



Agenda

Sacramento Suburban Water District and San Juan Water District Joint Special Board Meeting

3701 Marconi Avenue
Sacramento, CA 95821

October 3, 2024
6:00 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.

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/88090657409?pwd=bJLoSkCBE3IDZGL4t4SwpJXRaAZkOK.1>

Meeting ID: 880 9065 7409

Password: 762191

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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 Boards less than 72 hours before the meeting are available for public inspection at each Agency's Administrative Offices.

The public may address the Boards concerning an agenda item either before or during the Boards'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

Pledge of Allegiance

Roll Call

Public Comment

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

Consent Items

The Board 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 Board member 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 31, 2024, San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting**
Recommendation: Approve the Draft Minutes of the July 31, 2024, San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting.

Items for Discussion and/or Action

- 2. **Business Case Analysis Consultant**
Recommendation: Approve the Selection of BakerTilly to conduct the Business Case Analysis.

Adjournment

I certify that the foregoing agenda for the October 3, 2024, meeting of the San Juan Water District/Sacramento Suburban Water District Joint Board was posted by October 2, 2024, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Sacramento, CA 95821, and at the San Juan Water District office, 9935 Auburn Folsom Road, Granite Bay, CA 95746, and was made available to the public during normal business hours.

Teri Grant
Board Secretary
San Juan Water District

Agenda Item: 1

Date: October 3, 2024

Subject: Draft Minutes of the July 31, 2024, San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting

Staff Contact: Dan York, SSWD General Manager
Paul Helliker, SJWD General Manager

Recommended Board Action:

Approve the Draft Minutes of the July 31, 2024, San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting.

Attachment:

1. Draft Minutes of the July 31, 2024, San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting.



Minutes

San Juan Water District and Sacramento Suburban Water District Joint Special Board Meeting

July 31, 2024

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting ID #886 5570 9251

SJWD Call to Order – Videoconference/Audioconference Meeting

San Juan Water District (SJWD) Board President Manuel Zamorano (SJWD Chair Zamorano) called the meeting to order at 6:00 p.m.

Roll Call

SJWD Directors

Present: Ted Costa, Kenneth Miller, Dan Rich, Pam Tobin, and Manuel Zamorano.

SSWD Directors

Present: Jay Boatwright, Dave Jones, Craig Locke, Kevin Thomas, and Robert Wichert.

SJWD Staff Present: General Manager Paul Helliker, Tony Barela, Donna Silva, Greg Zlotnick, and Teri Grant.

SSWD Staff Present: General Manager Dan York, Assistant General Manager Matt Underwood, Jeff Ott.

Public Present: SJWD Legal Counsel Elizabeth Ewens, SSWD Legal Counsel Josh Horowitz, Steve Anderson, Roger Canfield, William Eubanks, Tom Gray, Sandra Harris, Jose Henriquez, Matt Jadrich, Al Johnson, Annie Liu, Robert Matteoli, Mike McRae, Josh Nelson, Julie Nemitz, Lindsay Pangburn, Andrew Pierson, Kyler Rayden, Ray Riehle, Dave Ross, Mike Spencer, Hilary Straus, Greg Turner, David Wheaton.

Public Comment

None.

Consent Items

1. Draft Minutes of the June 25, 2024, San Juan Water District/Sacramento Suburban Water District Joint Special Board Meeting

SJWD Director Rich moved to approve the Consent Items; SJWD Director Miller seconded. The motion passed by unanimous vote.

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| AYES: | Costa, Miller, Rich, Tobin, and Zamorano | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | | | |

SSWD Director Wichert moved to the Consent Items; SSWD Director Boatwright seconded. The motion passed by unanimous vote.

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| AYES: | Boatwright, Jones, Locke, Thomas, and Wichert | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | | | |

Items for Discussion and/or Action

2. Request for Proposals for Business Case Analysis

SSWD General Manager Dan York (SSWD GM York) introduced the item and reviewed the written staff report which was included in the meeting packet.

SJWD General Manager Paul Helliker (SJWD GM Helliker) noted that the document was based on the document that SSWD used for the merger discussions with Carmichael Water District with some details added. He commented that management staff from SSWD and SJWD have reviewed the document as well.

