

**BOARD MEETING AGENDA
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
MARCH 2, 2020 beginning at 6:00 PM**



**DISTRICT ADMINISTRATIVE OFFICE
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

CALL TO ORDER:

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

ROLL CALL OF DIRECTORS:

CLOSED SESSION:

CL-1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: 1 case

CL-2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 1 case

BUSINESS:

B-1. Discussion and Possible Action to Approve a Memorandum of Understanding for the Sacramento Region Water Utility Collaboration/Integration Study (A)

Recommendation:

Discuss and provide staff direction concerning the Memorandum of Understanding for Citrus Heights Water District to participate in the Sacramento Region Water Utility Collaboration/Integration Study.

B-2. Public Hearing #1 to Receive Public Comments on Transition to “By-Division” Electoral System under the California Voting Rights Act (A)

Recommendation:

Conduct the Public Hearing.

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

March 18, 2020	6:30 PM	Regular Meeting
April 15, 2020	6:30 PM	Regular Meeting
May 20, 2020	6:30 PM	Regular Meeting
June 17, 2020	6:30 PM	Regular Meeting
July 15, 2020	6:30 PM	Regular Meeting—Cancelled
August 19, 2020	6:30 PM	Regular Meeting
August 26, 2020	6:30 PM	Special Meeting
September 15, 2020	6:30 PM	Regular Meeting
October 21, 2020	6:30 PM	Regular Meeting
November 18, 2020	6:30 PM	Regular Meeting
December 16, 2020	6:30 PM	Regular Meeting

ADJOURNMENT:

CERTIFICATION:

I do hereby declare and certify that this agenda for this Special Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 24 hours prior to the special meeting in accordance with Government Code Section 54956.



Madeline Henry, Administrative Services Manager/
Chief Board Clerk

Dated: February 27, 2020

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MARCH 2, 2020 MEETING

SUBJECT : CL-2 SIGNIFICANT EXPOSURE TO LITIGATION
STATUS : Action Item
REPORT DATE : March 2, 2020
PREPARED BY : Josh Nelson, Assistant General Counsel

Item CL-2 is a closed session conducted under Government Code section 54956.9(d)(2). Pursuant to Government Code sections 54956.9(e)(3) and 54957.5, enclosed is a copy of the claim that is the subject of this closed session.

ATTACHMENT:

1. Claim Letter

Driscoll & Omens

P.O. Box 6596
Albany, CA 94706
(510) 527-4500

dond@driscollomens.com

November 29, 2019

Counsel for Claimants:

Donald P. Driscoll
Adryane R. Omens
Driscoll & Omens
P.O. Box 6596
Albany, CA 94706
(510) 527-4500

To: Citrus Heights Water District Board of Directors
Citrus Heights Water District

Date of original claim: 10/15/2019

Original claim made to: Citrus Heights Water District

Original claimants: Teri Perkins and a Claimant Class

This is a Tort Claims Act claim made pursuant to Government Code sections 810-996.6 (Claim). To the extent that the original Claim is pending, this is intended to amend that Claim. If the original Claim has been rejected or is not pending, this is intended as a new Claim.

Claim:

Entities against which the Claim is made:

1. Citrus Heights Water District Board of Directors (Governing Board)
2. Citrus Heights Water District (Water Provider)

(a) The name and post office address of the claimant.

This Claim is made on behalf of Teri Perkins (Claimant), 402 Whyte Avenue, Roseville, California, and a class (Claimant Class) consisting of those customers of Water Provider, other than governmental entities, who obtain water service from Water Provider. The post office addresses of the members of the Claimant Class are set forth in the billing records of Water Provider.

(b) The post office address where the person presenting the claim desires notices to be sent.

Donald P. Driscoll
Driscoll & Omens
P.O. Box 6596
Albany, CA 94706

(c) The date, place and other circumstances of the occurrence or transaction which gave rise to the claim asserted.

1. Date: Water Provider and its Governing Board imposed and continue to impose fees on Claimant and the Claimant Class that violate provisions of the California Constitution. Water Provider and its Governing Board's collection of these fees from Claimant and the Claimant Class is also a violation of the California Constitution. These unconstitutional fees were imposed and collected throughout the 2018 and 2019 calendar years and continue to be imposed on and collected from Claimant and the Claimant Class.

2. Place: Water Provider and its Governing Board violate and violated the California Constitution at each location at which Water Provider provides or provided water services to Claimant or a member of the Claimant Class, at Water Provider's location where bills were generated and payments received, and at the Governing Board's location where rates were established.

3. Circumstances of the transaction: Establishing unconstitutional rates and billing at those rates. The circumstances of the transaction are more fully described below in Claimant's general description of the Claim.

(d) A general description of the indebtedness, obligation, injury, damage or loss incurred so far as it may be known at the time of presentation of the claim.

