restated the staff recommendation.

Chair Locke expressed he thought it would be beneficial to hold another Public Information Workshop.

SSWD Director Jones agreed with Chair Locke, noting they should look at holding another Public Information Meeting in about a month or two.

CWD Director Nelson expressed he thought there would be another Public Information Workshop a little further down the road when there was more information to present.

CWD Director Emmerson inquired about the current engagement of social media.

CWD GM Lee expressed CWD currently engaged in particular social media sites.

SSWD GM York expressed that if the Committee was interested in holding another Public Information Workshop, the outreach to do so would take some time. He additionally reminded the Committee that if discussions continued forward, LAFCo would require each agency hold a Special Board Workshop.

CWD Director Nelson expressed he felt staff captured all of the comments from the two workshops and recommended polishing them up for posting to the websites. He further expressed he would send his edits and comments to CWD GM Lee.

Chair Locke recommended placing them in order of hierarchy and include links to further information on the combination discussions.

SSWD GM York expressed he did not feel comfortable selecting which comments and questions to include and not include.

Ms. Cross recommended staff place the comments and questions into categories.

Chair Locke suggested removing some of the comments or questions that did not have relevance to the combination discussion or either agency.

The Committee agreed to review the comments and questions and provide their edits and feedback to staff.

Discussion ensued over considering surveying all customers.

SSWD GM York restated the staff recommendation.

Chair Locke expressed he felt confident that the outreach so far has been sufficient and that there should eventually be another Public Information Workshop.

SSWD GM York reiterated that if it was the desire of the Committee to hold another Public Information Workshop, staff could begin drafting another postcard.

Chair Locke expressed to hold off on another Public Information Workshop until it was a part of the LAFCo requirement.

Ms. Cross clarified when the meeting would take place.

SSWD GM York answered that it would be closer to the steps in the process for 2024.

The Committee agreed that the public outreach efforts to date were sufficient and to continue with the proposed communications plan efforts.

3. **Communications Plan Consulting Contract Amendment**

SSWD GM York presented the staff report.

The Committee supported the staff recommendation and requested staff bring this item to both full Boards with a recommendation of approval.

CWD Director Emmerson expressed he was interested in providing additional outreach to the neighboring water agencies.

SSWD GM York expressed there has been discussions about the combination discussions at the Regional Water Authority meetings as well as the Water Forum.

Chair Locke expressed he was interested in providing additional outreach to the staff of each district.

SSWD GM York noted staff was looking into holding a barbeque between both agencies for a networking and interaction opportunity.

Chair Locke expressed he would be interested in the full Board attending a gathering with staff to discuss any questions or concerns from staff. He additionally requested general legal counsel advise on how to do something like that without violating the Brown Act.

CWD Director Emmerson moved to approve the staff recommendation; SSWD Director Jones seconded. The motion passed by unanimous vote.

AYES:	Jones, Locke, Emmerson, and Nelson.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

4. **Draft Combination Discussion Process and Timeline**

SSWD GM York presented the staff report.

Discussion ensued over the placement of some of the items in the timeline.

Chair Locke suggested that staff provide all of the information and options to the Committee, and that the Committee would then come up recommendations to send to a Joint Board meeting or regular Board meeting of each agency.

CWD Director Emmerson was not in favor of reviewing the governance first as he felt governance should be reviewed last. He suggested staff present operation and collaboration projects first, items that the two districts could work on now in order to begin integrating the two districts. He recommended the Boards vote on a resolution to begin integrating and finding efficiencies now.

Chair Locke expressed that operations are under the purview of the General Managers, and that there may be efficiencies and utilizing resources. He noted that although some of the projects could be combined, it would not assist in getting the districts any closer to a combination.

CWD Director Nelson was in support of staff looking at ways to work more efficiently and collaboratively now, noting there were already some items the two districts were working together on.

SSWD Director Jones noted there was no financial commitment made by either district to support CWD Director Emmerson's recommendation.

CWD Director Nelson suggested staff figure those details out.

Ms. Cross cautioned the Committee on implementing a pilot integration as it could move toward actually instituting governance before the two districts had the framework agreed upon for it.

SSWD GM York reminded the Committee that there were always off-ramps during the process, and noted the Process and Timeline already has identified areas that the two districts will have to work collaboratively on if the Boards vote to proceed with an application to LAFCo.

CWD Director Nelson supported the idea of bringing a resolution to the two Boards to consider.

