



Public Information Workshop & Open House

Potential Combination with Sacramento Suburban Water District

January 24, 2024



CWD-SSWD Combination Discussions

Welcome!



- Introductions
- Purpose and overview of Workshop and Open House
- Supporting materials available at carmichaelwd.org and sswd.org
- Questions and Comments (*after the presentation*)
 - In person: Submit a comment card to the facilitator
 - Online: Request through the chat feature or raise your electronic hand
- Housekeeping/guidelines for comment
 - Session is being recorded





STEP 1:

Exploring the Possible:

Discussing and Analyzing Potential Combination

COMPLETE:

Occurred when the combination study was in progress.

Educated audiences that CWD and SSWD are in the process of identifying collaboration opportunities and that an independent, third-party researcher conducted an analysis.

STEP 2:

Community Conversation:

Sharing the Case for Considering Combination and Initial Study Results

COMPLETE:

Occurred when the initial study was released and accepted by the CWD and SSWD Boards.

Educated audiences about the study findings.

The goal was to share information and hear initial questions and feedback for consideration by the Boards of Directors and to help shape the ongoing technical work.

STEP 3:

A Deeper Dive:

Exploring the Findings of the Further Analysis Report

WE ARE HERE:

Began when the Further Analysis Report was released and accepted by the CWD and SSWD Boards.

Educate audiences about the findings of the Further Analysis Report.

The goal is to share information and hear questions and feedback for consideration by the Boards of Directors as they consider whether to move forward.

STEP 4:

Decision Time:

Providing Perspectives on Combination

Begins when the CWD and SSWD Boards take a position on whether to move forward with the LAFCo process.

Educate audiences about the position and perspective of the CWD and SSWD Boards of Directors and next steps.

- If the position is to stop moving forward, then educate audiences about the reasons. Outreach concludes.

- If the position is to move forward with combination, then outline next steps for action by the Boards of Directors, including opportunities for audiences to learn more and provide input.

The goal is to share information about the position of the Boards of Directors either in favor of or against combination.

STEP 5:

Seeking Approval:

Engaging in the LAFCo Process

Occurs during the LAFCo Process.

Educate audiences about the position of the Boards of Directors in favor of combination, next steps for combination, the LAFCo process and how the public can provide input.

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CWD-SSWD Combination Discussions

Tonight's Presentation

1. Governance and Representation
2. Rates and Financial Considerations
3. Water Quality/Fluoride
4. Water Supplies and Rights
5. Model Merged District – Type of District
6. Opportunities for Employees
7. Benefits to Combination
8. LAFCo Process
9. Next Steps
10. Questions and Open House



*Scan the QR code to
access the full report
and other materials*

Governance and Representation

Board of Directors

- Begin with 11 directors from both districts
- Draft voting division maps to consider community interests, geography, topography
- Extensive review: public, legal, Sacramento County Registrar, special Board meetings
- Potential for greater influence
- *Tentative Decision: Transition to 7 directors by 2026*
 - *Avoid multiple elections*



Rates and Financial Considerations

Current Average Billing Per Month by Customer Type

As of June 30, 2022

	CARMICHAEL WATER DISTRICT	SACRAMENTO SUBURBAN WATER DISTRICT
Residential Customers	\$86.34	\$76.39
Non-Residential Customers	\$343.94	\$339.36
Fixed/Variable Charges	Typical 1-inch residential customer pays 55% fixed charge and 45% usage charge	All rates are constructed at 69% fixed charge and 31% usage charge

Rates and Financial Considerations

Current Debt and Debt Service

	CARMICHAEL WATER DISTRICT	SACRAMENTO SUBURBAN WATER DISTRICT
Outstanding Debt	\$32,508,528 or \$2,795 per account	\$54,915,515 or \$1,212 per account
Annual Debt Service	approximately \$2,500,000 or \$215 per account, fully amortized in 2038	approximately \$7,000,000 or \$154 per account, fully amortized in 2031

Rates and Financial Considerations

Future Rate Structure with a Combined District

- Rates based on combined O&M and capital costs
- Anticipated initial (one-time) costs expected to be offset by future savings
- Potential for greater rate and financial stability
- Potential for lower rate increases over time



Rates and Financial Considerations

Liability for Debt Management

- LAFCO mandate: Each agency responsible for its debt
- Rates remain separate until debt retired—subject to reassessment
- Continued debt repayment—potential reassessment for lower interest rate
- Larger rate base viewed favorably by rating agencies



Rates and Financial Considerations

Liability for Infrastructure

- Similar infrastructure condition
- LAFCo role: Ensures one district's debt not transferred
- Larger organization better positioned to invest in infrastructure improvements



CWD-SSWD Combination Discussions

Water Quality



Fluoride

- SSWD's South Service Area fluoridated until 2027
- No mandate to continue fluoridation post-agreement
- No mandate for CWD to fluoridate water

Water Source

- Combination not expected to change water quality
- Carmichael customers would receive the same surface water, unless curtailed



CWD-SSWD Combination Discussions

Water Supplies and Rights



Supply Reliability

- Combination enhances supply reliability, especially during droughts
- Currently, both can meet demands; but challenged by climate change and regulations
- CWD faced recent water rights curtailments
- Integration opportunities for a more diverse, adaptable supply



CWD-SSWD Combination Discussions

Water Supplies and Rights



Supply Portfolio

- SSWD and CWD would share rights to surface water and groundwater
- Promotes a sustainable, reliable operation
- Clarify: Right does not equal delivery—constrained by infrastructure
- CWD would maintain historical access to surface water