Water Provider provides and provided water services to property through permanent conduits. As part of this activity it provides and provided water services for Claimant and the Claimant Class. Water Provider regularly bills Claimant and the Claimant class for those water services.

Citrus Heights Water District Board of Directors is Water Provider's governing board. It controls and directs Water Provider and sets the rates and fees that Water Provider charges Claimant and the Claimant Class for water services. This Claim is for rates and fees charged to the Claimant and Claimant Class for water services at rates that exceed the maximum permitted by the California Constitution.

In November 1996, California voters approved Proposition 218 (now, California Constitution, article XIII D). Proposition 218, with some exceptions, requires voter approval before local government can impose assessments on property owners or increase property-related fees and charges. Beginning July 1, 1997, assessments and fees were required to comply with Proposition 218. Water Provider has repeatedly implemented rate increases (Rate Increases) after that date, including prior to 2018. Each of those Rate Increases has imposed rates that exceed the maximum permitted by Proposition 218.

An assessment within the meaning of Proposition 218 is a charge levied on property to pay for a public improvement or a public service. Water Provider's rates are not assessments. They are not assessed against property. Rather, charges are imposed only if water service is

provided. Water Provider's rates to Claimant and the Claimant Class are, therefore, fees for water service to Claimant and/or the Claimant Class members.

Even if Water Provider's rates and charges had been assessments, they would violate Proposition 218. Proposition 218 establishes mandatory limitations on assessments. A public Water Provider and its Governing Board may not impose an assessment unless: (1) the Water Provider and its Governing Board identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed; (2) the Water Provider and its Governing Board obtain an engineer's report that supports the assessment; (3) the assessment does not exceed the reasonable cost of the proportional special benefit conferred on the affected parcel; and (4) after giving notice to the affected property owners and holding a public hearing, the Water Provider and its Governing Board do not receive a majority protest based on ballots weighted according to the proportional financial obligation of the affected property. These requirements have not been addressed by Water Provider and its Governing Board in connection with its Rate Increases.

Proposition 218 applies to property related fees. Proposition 218 requires: (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service; (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed; and (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel. Particularly, no fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Under Proposition 218, Water Provider and its Governing Board cannot incorporate into its rates the cost of general governmental services, including public fire services. Yet, the rates established by Water Provider and its Governing Board do incorporate such costs in the rates charged Claimant and the Claimant Class.

Water Provider and its Governing Board base charges to Claimant and the Claimant Class on the volume of water provided plus a fixed monthly charge even if no water is actually provided which incorporates the cost associated with what is referred to as "readiness-to-serve."

Water Provider incurs a substantial readiness-to-serve cost associated with its ability to handle the capacity necessary for public fire services provided by public fire hydrants. These costs exist whether or not any water is actually delivered through a fire hydrant. Water Provider and its Governing Board do not charge public fire protection providers for that readiness-to-serve and, instead, wrongly include the cost of that readiness-to-serve in the rates charged Claimant and the Claimant Class. As a result, Claimant and the Claimant Class pay more than the cost of service to them.

Through this practice and others, Water Provider and its Governing Board provide water services for governmental entities, and the general public served by those governmental entities,

at less than the cost of those water services. Water Provider and its Governing Board offset those undercharges by setting rates and imposing fees on Claimant and the Claimant Class that exceed the cost of service and, therefore, violate the provisions of Proposition 218. Claimant and the Claimant Class are entitled to a refund of those unconstitutional overcharges.

(e) The name or names of the public employee or employees causing the injury, damage, or loss, if known.

The loss resulted from the adoption of unconstitutional rates by Water Provider and its Governing Board and the provision of water services to Claimant and the Claimant Class at those unconstitutional rates, rather than resulting from the acts of specific employees.

(f) The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage, or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.

No dollar amount is included in the claim because it exceeds ten thousand dollars. The claim would not be a limited civil case.

Signed on Behalf of Claimant and the Claimant Class,



Donald P. Driscoll

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MARCH 2, 2020 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE A MEMORANDUM OF UNDERSTANDING FOR THE SACRAMENTO REGION WATER UTILITY COLLABORATION/INTEGRATION STUDY

STATUS : Action Item

REPORT DATE : February 24, 2020

PREPARED BY : Rod Wood, Retired Annuitant
Robert A. Churchill, Retired Annuitant
Rebecca Scott, Senior Management Analyst

Staff will provide an update on the Sacramento Region Water Utility Collaboration/Integration Study Memorandum of Understanding.

RECOMMENDATION:

Staff recommends that the Board discuss the Study and provide direction concerning the Memorandum of Understanding for Citrus Heights Water District to participate in the Sacramento Region Water Utility Collaboration/Integration Study.