CWD Director Emmerson reiterated that it could be just to focus on efficiencies between the two districts, and even suggested looking to do this more regionally as well.

Chair Locke pointed out that what the Committee was charged to do was to work toward a combination of the two districts and looking at governance, high level items, and making recommendations to the Joint Boards.

Chair Locke expressed that in the last Joint Board meeting, he walked away from the meeting feeling like all 10 Directors were in favor of moving forward with combining, noting that if what we were charged to do as a 2x2 by each full Board was to move forward with a combination, then we would be remiss in our duties not to be sitting down and recommending to them how we would govern it, what the 4 of us think as we are actually able to get in the same room once a month, so what we should do as a 2x2 is come to the next Joint Board meeting with recommendations to the Boards.

Discussion ensued over the process of what information would go to the Committee and what information would be presented to both Boards, and if the Committee should receive most of the options and information and just make recommendations to both Boards. The Committee agreed to discuss it at each agencies' regular Board meeting.

Ms. Cross expressed that her observation was that both Boards were interested in being a part of the decision making.

Chair Locke pointed out that he was under the impression that that the 2x2 Committee was going to be making recommendations to the Boards.

Mr. Eubanks recommended for the Committee to evaluate how much the whole process was going to cost, as he felt there was no funding for this and urged the Committee to figure out what they want to do.

5. **Carmichael Water District / Sacramento Suburban Water District Financial and Debt Comparison**

SSWD GM York presented the staff report and introduced Jeff Ott, SSWD Director of Finance and Administration (Mr. Ott) and Debbie Martin, CWD Chief Financial Officer (Ms. Martin) who presented the staff report, PowerPoint presentation, and answered clarifying questions.

The Committee agreed with staff's recommendation to apply the information to the Draft Technical Analysis Report.

6. **Carmichael Water District / Sacramento Suburban Water District Rate Comparison**

Mr. Ott and Ms. Martin presented the staff report, PowerPoint presentation, and answered clarifying questions.

CWD Director Nelson commended staff on their great work and noted that he was surprised at how similar the two agencies are in comparisons.

The Committee agreed with staff's recommendation to apply the information to the Draft Technical Analysis Report.

7. **Powers of Authority for Water Agencies**

SSWD GM York and CWD GM Lee both presented the staff report.

Legal Counsel Josh Horowitz provided a summary of powers and authority for which public water agencies can provide additional services other than potable water service and answered several clarifying questions including clarifying special act agencies.

SSWD GM York expressed he has reached out to LAFCo inquiring if the two districts were to combine, if it would be required for the new agency to form under one of the current district types, or if LAFCo would allow a formation under a different type of powers of authority that could provide potable water. He expressed he has not heard back from LAFCo, but would keep the Committee apprised of the response.

8. **Municipal Services Review Update**

SSWD GM York informed the Committee that the consultant provided SSWD with the draft Municipal Services Review (MSR) and that staff is reviewing it so that it could be presented for approval to the LAFCo Commission at their October 2023, meeting.

CWD GM Lee informed the Committee that CWD was beginning their MSR study and draft report in August, as that was when LAFCo was able to hire a consultant.

9. **Public Comment**

Mr. Eubanks inquired what the Committee got from today's meeting, as well as what they were expecting to get at the next meeting.

Chair Locke expressed that the Committee received the staff reports and presentations and directed the General Managers to bring an item to their respective Boards on allowing the Committee to have more latitude on making recommendations to the Boards.

Adjournment

Chair Locke adjourned the meeting at 5:07 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 2

Date: August 9, 2023

Subject: Powers of Authority

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

Recommended Committee Action:

Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Boards on the options available for Powers of Authority.

Discussion

Carmichael Water District (CWD) was established as an Irrigation District in 1916 and was the first irrigation district formed in Sacramento County. The district changed its name to Carmichael Water District in the 1980's to reflect the services provided.

Sacramento Suburban Water District (SSWD) was formed as a County Water District in February 2002, through the consolidation of the former Arcade Water District and Northridge Water District, which were formed in 1954 and 1956, respectively.

At previous 2x2 Committee and Board meetings, staff was directed to obtain a legal analysis on what are the differences in the powers of authority of a County Water District and an Irrigation District, as well as what are the advantages/disadvantages. In addition, a question was asked if there are higher powers and authority obtainable if the two districts were to combine.