Model Merged District (Type of District)

County Water District vs. Irrigation District

- CWD: Irrigation District—water, drainage, electric power, sewer services
- SSWD: County Water District—water, wastewater, fire protection, solid waste services
- More similarities than differences
- *Tentative Decision: County Water District*
 - *Aligns with operational needs and minimizes costs*



Model Merged District (Type of District)

Consolidation vs. Reorganization

- Both have advantages and disadvantages:
 - Consolidation: new entity, fresh start, opportunity to streamline
 - Reorganization: continuity, more complex operational integration, and public education
- *Tentative Decision: Consolidation*
 - *Fresh start and new identity*



CWD-SSWD Combination Discussions

Opportunities for Employees



Career Growth and Representation

- May aid in retention of employees at both districts
- Expanded career prospects and economies of scale for compensation and benefits
- New opportunities for specialization and advancement
- Some CWD employees represented by AFSCME: Continuation subject to majority vote



CWD-SSWD Combination Discussions

Benefits to Combination

- Enhanced water supply reliability
- Long-term financial savings and stability
- Economies of scale and efficiency
- Opportunities for staff retention, growth and shared expertise
- Greater influence for expanded service area
- Infrastructure improvements





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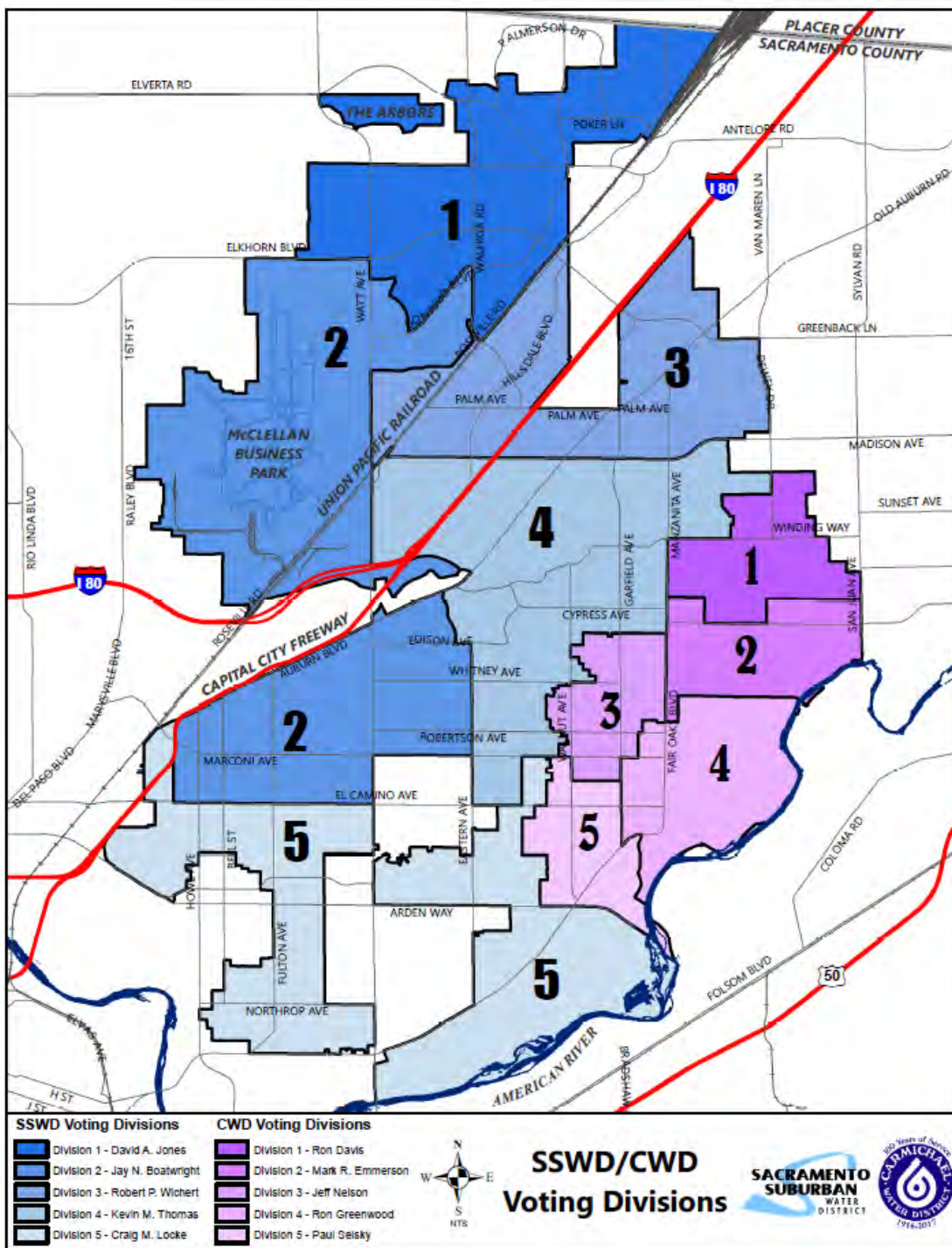
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Questions, Comments?

Please submit a comment card (in person) or a request through chat (online)





Open House

Feel free to connect with your elected representative and staff

We will regroup in about 15 minutes for final Director comments and to close the meeting

Zoom will remain open during this time



Thank You!

Find updates on the CWD and SSWD websites

carmichaelwd.org and sswd.org