ATTACHMENTS:

1. Memorandum of Understanding Regarding Sacramento Region Water Utility Collaboration/Integration Study
 - a. Exhibit 1 - Professional Services Agreement between Sacramento Suburban Water District and Raftelis/Tully & Young
 - b. Exhibit 2 – Cost Allocation
2. Request for Proposals

ATTACHMENT 1
Memorandum of Understanding Regarding Sacramento Region
Water Utility Collaboration/Integration Study

DRAFT

MEMORANDUM OF UNDERSTANDING REGARDING SACRAMENTO REGION WATER UTILITY COLLABORATION/INTEGRATION STUDY

THIS MEMORANDUM OF UNDERSTANDING ("Amendment") is made and entered into this ___ day of _____, 2020, by and between the Carmichael Water District, Citrus Heights Water District, Rio Linda/Elverta Community Water District, City of Folsom, Del Paso Manor Water District, Sacramento Suburban Water District, and San Juan Water District (individually, "Party" and collectively "Parties").

TERMS

The above parties in consideration of the mutual promises set forth in this Amendment, agree as follows:

1. Selection of Consultant and Approval of Study. Sacramento Suburban Water District (SSWD) shall execute the Professional Services Agreement with Raftelis/Tully & Young to perform the Study. The Professional Services Agreement shall be substantially in the form as set forth in Exhibit 1 of this Amendment and incorporated by this reference.
2. Participation in Study. All parties to this Agreement shall agree to provide Raftelis/Tully & Young with the information necessary to prepare the Study.
3. Funding Provisions. The total estimated cost to complete the Study is estimated at \$194,264. The respective share of the cost for each Party to this Agreement are further described in Exhibit 2, attached hereto. Failure to timely remit a Party's share of the funding may result in excluding that Party from the Study or suspension or termination of the Study at SSWD's election. At the conclusion of the Study, SSWD will provide a final accounting to all Parties and return any unused share of Study funds to each Party based on each Party's proportionate share. A not-to-exceed estimate of \$200,000 was established to allow for a contingency in the event of unanticipated expenses. San Juan Water District's (SJWD) expenses for this Study will include both wholesale and retail expenses, which will be accounted for per SJWD's standard cost allocation methodology provided that in no event shall costs allocated to SJWD wholesale exceed fifty-one percent of the total costs allocated to SJWD.
4. Cost Accounting. Raftelis/Tully & Young shall separately track the expenses associated with the analysis of the option of consolidation/merger of two or more agencies in Work Activity 3, which is subject to a separate cost allocation that will

be agreed to by the Parties.

5. Term. This MOU shall terminate upon completion of the Study and no later than December 31, 2020, except by mutual agreement of the Parties.
6. Ownership of Materials Related to Services. The Parties agree that any materials prepared and delivered by Raftelis/Tully & Young in the course of conducting the Study shall be considered works made for hire. All rights, title and interests of such materials shall be and are assigned to Sacramento Suburban Water District. The remaining Parties shall have an irrevocable, perpetual, non-exclusive license to use such materials for any purpose. Notwithstanding the foregoing, the Parties recognize that performance of Raftelis/Tully & Young hereunder will require the skills of Raftelis/Tully & Young and therefore, Raftelis/Tully & Young shall retain the right to use, without fee and for any purpose, such "know-how", ideas, techniques and concepts used or developed by Raftelis/Tully & Young in the course of conducting the Study for the Parties.
7. Dispute Resolution. If the Parties disagree on a specific issue and a tie vote ensues on a decision on that issue, the Parties shall meet and confer and negotiate in good faith to resolve the issue. If the Parties are unable to resolve the specific issue in dispute after good faith negotiations, they shall agree to engage an outside mediator to attempt to resolve the disputed issue.
8. Consultant Payment Schedule. SSWD shall pay all costs incurred under the Consultant Agreement according to the schedule set forth in Exhibit A, Appendix C of the Professional Services Agreement. SSWD shall forward all invoices for costs attributable to each Party within fifteen (15) days of receipt. Such Party shall promptly review the invoice and notify SSWD of any objections within thirty (30) days of transmittal of the invoice by SSWD. If a Party has no objections, SSWD shall pay the invoice from funds provided by that Party under the schedule set forth in Exhibit A, Appendix C.

IN WITNESS WHEREOF, this MOU was executed by the parties hereto as of the date first above written.

Lynette Moreno
Interim General Manager
Carmichael Water District

Hilary Straus
General Manager
Citrus Heights Water District

Marcus Yasutake
Environmental and Water Resources Director
City of Folsom

John Lenahan
Board President
Del Paso Manor Water District

Tim Shaw
General Manager
Rio Linda/Elverta Community Water District

Dan York
General Manager
Sacramento Suburban Water District

Paul Helliker
General Manager
San Juan Water District

EXHIBIT 1

PROFESSIONAL SERVICES

AGREEMENT

DRAFT

PROFESSIONAL SERVICES AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT AND RAFTELIS/TULLY & YOUNG

THIS AGREEMENT, made and entered into this ____ day of _____, 20____, by and between the Sacramento Suburban Water District (hereinafter referred to as "SSWD"), in conjunction with six neighboring water supply agencies in the Sacramento Region; Carmichael Water District, Citrus Heights Water District, City of Folsom, Del Paso Manor Water District, Rio Linda/Elverta Community Water District and San Juan Water District (collectively, "Agencies"), and Raftelis/Tully & Young, (hereinafter referred to as "Consultant").