SSWD was formed and operates under the County Water District Law, Water Code sections 30000 through 33901, and CWD was formed and operated under the Irrigation District Law, Water Code sections 20500 through 29978. The different "enabling acts" under which each District was formed and operates provide for somewhat different scopes of authority, although they share many powers in common, as outlined below.

Under the County Water District Law, SSWD is authorized to provide water service and to take associated actions to develop water rights and resources, to build, operate, maintain, and upgrade necessary infrastructure, and to engage in related activities to ensure its authority to supply water to its customers. County water districts also may provide wastewater, fire protection, and solid waste services. They also have limited powers for electric (leasing water for hydroelectric generation purposes) and recreational services (construct and operate ancillary recreational facilities on property owned for water supply and distribution services). SSWD, however, does not exercise any of these "latent" additional powers.

Under the Irrigation District Law, CWD also is authorized to take all necessary actions to provide water service to its customers. Originally, irrigation districts were authorized to construct projects to provide water to irrigate agricultural lands. Later, the Legislature authorized irrigation districts to also provide treated water service. The Irrigation District Law also permits irrigation districts to provide drainage, retail and wholesale electric power generation and service, and

sewer services. Like SSWD, however, CWD only provides treated water service and does not exercise any of these additional powers.

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (called here the “LAFCO Law”), neither District may exercise any latent power, that is a power it is not actively exercising now, unless and until that district applies to Sacramento County Local Agency Formation Commission (“LAFCO”) for approval to exercise the proposed latent power and LAFCO approves the application. While either District could apply to LAFCO to exercise one or more of its latent powers, both districts serve mainly built out areas that already receive sewer, electricity, and other utility services by other established providers. In these circumstances, it is unlikely that LAFCO would approve an application by either District to exercise a latent power or that any existing provider (e.g., SMUD) would consent to such a proposal. As noted above, SSWD’s and CWD’s authority under their respective enabling acts are more similar than different. This is particularly the case given their common existing missions and the likely limitations on either District being able to obtain LAFCO approval to exercise any of their additional, latent powers.

District legal counsel has provided a memorandum (see Attachment 1) that will address other available options for Powers of Authority.

Attachment 1

Placeholder for Legal Counsel Memorandum.

Agenda Item: 3

Date: August 9, 2023

Subject: Consolidation or Reorganization

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

Recommended Committee Action:

Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on the option of a consolidation or a reorganization of the two districts.

Discussion:

If the Board of Directors for Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) vote to combine the two agencies, a decision must be made on whether it is a consolidation or a reorganization. The end results are essentially the same, one agency assumes the rights, responsibilities, assets, and liabilities from the other. The difference lies in what technically happens from a legal standpoint. There are pros/cons listed below that are more general in nature and may not apply to this specific example.

Consolidation – Both agencies are dissolved and a new one is created in their place with a service area that encompasses the previous districts’ service areas. As an example, SSWD was formed by the consolidation of the former Arcade Water District and Northridge Water District. The new agency is the successor entity. To initiate this action, both agencies file an application to LAFCo for consolidation.

Pros:

- New district (new identity; new name; fresh start);
- New Board composition;
- Maximize economies of scale;
- Allows for the potential cancellation of existing contracts (such as labor contracts) if those obligations are not specifically transferred as part of the LAFCo approval.

Cons:

- May be difficult to determine which existing Board members will be on the new Board;
- There can be complications with determining who the “successor” plan will be used post-consolidation, either on an interim or long-term basis (e.g. labor agreements, medical plans, pension contract with CalPERS, etc.);
- All residents from both districts can oppose during the protest period;
- May require a new Proposition 218 vote to re-ratify special taxes/benefit assessments;

- It is highly disruptive for the same reason as the “Pros.” The potential cancellation of labor contracts can create unnecessary anxiety for affected workers. In addition, the new entity would now have to start at the proverbial “square 1” on all of its operations.

Reorganization - One district is dissolved and one agency annexes all their former service areas. An existing agency is the successor entity. To initiate this action, one district applies to dissolve; the remaining district applies to annex the service area of the dissolved district. Both agencies file an application to LAFCo simultaneously.

Pros:

- Because one of the existing agencies remains (albeit now with a larger service area), it is less disruptive than a consolidation. All assets/liabilities/revenues/expenses are transferred to successor agency;
- Only the residents of the dissolving agency can oppose during the protest period.