In response to SJWD Director Tobin's question, SSWD GM York explained that the Boards directed staff, at the last joint meeting, to develop the Request for Proposals (RFP) and that the Boards would provide comments.

SJWD Director Tobin voiced concern about taking action on this topic as she is just now reviewing the RFP. She stated that she did not receive the packet.

SSWD Director Wichert noted that his major issue is to make sure that the SSWD rate payors are not disadvantaged by a merger. He voiced concern about SSWD rates and bills, and repeatedly suggested that a rate study for a combined agency be conducted utilizing Mr. Mark Hildebrand since he has completed rate studies for both agencies recently. SJWD Chair Zamorano stated that the proposal does call out for the financial impacts of the rates to be studied. SSWD Director Wichert disagreed that the proposal calls for a formal rate study. SJWD GM Helliker pointed out that item (d) on page 3 titled, "Identify impacts and challenges for financial obligations and thresholds" includes analysis of rates, and he stated that the consultant could be directed to analyze the recent rate studies of the agencies which were recently completed. SSWD Director Wichert would still like a formal rate study by Mr. Hildebrand. SJWD Director Costa commented that at the last meeting he mentioned four

synergies, and once this business case analysis is completed then those synergies will be looked at then after that it would be appropriate to complete a full rate study. SSWD Director Wichert believes that rate payers from both agencies need hard numbers and waiting for a rate study should not be a problem, as long as it is completed.

SSWD Director Locke commented that when the boards receive the proposals then they can see what the consultants are offering and at that point the boards could provide revisions to the scope of work proposed. SJWD Director Rich agreed and stated that both agencies are concerned about rates and suggested that the consultant do as thorough of an analysis as possible based on the existing information then at the right time perform a formal rate study. SJWD GM Helliker pointed out that SJWD's recent wholesale rate analysis contains most of the information that SSWD Director Wichert is concerned about. SSWD GM York noted that the Business Case Analysis will not be the final product, and there will be a lot of information to compile and analyze, and the scope of work can be amended with the consultant.

SJWD GM Helliker explained that the RFP will be distributed/posted, the proposals will be submitted from various consultants and since it will be a Professional Services Agreement the project is not subject to public works contract requirements of lowest responsible responsive bidder, the general managers will receive the proposals and review them and make a recommendation to the boards and the boards will determine if any revisions are needed to the scope of work.

SSWD Director Wichert commented that the RFP should include Salaries and Benefits for comparable positions, which SJWD GM Helliker pointed out section (e) on page 3 covers. SSWD Director Wichert wants to make sure that there is a dispute section in the contract, which SSWD GM York stated he will double check to be sure the contract includes it, but since the contract is the SSWD Professional Services Contract, he is pretty sure that it is covered. SSWD Director Wichert would like a discussion of the water rights available at SJWD and the place of use specifics, which SJWD GM Helliker explained is covered on page 2 section (a) and in addition SJWD's Legal Counsel is reviewing the water rights documents and contracts, and they will be providing an analysis of water rights in the context of a combined agency. SSWD Director Wichert suggested that the lawsuit with Citrus Heights and Fair Oaks Water Districts and any lawsuits should be mentioned in the analysis. SSWD Director Wichert voiced concern that since the agencies are not contiguous and the RFP does not mention that, that it will not be discussed, and he is worried about customer service. SJWD GM Helliker pointed out page 2 section (b) would cover that challenge.

SJWD Director Costa voiced concern that a director did not receive their meeting packet and inquired if it was possible to allow a few days for them to review the RFP, provide their comments, then proceed. SJWD GM Helliker responded that the boards could delay their decision or make a decision with the caveat that if SJWD Director Tobin has any minor changes, as long as they are not substantial, that the general managers would be authorized to make those changes to the RFP. SJWD Legal Counsel Ewens recommended that any substantive amendments should be brought back to the boards. The boards discussed this and suggested that SJWD Director Tobin's comments be reviewed by Legal Counsels to determine if the comments are substantive, and if not substantive then the general managers would be authorized to proceed with releasing the RFP. Legal Counsel Ewens and Legal

Counsel Horowitz both agreed to this process, and if the comments are substantive then they would be brought back to the boards for review.