RECITALS

SSWD requires the services of Consultant to: See attached Scope of Work as Exhibit A.

Consultant warrants it possesses the distinct professional skills, qualifications, experience, and facilities necessary to timely perform the services described in this Agreement. Consultant acknowledges that Agencies have relied upon said warranties to retain Consultant.

AGREEMENT

NOW, THEREFORE, SSWD and Consultant hereby agree that the aforementioned recitals are true and correct and further agree as follows:

- Retention as Consultant.** SSWD hereby retains Consultant on behalf of Agencies, and Consultant hereby accepts such engagement, to perform the services described in Section 3 below and subject to the terms and conditions contained in this Agreement.
- Relationship of Parties – Independent Contractors.** The relationship of the parties shall be that of independent contractors. In no event shall Consultant, or its agents, representatives, employees, consultants, contractors or subcontractors be considered an officer, agent, servant or employee of the SSWD or Agencies. Consultant shall be solely responsible for any workers' compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the performance of the services under this Agreement.
- Description of Services.** Consultant shall provide professional services to identify ways the Agencies can become more efficient in working together to

deliver water services to our communities; look for ways to expand coordination and cooperation as well as identify opportunities for integrating programs, services, and activities to create efficiencies, improve results and achieve an overall cost benefit to the community; and study the potential of service coordination and integration as more particularly set forth in Exhibit "A" attached hereto.

4. Consultant's Responsibilities. In the performance of services under this Agreement, Consultant shall:

(a) Diligently perform all services required under this Agreement and continuously furnish the necessary personnel to complete such services in a timely manner;

(b) Perform all services under this Agreement in a manner commensurate with industry, professional, and community standards in Consultant's profession;

(c) At its own cost and expense, comply with all statutes, ordinances, regulations and requirements of all governmental entities, including federal, state, county or municipal, whether now in force or hereinafter enacted;

(d) Obtain and keep in effect during the term of this Agreement, at its sole cost and expense, all necessary licenses, permits, qualifications, insurance, and approvals of whatsoever nature which are legally required of Consultant to practice its profession and to provide the services under this Agreement;

(e) Be readily available to the Management Committee to answer any and all questions, inquiries and correspondence from Agencies or interested persons referred to Consultant by the Management Committee related to the performance of the services under this Agreement;

(f) Discuss and review all matters related to the performance of services under this Agreement with the Management Committee in advance of all critical decision points in order to ensure the work proceeds in a manner consistent with the Agencies' goals and policies; and,

(g) Consultant shall keep and maintain records and invoices related to services provided under this Agreement for a minimum period of three (3) years from the date of final payment to Consultant, or for a longer period as may be required by law. Such records and invoices shall include, but not be limited to, financial records, time sheets, work progress reports, bills and project records. All such records and invoices shall be clearly identifiable, and organized in a reasonable manner.

- (1) Consultant shall make such records and invoices immediately available to SSWD or Agencies upon delivery of a written request to examine, audit, or copy such records and invoices.
- (2) Within three (3) business days of the delivery of a written notice by the Management Committee, Consultant shall prepare and submit a written report to SSWD, with copies for all of the Agencies, identifying the work in progress, charges incurred to date, and the anticipated cost of completion.
- (3) Consultant shall give SSWD thirty (30) days written notice of its intent to destroy or otherwise dispose of the records and invoices to allow SSWD or Agencies an opportunity to take possession.

5. Compensation and Payment.

(a) The total compensation payable by SSWD to Consultant for services described in this Agreement **SHALL NOT EXCEED** the sum of \$194,264.00 (hereinafter "not to exceed amount" detailed in "Exhibit A, Appendix C") excluding any subsequently agreed to tasks per Optional Task 4 (see "Exhibit A, Appendix B"), except for such extra services as may be authorized pursuant to Section 6 below. Compensation shall be earned as provided in "Exhibit A, Appendix D".

(b) SSWD shall pay Consultant no later than 30 days after SSWD receives and verifies a written invoice from Consultant in a form satisfactory to the Management Committee. At a minimum, Consultant's invoice shall contain a description of the services performed and/or the specific task completed from Exhibit "A". Consultant shall not submit invoices to SSWD more frequently than once a calendar month.

(c) The compensation set forth in this Agreement shall constitute the total compensation for all costs of the services provided by Consultant, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, typing, duplication, computer time, and any and all other costs, expenses, and charges incurred by Consultant, its agents and employees to provide the services described in this Agreement.