Cons:

- The remaining agency will be unable to shed any legal obligation it might otherwise be able to shed in a consolidation. For example, if the remaining agency had a more generous benefit structure to its labor than the other district, it now may need to extend those benefits to a larger labor pool;
- May be difficult to educate the non-successor agency residents about the benefits of dissolving their home water agency;
- May be difficult to educate the successor agency residents of the benefit of absorbing the dissolving agency (e.g. dilution of local control, etc.). The annexing agency will be under political pressure to allow the public to vote on the matter;
- Need to resolve how the non-successor residents will be represented in the post-reorganization entity.

Either district can initiate a combination by adopting a resolution of application and go through the “normal” LAFCo process. However, there is a sub-LAFCo process that may be applicable: Government Code §56853(a) states that if the combining agencies adopt substantially similar resolutions of application, LAFCo must either approve, or conditionally approve the proposal (in other words LAFCo cannot deny the application). In addition, this section states that the reorganization could be ordered without an election unless the conditions under GC §57081(b) are met. After the approval hearing, a second hearing (called a conducting authority hearing or a protest hearing) must still be held, but only to determine if the conditions specified in GC §57081(b) exist.

There are typically seven major milestones in the LAFCo process. The overall time for a combination to get from Step 1 through to Step 7 can take as long as a year, with the caveat that this assumes any time before Step 1 is not counted. After Step 6, the applicant(s) has/have up to

a year to comply with the conditions of approval. LAFCo can record the Certificate of Completion once those conditions are met. That filing finalizes the proceedings and the combination is complete. Listed below are the required steps:

1. Project initiation – Applicant submits all the forms found here (<https://saclaftco.saccounty.gov/Pages/ApplicationForms.aspx>), including the plan for service (please see the section immediately below).
2. Property tax negotiation – Governed by Revenue and Taxation Code §99. While neither district receives a portion of the property tax, this section cannot be bypassed per R&TC §99(b)6.
3. LAFCo staff analysis – Upon the receipt of the complete packet of application (see Step 1 above), staff will analyze the documents and follow up with the districts to ensure there is sufficient information to address the requirements under GC §56668. Once GC §56668 has been satisfied, LAFCo staff will issue a Certificate of Filing, stating the approval hearing date for the proposal. This approval hearing is typically scheduled for the first meeting in which at least 21-days advance notice can be posted (GC §56159).
4. Approval Hearing – The LAFCo Commission (Commission) considers the facts of the proposal, the staff report, written and oral testimony, the environmental review, the context and setting of the proposal and any other pertinent information to decide on the proposal. The Commission’s discretionary decision could be unconditional approval, approval with conditions, or denial. If the latter, the project stops here and LAFCo issues a Certificate of Termination. If the decision is approval with or without conditions, then the proposal moves on.
5. The 30-day reconsideration period begins – Government Code §56895 allows anyone within the County of Sacramento the ability to request that the Commission reconsider its approval. The requirements for reconsideration are strict and the Commission decides whether to grant reconsideration.
6. Conducting Authority Hearings – For proposals with less than 100% landowner consent, a “conducting authority hearing” (also called a protest hearing) must be scheduled (also subject to a 21-day advance notice). This provides the opportunity for landowners and registered voters to protest the approval. What happens to the proposal depends on the number of protests received and not withdrawn:
 - a. If less than 25% of registered voters or 25% of landowners who own at least 25% of the total assessed value of the land protest, then the Commission’s approval (with or without conditions) stands;
 - b. If more than 50% of registered voters or landowners protest, then the Commission’s decision is overturned and the proposal fails;
 - c. If the number of protests by registered voters or landowners is between a) and b) above, then it goes to an election.

Please note:

- The “sub-LAFCo process” under GC §56853(a) referenced above speaks to this step of the process. Normally the dissolution or consolidation of agencies are subject to an election. If the sub process is used, the Conducting Authority Hearing is the mechanism to determine if an election is held, and only if the number of submitted (and not withdrawn) protests is above 25% of registered voters or landowners.
- If the districts choose the reorganization route, there is a way to bypass this step if the resolution of application for the dissolving district(s) is approved unanimously by the governing board(s). Then this step is only taken on the question of annexation.
- LAFCo staff ensures that the 21-day notice for the approval hearing is consistent with the requirements for GC §56663. If so, then this step is also bypassed for the annexation, eliminating the Conducting Authority step altogether.

Final Filings – These are filed, depending on the outcome in Step 6. If the number of protests submitted are insufficient to overturn the Commission’s approval and/or if the applicants received a conditional approval, then the applicant will have 12 months to complete them. When the conditions are met (or if there were no conditions, soon after the proposal successfully completes Step 6), the LAFCo issues a Certificate of Completion with the County Clerk-Recorder. The combination is complete with this filing.