SJWD Director Miller commented that the meeting was scheduled, and he is hesitant to allow any changes from any director in this situation. SJWD GM Helliker noted that the meeting was noticed on Thursday, July 25th, including via an email that was sent to Director Tobin and the rest of the mailing list. The email included a link to the materials that were posted on the District’s website, in addition to the meeting packet being mailed. SJWD Director Tobin commented that she did not receive the packet, nor did she know that it was posted online.

SJWD Director Costa moved to accept the draft RFP with the caveat that SJWD Director Tobin will review and provide any comments to Legal Counsels to determine if her comments are non-substantive, but if substantive then the boards will review; SJWD Director Tobin seconded. The motion from the SJWD Board passed by unanimous vote.

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| AYES: | Costa, Miller, Rich, Tobin, and Zamorano | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | | | |

SSWD Director Wichert moved to accept the draft RFP with the caveat that SJWD Director Tobin will review and provide any comments to Legal Counsels to determine if her comments are non-substantive, but if substantive then the boards will review; SSWD Director Boatwright seconded. The motion from the SSWD passed by unanimous vote.

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| AYES: | Boatwright, Jones, Locke, Thomas, and Wichert | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | | | |

Mr. William Eubanks addressed the boards and voiced concern about making sure that all staff are secure, which he saw issue with during the discussions with Carmichael Water District. He clarified his comment that there will be duplication of staff positions and there is no mention in the RFP about staff positions being protected. SJWD GM Helliker commented that the Business Case Analysis will look at the staffing levels, but the RFP does not include keeping the same number of staff. In response to Mr. Eubanks question about how long the merger will take, SJWD GM Helliker commented that it will be conducted in an efficient and effective manner, so there is no time estimate.

Adjournment

SJWD Chair Zamorano adjourned the meeting at 6:51 p.m.

Teri Grant, Board Secretary
San Juan Water District

Agenda Item: 2

Date: October 3, 2024

Subject: Business Case Analysis Consultant

Staff Contact: Dan York, SSWD General Manager
Paul Helliker, SJWD General Manager

Recommended Board Action:

Approve the Selection of BakerTilly to conduct the Business Case Analysis.

Discussion:

At the June 25, 2024 Joint Board meeting, both Boards of Directors of Sacramento Suburban Water District (SSWD) and San Juan Water District (SJWD) directed the General Managers to develop a Request For Proposal (RFP) for a Business Case Analysis (Analysis), and present it to the respective Boards at the July 31, 2025 Joint Board meeting for approval. The Boards approved that RFP at the July 31 meeting and directed the General Managers to solicit proposals.

The RFP was distributed to five firms on August 15 – BakerTilly, GEI, Matrix Consulting Group, Securieon and Stantec. Three of these firms attended the mandatory proposers’ meeting on September 3 – BakerTilly, GEI and Stantec. Of these, BakerTilly and Stantec submitted proposals by the September 16 deadline.

The General Managers and members of the Executive Teams of both SSWD and SJWD reviewed and discussed the proposals, and developed questions for the two firms. Those questions and others were addressed at the interviews with the two firms that were held on September 30. Based on the materials provided in the proposals (including the cost proposals), the input from the Executive Team members, and the information gleaned from the interviews, the General Managers believe that both firms are qualified and capable of conducting the work, but that BakerTilly will do so faster and for less funding than will Stantec. BakerTilly’s proposal included a cost of \$149,900, while Stantec’s cost was \$209,310, and the respective schedules were 4 months for BakerTilly and 7 months for Stantec. In addition, BakerTilly has conducted a similar Analysis for approximately six combination projects. For these reasons, the General Managers recommend the selection of BakerTilly for this project.

Scope of Work

The workplan contains three tasks for two scenarios: a description of the existing characteristics, operations and assets of the two organizations; an analysis of the pros and cons of continuing to operate as independent organizations compared to combining into one organization; and the meetings and deliverables for the project. Some of this Analysis was conducted as part of the Collaboration/Integration Project during 2019-21, and much of the data and other information on which this Analysis will be based is available in various plans and reports that have been prepared by the Districts (master plans, asset management plans, financial management plans, etc.). The goal of this project is not to replicate these plans and reports, but to synthesize and analyze the information and define the benefits and challenges of either combining organizations or continuing with the status quo.

There will also be scopes of work for the communications consultants to conduct more extensive activities in these categories.