6. Extra Services. Consultant shall provide, and SSWD shall pay for, such extra services agreed to in writing by the parties that are not reasonably included within the services described in Section 3 above. The total cumulative compensation for all extra services under this Agreement (excluding the costs for any optional tasks detailed in "Exhibit A, Appendix B" that are subsequently agreed to) shall not be more than 10% of the not to exceed amount.

7. **Term.** The term of this Agreement shall commence on date this agreement is executed by both parties and extend for a period of nine months from the date of execution. The term may be extended by mutual agreement of both parties. For a detailed schedule please see “Exhibit A, Appendix E”.

8. **Termination by SSWD or Agencies.** Upon thirty (30) calendar days written notice to Consultant, SSWD or Agencies may terminate any portion or all of the services described in this Agreement. In the event of such termination, Consultant shall have the right and obligation to immediately assemble all work in progress for the purpose of winding up the terminated services. All compensation for actual work performed and charges outstanding at the time of termination shall be payable in accordance with Section 5(b) above.

9. **No Assignment.** No portion of this Agreement shall be assigned or subcontracted by Consultant without SSWD’s or Agencies’ express written consent. The term “assignment” shall include any sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or party to a joint venture, which results in a change of control of Consultant. Control means fifty percent or more of the voting power, or twenty-five percent or more of the assets of the corporation, partnership or joint-venture.

10. **Project Manager.** Consultant’s services under this Agreement shall be performed under the general direction of a Management Committee comprised of representatives from the Agencies, Dan York, or such person as the Agencies may designate.

11. **Ownership of Documents.** All drawings, designs, data, photographs, reports and other documentation prepared or obtained by Consultant in the performance of the services contemplated by this Agreement shall be the property of the Agencies and shall be delivered to the Agencies upon demand.

12. **Confidentiality.** Consultant shall not disclose confidential or proprietary information or knowledge received directly or indirectly from the Agencies to anyone other than Consultant’s employees necessary to perform the services described in this Agreement. This obligation shall survive termination and remain in full force and effect until the records kept and maintained pursuant to Section 4(g)(3) above, and any copies thereof, are destroyed or returned to the Agencies.

13. **Hold Harmless and Indemnity.** Consultant agrees to defend, indemnify and hold Agencies, their elected officials, officers, directors, employees, agents and designated volunteers harmless from and against any and all loss, liability, damage, including but not limited to reasonable attorney, consultant and expert fees and/or court costs, caused by (a) the negligent or grossly negligent acts or

willful misconduct of Consultant or (b) the failure by Consultant to properly perform under this Agreement, except for the gross negligence and willful misconduct of Agencies, their elected officials, officers, directors, employees, agents and designated volunteers.

In addition to the above indemnification obligations, Consultant shall correct, at its own expense, all errors in the services provided. Should Consultant fail to make such correction in a timely manner, Agencies shall make the correction and charge the cost thereof to Consultant.

14. Insurance. For the duration of this agreement, Consultant shall procure and maintain, at its own cost, insurance in the amounts and under the terms set forth in Exhibit "B" attached hereto against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work to provide the services described in this Agreement by Consultant, its agents, representatives, or employees. Consultant agrees to comply with any changes in the amounts and terms of such insurance as may be required from time to time by the Agencies, upon reasonable written notice.

15. Acceptance of Final Payment. Consultant's acceptance of final payment made under this Agreement, by negotiating SSWD's check or otherwise, shall release SSWD and Agencies from all claims and liabilities for compensation under this Agreement.

16. Acceptance of Work. The approval, payment and/or acceptance of the work or services performed under this Agreement by SSWD, shall not constitute or be deemed a release of the responsibility or liability of Consultant, its agents, employees, consultants, contractors, and/or subcontractors for the accuracy and competency of the services performed and/or information provided under this Agreement; nor shall such action be deemed an assumption of Consultant's responsibility or liability by SSWD or Agencies for any defect or error in Consultant's services.

17. Waiver; Remedies. A party's failure to insist upon the strict performance of any provision of this Agreement by the other party ("breaching party"), irrespective of the length of time for which such failure continues, shall not constitute a waiver of the non-breaching party's right to demand strict compliance in the future. A waiver shall not be effective or binding unless made in writing by the non-breaching party, and may not be implied from any omissions by the non-breaching party. A written waiver shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this Agreement.

All of the remedies permitted or available under this Agreement, or at law or in equity, shall be cumulative and alternative, and the invocation of any such right or

remedy shall not constitute a waiver or election of remedies with respect to any other available right of remedy.

18. Notice. Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail with copies for all Agencies, postage prepaid, and addressed as follows:

TO SSWD: Attention: Dan York
 General Manager
 Sacramento Suburban Water District
 3701 Marconi Avenue
 Sacramento, California 95821

TO CONSULTANT: Raftelis _____

Seth Garrison _____

Either party may change such address or contact person by written notice by registered mail to the other.