Agenda Item: 4

Date: August 9, 2023

Subject: Final Number of Board of Directors

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

Recommended Committee Action:

Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Board of Directors on a final number of Board of Directors if a decision has been made to combine the two districts.

Discussion:

The initial Board of Directors of the combined district will have ten Board members, composed of the members of the current Board of Directors of Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD). For voting purposes, to ensure there is an odd number of Directors for the combined district, in the interim, a Director could voluntarily resign from the Board of Directors, which would reduce the member count to nine. The ultimate size of the Board by statute is 5 members, but can be larger (e.g., 7 or 9 members) upon request of SSWD and CWD and LAFCo approval. Note: Both the County Water District Law and Irrigation District Law contain statutes authorizing these options. Below are the current terms of the Directors for the respective districts:

CWD Board of Directors

Ron Davis: 2022–2024
Mark Emmerson: 2022–2024
Ron Greenwood: 2020–2024
Jeff Nelson: 2022–2026
Paul Selsky: 2022-2026

SSWD Board of Directors

Jay Boatwright: 2022-2024
Dave Jones: 2020-2024
Craig Locke: 2022-2026
Kevin Thomas: 2022-2026
Robert Wichert: 2022-2026

Transition from 10 Board of Directors – As previously mentioned for voting purposes, to ensure there is an odd number of Directors for the combined district, in the interim a Director could voluntarily resign from the Board of Directors, which would reduce the member count to nine. The terms of the office of Board members shall be the same term of office that he/she was serving as of the effective date of the combination.

As an example, if the Boards choose 5 members, terms of the office of Board members shall be the same term of office that he/she was serving as of the effective date of the combination. The number of seats on the Board of Directors of the combined district shall be reduced to 7 for the general district election scheduled for November 2024, and reduced to 5 for the general district election in November 2026. If the combination occurs past the November 2024 general election, then the reduction of Board members would commence in the November 2026 and 2028 general elections.

- a. **Election Boundaries for Each Phase** – To transition down to the approved number of Directors, a new division map will be developed and approved by the Board of Directors of the combined district. For each district general election following approval of the combined district, a proposed voting division map must be developed depicting the recommended adjustments to the voting divisions for consideration by the Board of Directors, and for comment by the public. The population deviation (greatest relative difference in size between any two voting divisions) in the proposed voting divisions should be within the 10 percent deviation permitted under federal and state voting rights law. The combined district must consider when adjusting voting division boundaries, the following factors: (1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of divisions, and (4) community of interests of each division. Although this is not a factor in drawing the maps, for the Board’s information the proposed adjustments would not result in any Director’s residence being located outside of their current voting division.

In addition, at each district general election, the proposed division map must be presented at two separate Special Board meetings for the purpose of holding Public Hearings.

As advised by legal counsel, staff must consult with the Sacramento County Registrar of Voters’ office to review the draft proposed voting division map to ensure the draft proposed voting division map is acceptable and in compliance with federal and state voting rights and election laws.

- b. **Options for Advisory Committees** – In the event a Board member wishes to voluntarily resign from the Board of Directors to ensure there is an odd number of Directors, or a Board member does not get elected to the combined district, there could be options for the Board member to continue their community service. The Board of Directors of the combined district can implement opportunities to allow participation on appropriate advisory committees that would enable them to remain involved with their communities.

Agenda Item: 5

Date: August 9, 2023

Subject: Board of Director Division Maps

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

Recommended Committee Action:

Provide a recommendation to the Carmichael Water District and Sacramento Suburban Water District Boards to develop the Board of Director division maps internally or externally.

Discussion:

If the Board of Directors of the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) choose to combine both agencies, a decision must be made on the final number of Board Members on the newly formed district. The initial Board of Directors of the combined district will have ten members, composed of the members of the current Board of Directors of CWD and SSWD.

It is the responsibility of the Board of Directors of the newly formed district to approve the division maps. The initial map would consist of the existing Board of Directors. However, if the decision is made to reduce the Board of Directors to 7 or 5 members, the division maps must be developed, per the requirements of the County of Sacramento Registrar of Voter's Office, to ensure customers have equal access to political representation.

