



## FACTSHEET

# Perceived Advantages and Disadvantages to Combination

Carmichael Water District (CWD) and Sacramento Suburban Water District (SSWD) are currently exploring combination opportunities. The goal is to examine how combining neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

The following are potential advantages and disadvantages of combination, as outlined in Section 8 of the study by an independent financial consulting firm. The study explores trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination.

**The full study, "A Business Case for a Potential Combination," is available at [sswd.org](http://sswd.org) and [carmichaelwd.org](http://carmichaelwd.org).**

### Potential Advantages to Combination

- **Ability to achieve greater scale efficiencies through a larger organization:** Each organization has different areas of strengths and expertise and combining the two entities could provide efficiencies if resources are used strategically.
- **Greater Water Resource Sharing and Utilization:** CWD possesses numerous surface water supplies and groundwater wells. CWD also has access to additional surface water supplies that it has not yet fully activated. SSWD obtains its water supplies from groundwater extraction and surface water supplies delivered under contracts with neighboring water agencies. All of these supplies could be integrated to maximize benefit for both districts through a combination effort.
- **Greater political advocacy:** A larger organization that covers a broader service area will likely be able to increase its political advocacy in the region, helping it protect resources and ensure customer needs are represented.

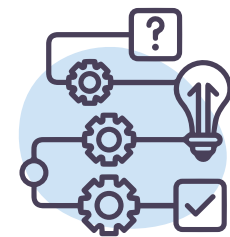


- **Higher levels of customer service**, allowing more specialization of staff, greater levels of scale efficiency, and perhaps new or expanded services.
- **More rate and financial stability** with a larger and more stable supply of water resources, a broader customer base, and an improved ability to address changes in operating conditions brought on by water resource challenges, staffing shortages, and inflation.
- **Upward mobility for staff** at a larger organization will create more opportunities for staff increasing staff retention and attracting a wider base of potential candidates.
- **Transparent and well preceded process** with LAFCo and SSWD history of success.



## Potential Disadvantages to Combination

- **A perceived loss of local control and the dilution of representation:** A combined entity would have Board members representing a larger number of constituents, assuming the Board is the same size as the current Boards.
- **More bureaucracy that could come with a larger organization:** Sound leadership will need to ensure scale efficiency is created while avoiding the pitfalls of a larger organization.
- **Adapting to changes can be challenging for staff:** This will require attention and management effort to effectively navigate and thoughtfully consider as a new organization takes shape.
- **Challenges to combining existing water resources :** The current regulatory framework may make it difficult to combine water resources and maximize their utilization and efficiency. Political and environmental needs ad could even invite some challenges to current arrangements.



CWD and SSWD are continuing to consider initial study findings and are conducting additional technical analysis to further review and define potential governance structures, water rights assurances, administration, operations, cost savings and other topics.