19. Conflict of Interest. Consultant is unaware of any Agency employee or official that has a financial interest in Consultant's business. During the term of this Agreement and/or as a result of being awarded this Agreement, Consultant shall not offer, encourage, or accept any financial interest in Consultant's business by any Agency employee or official.

20. Construction of Language. The provisions of this Agreement have been arrived at through negotiation and each party had a full and fair opportunity to revise the provisions and have them reviewed by legal counsel. The parties agree that any ambiguities in construing or interpreting this Agreement shall not be resolved against either party as the drafting party. In the event of an inconsistency or conflict between the language of this Agreement and an attachment hereto, the language of the Agreement shall control.

21. Non-Exclusive Agreement. SSWD and Agencies reserve the right to engage other consultants in connection with the services described in this Agreement.

22. Entire Agreement. This Agreement, including the attachments hereto, supersede any other agreements, either oral or written, between the parties with respect to the described services, and this Agreement contains all of the covenants

and agreements between the parties with respect to said services. Any modification to this Agreement must be in writing and signed by both parties.

23. Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

In concurrence and witness whereof, and in recognition of the mutual consideration provided therefore, the parties have caused this Agreement to be executed on the date first written above.

CONSULTANT:

By:

Title:

SSWD:

Dan York

General Manager

Exhibits and Further Attachments:

Exhibit A – Scope of Work (includes Appendices A through E)

Exhibit B – Insurance Coverage, Amounts and Terms

Exhibit C – Problem Statement (from RFP)

Exhibit D - Appendices

Exhibit A

SCOPE OF WORK

REQUESTED SCOPE OF WORK:

1. SERVICES DESIRED:

SCOPE OF WORK ACTIVITY 1

Describe the Current Environment

Task 1.1: Project Initiation

We will use the kick-off meeting to identify important project outcomes and, more importantly, to create a shared vision with engagement. This will happen through the creation of a Collaboration Steering Committee, or Management Committee as described in the RFP, that will be charged with developing a mission statement, key tasks and milestones, and non-negotiables, and identifying potential areas for cooperation.

The Committee will help identify goals related to potential service delivery and successes to build on – this becomes common ground to talk about the development of models of collaboration.

It's critical that the Committee help identify what areas we should focus on outside of the water resource areas, and what areas may be too challenging to attempt right away. The nexus of effort and reward will guide which areas to address first. Quick wins are often better to attempt in the beginning than hard-fought big wins. We will use the Committee to identify the right participants and will maintain communication to ensure all parties are represented and their opinions are reflected in the outcome. By being inclusive at the outset, we will create transparency and advocacy that will help manage change in later phases.

Our team will develop a project plan including an organizational chart and timeline, and a charter to clearly identify expectations, goals, in-scope and out-of-scope activities, success factors and potential risks, key participants, and constraints. Getting buy-in on the project plan and charter from stakeholders and the Committee will be a critical success factor.

Task 1.2: Describe the Utilities and Inventory Services Offered by Each

A big part of collaboration is understanding what each party does and how they do it. In this task, our team will review and document how each organization operates, including size, structure, governance, and most importantly, culture. Our team has found that simply knowing what services are provided is insufficient. We need to know how the entities do business.

Task 1.3: Understand Current Collaborations

Our team will document the current collaborations and understand how they are working. This exercise will allow us to help the agencies understand what is working and what's not working. The lessons learned will be critical for future tasks.

Task 1.4: Document Existing Information and Approaches

Our team will collect baseline organization, financial and operational information for each agency through a structured process using an information collection template, augmented by follow-up contact with each agency to clarify data. This information will include items such as, but not limited to, the following listed in Appendix A to this document.

Task 1.5: Identify Stakeholders and Develop Communications Plan

Organizations are made up of people, and it's vital to understand the impact change will have on customers, governing bodies, disadvantaged communities, and the workforce. Our team will identify stakeholders and map their interest so we can ensure that we maintain trust, reciprocity, and effective communication.

After identifying and mapping stakeholders, our team will develop a communications plan to ensure that the agencies speak with one voice and through a designated spokesperson when discussing the project with stakeholders.

Further, once the project plan is defined and approved by the Committee; the Participating Agencies may invite other regional agencies to participate. The development of the project plan will include a method to gauge the interest of other governments/utilities that will be used to define how successful participation will be measured. Our team will develop a presentation that can be used to make other stakeholders aware of the project and invite them to participate, as desired.