To transition down to the approved number of Directors, a new division map must be developed and approved by the Board of Directors of the combined district. For each district general election following approval of the combined district, a proposed voting division map must be developed depicting the recommended adjustments to the voting divisions for consideration by the Board of Directors, and for comment by the public. The population deviation (greatest relative difference in size between any two voting divisions) in the proposed voting divisions should be within the 10 percent deviation permitted under federal and state voting rights law. The combined district must consider when adjusting voting division boundaries, the following factors: (1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of divisions, and (4) community of interests of each division. Although this is not a factor in drawing the maps, for the Board's information the proposed adjustments would not result in any Director's residence being located outside of their current voting division.

In addition, at each district general election, the proposed division map must be presented at two separate Special Board meetings for the purpose of holding Public Hearings.

When developing the draft division maps the Sacramento County Registrar of Voters' Office must review the draft proposed voting division map to ensure the draft proposed voting division map is acceptable and in compliance with federal and state voting rights and election laws.

There are two avenues to accomplish when developing voting division maps for a newly combined district, internally or externally.

Internally - SSWD has the tools and experience to develop draft division maps. SSWD staff developed the division maps for the consolidation of Arcade Water District and Northridge Water Districts, as well as SSWD's redistricting maps in 2010 and 2020. SSWD staff developed the division maps mentioned above in close communication with the County of Sacramento Registrar's Office.

Externally - An outside consultant would have to be obtained under contract to conduct the tasks associated with the process set forth by the final number of Directors approved by the CWD and SSWD Boards. An estimated cost at this point and time is approximately \$20,000. If the CWD and SSWD Boards decide to conduct this task externally, staff will acquire proposals.

Agenda Item: 6

Date: August 9, 2023

Subject: Implementation Costs

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

Recommended Committee Action:

For information only on the potential funding, short term and long-term, if the agencies are combined.

Summary:

Staff have begun to identify and quantify at a high level the various logistical and technical issues with the potential combination. There are a variety of items that need to be addressed to determine impact, cost and timing. The report will break down these items into the following categories: Technology, Facilities and Staffing, Regulatory and Operational.

Category	Immediate			1 st Year		
	<u>One-Time</u>	<u>Annual</u>	<u>Staff Hours</u>	<u>One-Time</u>	<u>Annual</u>	<u>Staff Hours</u>
Technology	\$ 100K-155K	\$ 38,000	1,400-1,800	\$ 175K-235K	\$ 40,000	1,000-1,600
Facilities/Staffing	\$ 85K-120K					
Regulatory/Operational						

Category	2 nd Year			3 rd Year		
	<u>One-Time</u>	<u>Annual</u>	<u>Staff Hours</u>	<u>One-Time</u>	<u>Annual</u>	<u>Staff Hours</u>
Technology						
Facilities/Staffing						
Regulatory/Operational				\$ 2M – 3M		

Total first year costs are estimated to be between \$300,000 and \$400,000 one-time with \$80,000 in recurring annual costs and approximately 2,400 to 3,400 hours of staff time. Years two and three should see a reduction in recurring annual costs as CWD/SSWD technology recurring costs are eliminated after a system is migrated.

Discussion:

As the Combination Discussions continue between CWD and SSWD, there are ongoing consultant costs associated with the subject efforts including facilitation assistance, communications, business case analysis, etc. Those costs are anticipated to be approximately \$200,000 to \$300,000.

The following discussion begins to address specific implementation areas within each category. The estimates are high level but do start to delve into the specific areas that will be involved in combining the two districts. These areas can be expanded to develop the specific action plans needed to address each area. The timing is based on staff recommendations as to the preferred sequence of implementation.

Technology:

CWD and SSWD have very similar technical environments. Both agencies are Microsoft Windows based organizations utilizing Microsoft SQL Server for most of their Enterprise System's databases and also share some of the same Enterprise Systems such as Microsoft Great Plains for accounting, SCADA, Invoice Cloud Payments and ESRI ArcGIS. However, there are also disparate systems that will need to be merged into SSWD's systems such as Cogsdale Customer Information System, Cityworks Maintenance Management (linear asset management), Payroll/HR Management, Tokay backflow and the phone system. There are also systems that SSWD has that CWD has no equivalent such as Onbase Document Management, Aveva Mobile Operator, and RTA Fleet Management. CWD has a maintenance management application that handles maintenance activities at its water treatment plant where SSWD has no equivalent. CWD staff will need to be trained in the processes related to these SSWD systems.