Other utilities that are customers of the participating entities that chose not to participate in the Study initially will be engaged through information sharing, as approved by the Committee, and will be encouraged to participate in the study. This process will include steps, such as, but not limited to the following:

- Gather available information from public domain sources (see Section 1.4 for examples).
- Meet with agencies to share information and determine where they may have interest in participating.
- Offer the agencies the ability to work through Raftelis to fill in information request gaps, and to participate in the Study. Should the agencies choose not to participate, the final work products of the Study will be shared with them, and they may participate in the presentations to the Ad-hoc Board committee.

Note: If Orange Vale Water Company and Fair Oaks Water District become participants, Raftelis reserves the right to revise the contract proportionately to accommodate the costs of additional analysis.

Task 1.6: Review and Revise Project Charter (Problem Statement)

Our team will work closely with the Committee to reevaluate the initial problem statements (see Exhibit C) defined by the Agencies and recommend any additions or edits as the project progresses, which we will reflect in the project charter.

SCOPE OF WORK ACTIVITY 2

Conduct Benchmarking

Task 2.1: Identify Performance Measures and Conduct Peer Benchmarking

Our team has conducted benchmarking with dozens of water-sector utilities across the country and is responsible for helping to create the AWWA Benchmarking for Performance Indicators guide, as well as the AMWA and NACWA financial benchmark studies. We will use this knowledge to assist the Committee in determining appropriate benchmarks to compare the agencies. The benchmarks will encompass organizational/management, legal/governance, financial, and operational areas.

Using these measures, our team will compare the agencies against selected peers as well as national metrics, after consulting with the Committee about suitable peers.

SCOPE OF WORK ACTIVITY 3

Identify Opportunities for Collaboration

Task 3.1: Review Organizational and Governance Structures, Impacts, and Policies

Working closely with the Committee, our team will review organizational structures, policies, and procedures to identify and quantify the service and redundancies that may exist among the parties, along with the inconsistencies that would need to be resolved associated with recommended changes to service provision. This will include analyzing the efficiency of the Partner Agencies, identifying performance gaps, and providing comments on policy, facilities, staffing, compensation, and maintenance practices. We will also review governance within the framework of decision-making as we assess who will be responsible for service level agreements, performance standards, and monitoring.

For each entity, we will offer to conduct a validation meeting to confirm our preliminary findings and discuss alternatives.

Task 3.2: Evaluate the Business Case for Cost Savings Through Shared Services

Raftelis will identify the potential areas for shared services and discuss them with the Committee. We will then quantify the potential efficiencies that could be gained for each identified activity or service. This effort will consist of comparing the level of effort and resource costs that are needed under various shared service approaches versus the status quo. A Business Case Evaluation (BCE) summary will be prepared that documents the current as-is state, the opportunity for efficiencies under various shared service approaches, the advantages and disadvantages, the potential estimated cost savings, and the potential risks to consider. Raftelis will provide draft BCEs to the Committee for review and comment. After receipt of consolidated comments from the Collaboration Steering Committee, a BCE summary will be finalized. The summary will include the following:

- Identify service delivery strengths and outcomes for each participating organization
- Evaluate gains (estimated cost savings and efficiencies) per participant, and associated potential high-level impact on customers, such as rate impacts
- Quantify increased quality of service, focus on innovation, and increased capacity
- Analyze water resources management opportunities and savings

The spectrum of shared service alternatives may include options ranging from joint contracting with third parties, to shared staff, materials, or equipment, contracted service provision amongst the parties, or full utility consolidation. The financial analysis will give participants an impartial idea of the relative magnitude of savings that each alternative is estimated to offer and will be consistent with the level of analysis used as part of the Phase 1 High-Level Feasibility Analysis for Water Supply Reliability conducted by SJWD and SSWD in 2014.

Raftelis will not develop multi-year consolidated financial or rate models nor associated cost allocations, nor will Raftelis develop detailed transaction costs, or solicit formal bids from third party contractors. Rather, the goal will be to determine what short-term action items appear to balance collective feasibility, savings, and service level improvements. These financial analyses will consider a range of factors, including current water supply capacity rights, paid-in capital, available information on system infrastructure conditions, capital plans, outstanding debt service, and operational expenses and redundancies, in addition to the ratepayer base available to fund these revenue requirements under the alternatives.

Raftelis will identify potential concerns over control and an approach to navigating them. It is critical to set out a change management process – moving

from local to shared services may be interpreted as a loss for employees and governing boards. Continued communications efforts supported by Raftelis will encompass: 1) assessing each affected organizations' willingness, readiness, and ability to change; 2) developing a strategy for change management to address perceived or real losses of identity, control, and jobs; and 3) ensuring that the potential misperception of less responsive services when moving from local to regional provision is addressed.

DELIVERABLES

As noted in the RFP, Raftelis will provide to the Committee a report at the completion of each of the three activities in the scope of work, detailing the information collected, the analysis conducted, and the results and recommendations. The consultant shall also provide the Committee a final report, integrating the results of the three activities and a summary of the complete project. For each deliverable, the Committee will have the opportunity to provide one round of consolidated comments from all the parties and revision requests on a preliminary draft version marked as "classified work product". Reports will be marked "final" following the round of revisions. Participants may choose to make materials public at the Committee's discretion.