Network: Business network connectivity will need to be established immediately between CWD Fair Oaks Blvd office and the SSWD Marconi Ave office. The logical network topology will need to be reviewed to determine the best means of merging to ensure district-wide access to resources. File and application servers can remain at current locations short term so each district's staff can access their stored files and systems. Long-term all servers would be relocated to SSWD's admin or operations facility. The email systems will need to be merged very soon to allow proper communication. If there is a name change this will become substantially more complicated as both systems will need to be migrated to a new domain name. Merging active directories will need support from Microsoft support and more so if a name change is implemented. Additional network storage will be necessary when servers are finally merged. Estimate costs are \$50,000 – \$94,000 for additional network resources and consulting plus approximately \$14,000 per year for network connectivity.

Telephony: The telephony systems will need to be merged immediately at combination. Additional research is needed to determine the technical solution to merge the two systems, which will be dependent upon network connectivity being established. For example, the SSWD system is an easily expandable IP-based telephone system. Additional licenses and phone sets will be required. Initial costs between \$12,000 and \$16,000 with an increase in annual licensing fees of \$6,000.

Accounting Systems: Both agencies utilize Microsoft Dynamics Great Plains (MGP). Merging data into one system will not be extremely challenging as the data tables are identical. Mapping and combining vendors, inventory, and merging general ledger accounts and fixed asset records should account for the bulk of the challenge in merging the two systems. Staff can manage the mapping activities. More detail is needed for purchase order history and miscellaneous receivables. Merging data would require the assistance of a consultant. The two systems would operate independently for the short term with merging financial data at report time. This would probably be the scenario for the year of combination, dependent on the timing of the actual

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merge. Having the systems fully merged by the end of the first full 12 months would be a goal. Estimate external costs between \$15,000 and \$25,000 and 400 – 500 staff hours.

Payroll: Both CWD and SSWD utilize Software as a Service (SaaS) solution for Payroll. SSWD uses ADP for both Payroll and HR administration and CWD uses Paychex for payroll only. The two systems could be kept separate until the end of the calendar year if a decision is made to combine the employees into the ADP system. This would simplify year-end tax reporting. The SaaS costs should be fairly similar; however, consulting costs may be required to extract historical data from Paychex and import into ADP. Estimate \$10,000 to \$20,000.

Utility Billing and Customer Information (CIS): CWD utilizes Cogsdale Customer Service Management (CSM) as their CIS. SSWD utilizes Truepoint's Truebill for their CIS. SSWD previously used Cogsdale CSM and converted to Truebill in 2014. The Truebill system is found to more robust than Cogsdale and is supported by a local company in Penryn, CA. As SSWD has converted from Cogsdale, staff does not believe that it will be overly challenging to convert CWD's Cogsdale data into the SSWD Truebill system. Merging would require the assistance of Truepoint. Short-term billing would be conducted from each system until such time that the conversion is ready to be performed. This should be able to be completed within six months of combining. Both agencies use Invoice Cloud for payment processing. Migrating portal data would need assistance from consultants. CWD portal users would more than likely need to reestablish their online account in Truebill. Staff does not believe that the Cogsdale web portal accounts can be migrated, however, more investigation is needed. Estimated cost to migrate CSM to Truebill is \$85,000 – \$110,000. The increased annual maintenance cost would be approximately \$12,000.

Geographic Information System (GIS): Both agencies utilize Environmental Systems Research Institute (ESRI) for their GIS platform. Both agencies utilize the County's based map for referencing asset locations. While data mapping will be necessary for merging the data into one system, this will not be overly burdensome and could be performed by in-house staff with assistance from consultants. Cost to migrate data into a geodatabase is approximately \$20,000 - \$30,000.

Computerize Maintenance Management System (CMMS): CWD utilizes Mainboss from Thinkage while SSWD utilizes Cityworks from Trimble Systems (formerly Azteca Systems). The Cityworks CMMS is specifically developed to manage linear assets (pipes and appurtenances) as it uses GIS as its asset repository. Additional analysis is needed to determine how CWD utilizes Mainboss for their linear and plant assets. SSWD field vehicles are fully mobile enabled to access not only the CMMS and GIS systems but other business systems. Field vehicles are equipped with cellular modems to allow access to District network and systems. To add CWD to SSWD's CMMS would increase SSWD maintenance costs per year. CWD staff would need to be trained on Cityworks. The cost to added mobile connectivity to CWD fleet

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vehicles would be approximately \$45,000 for 14 vehicles plus approximately \$6,000 annually in wireless charges.

Meter Reading: SSWD has implemented a full Advanced Metering Infrastructure (AMI) system for automated meter reading. SSWD utilizes two independent AMI system providers; Badger Beacon, a cellular-based AMI, and Xylem (Sensus) FlexNet, and radio-based AMI. CWD recently completed a Neptune Nsight Automated Meter Reading (AMR) meter data collection system that utilizes drive-by radio meter reading. All three of these system could function independently in a combined district. Migration to AMI would take place as AMR devices fail and are replaced.

SCADA: Both agencies utilize Aveva Wonderware for their Human Machine Interface (HMI). SSWD is in the process of updating its SCADA system. Further analysis is needed to determine how to integrate the two systems. However, medium-term the two systems could operate independently.

Backflow: CWD utilizes Tokay to manage their backflow program while SSWD utilizes the Truepoint CIS to manage its backflow program. The SSWD backflow portal is utilized by customers and testers for managing the backflow program. The portal is integrated with the Truepoint CIS. Costs could be saved by migrating CWD backflow maintenance to the SSWD Truebill system. The additional cost is included in the CIS discussion above.

Electronic Document Management: SSWD utilizes Onbase from Hyland for its electronic document management system (EDMS). CWD does not have an EDMS. SSWD utilizes several workflow applications in Onbase for managing document workflows.

Projects would need to be setup to convert relevant CWD documents into the EDMS. CWD staff will need to be trained on how to use Onbase for both document additions and searching. Document scanning could commence in year 2 and proceed until complete. Allocate \$50,000 to \$75,000 per year to scanning and archival of CWD documents.

USA Ticket Management: SSWD utilizes Digsmart to track USA tickets. This system is fully integrated with the Cityworks CMMS and ESRI GIS systems. CWD USA tickets would be merged into the SSWD digsmart system. Minimal staff time required.

Fleet Maintenance: SSWD utilizes RTA for its fleet maintenance. CWD fleet and equipment assets would be manually entered into the RTA system. Estimate staff time of 20 – 40 hours.

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Facilities and Staffing:

The plan would be to have approximately 10 CWD administrative staff move to the SSWD Marconi Administrative Building. Costs to include cubicles/offices and electrical/network.

Regulatory and Operational:

Water Rights: One of the more costly items will be the petition of water rights to include the SSWD service area. Estimated cost between \$2.0 million and \$3.0 million.

Agenda Item: 7

Date: August 9, 2023

Subject: Regular Board Meeting – Consider Changing Standing Meeting Day

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

Recommended Committee Action:

Discuss potential to change the standing regular Board meetings for Carmichael Water District or Sacramento Suburban Water District and direct staff appropriately.

Discussion:

The Combination Discussions are at a point it is necessary to schedule Joint Board meetings in order for the Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) Boards to make critical decisions on whether or not to continue the efforts to combine the districts. Although attempts to schedule a Joint Board meeting have been challenging, staff was able to schedule a Joint Board meeting on October 24, 2023. Staff is requesting the 2x2 Committee to discuss and direct staff as appropriate.

Agenda Item: 8

Date: August 9, 2023

Subject: Next Public Information Workshop

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

Recommended Committee Action:

Receive staff report and provide direction on holding another Public Information Workshop.

Discussion

At the July 11, 2023, Carmichael Water District (CWD)/Sacramento Suburban Water District (SSWD) 2x2 Committee meeting, the Committee agreed to hold another Public Information Workshop in the future when there was more information to present.

At the SSWD July 17, 2023, regular Board meeting, the SSWD Board expressed interest in holding another Public Information Workshop and requested there be an item placed on the next CWD/SSWD 2x2 Committee meeting to discuss further.

Agenda Item: 9

Date: August 9, 2023

Subject: Outreach Summary Report

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

Recommended Committee Action:

Provide direction to staff on how to finalize the summary and information received from the Public Information Workshops.

Discussion

At the July 11, 2023, 2x2 Committee meeting, discussion ensued over how to finalize and present a summary of the comments, questions and discussions from each of the Public Information Workshops. Some of the Committee members expressed interest in providing their edits to the materials.

Staff is currently in the process of drafting an Outreach Summary Report that summarizes the outreach and engagement activities, major themes, recommendations, and provides the key themes and discussion points from both of the Public Information Workshops. The Outreach Summary Report is anticipated to be presented to the Committee at the September 11, 2023, 2x2 Committee meeting.

Staff is requesting any feedback and/or direction from the Committee.