PROPOSED FEES

In Appendix C, we provide a full budget broken down by task. Our proposed fee is \$194,264 (not including optional tasks detailed in Appendix B), inclusive of all fees and expenses.

Exhibit B

INSURANCE COVERAGE

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1. General Liability, including operations, products and completed operations, as applicable:
\$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability:
\$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability:
\$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by SSWD. At the option of the Agencies, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agencies, their officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to SSWD guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The Agencies, their officers, officials, employees and designated volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agencies, their officers, officials, employees or volunteers.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the Agencies, their officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agencies, their officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Any failure to comply with reporting or other provisions of the policy including breaches of warranties shall not affect coverage provided to the Agencies, their officers, officials, employees or volunteers.
4. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agencies.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to SSWD.

Verification of Coverage

Consultant shall furnish SSWD certificates of insurance and endorsement(s) effecting coverage to the Agencies for approval. The endorsements shall be on forms acceptable to SSWD. All certificates and endorsements are to be received and approved by SSWD before work commences. The Agencies reserve the right to require complete, certified copies of all insurance policies required by this section.

Exhibit C

Initial List of Problem Statements

Problem Statements

1. Water supplies in the American River basin are becoming more variable and likely less reliable than in the past, due in part to climate change, environmental regulatory requirements and competing demands.
2. The areas served by the participating agencies were extensively developed during the second half of the last century and the water supply infrastructure installed at that time is in need of repair and replacement.
3. During normal to wet years, various water agencies in the Sacramento region have more water available under their water rights and contracts than necessary to meet customer demands, and use of this surplus water is not optimized.
4. Water supply infrastructure among the agencies in this analysis has varying levels of underutilized collection, treatment, storage and delivery capacity.
5. The agencies in this analysis face various financial and operational challenges in providing services to their customers and performing business functions.
6. The agencies in this analysis face increasing operational costs.
7. The sizes of the agencies in this analysis limit their ability to dedicate staff time to legislative, policy and regulatory issues.

Goals

The participating agencies will collaborate to:

1. Enhance water supply reliability by optimizing the use of surface water and groundwater supplies. Plan for and develop resilient responses to changes in water supplies that result from climate change and new regulatory requirements.
2. Repair, replace and improve water supply infrastructure and related agency assets in the most efficient and cost-effective manner possible.
3. Provide excellent service and the best value to customers.
4. Achieve more effective advocacy and the best outcomes possible on legislation and regulations in both Sacramento and Washington, D.C.

Exhibit D Appendices

Appendix A: Initial Request for Information

- System Overview
 - Overview description of the water system
 - Water planning information and documents
 - Number and type of facilities
 - Summary asset information
 - Capacity (including any water supply agreements)
 - Demand and demand projections
- Services
 - # Customers/accounts
 - Services that are self-provided (operational and support)
 - Services that are contracted (operational and support)
 - Services that are centralized or joint contracted across participants
 - Services that are “wish-list” services
- Governance
 - Utility chartering documents and any associated legislation
 - Water rights, Settlement agreements, Other water supply contracts
 - Memoranda of understanding with other water suppliers
- Financial
 - Budgets (past 3 years including operational expenses and debt service)
 - Comprehensive Annual Financial Reports showing actual performance (3 years)
 - Budget structure documentation (including any cost allocation approach employed internally or by customer base)
 - Capital improvement plans
 - Official statements for debt issuances
 - Summary of fiscal policies
 - Salaries and benefits
- Organization and Staffing
 - Number of staff and position titles
 - Organizational structure (chart with titles)
 - Any organizational performance reports
 - Organizational performance metrics, data, studies, etc.
 - Relevant prior studies and reports looking at collaboration
 - A list of available standard operating procedures (SOPs)

Appendix B: Recommended Follow on Tasks

Further Suggestions

The RFP asked the consulting team to provide “further suggestions to make this study a success.” There are several learnings that we have from prior efforts that we feel are important to communicate. Our experience with implementation of collaborative efforts, in particular, has encouraged us to add the suggested Work Activity 4 elements shown here, which are geared specifically to make this effort a sustainable success.

Water Resources Management

The American River watershed region has taken tremendous strides forward in managing regional water assets. The region has collaborated to protect the Lower American River through the Water Forum process, has reversed the sustained groundwater overdraft that once occurred in the Sacramento Groundwater Basin by establishing the Sacramento Groundwater Authority, and created the Regional Water Authority to open communications among participating entities and better pursue political, regulatory, and financial objectives. The great work that continues to happen under all these efforts will be supported by this collaboration/integration study. The design of our firm’s study seeks to build upon these previous successes, not disturb them. Moreover, the study will consider other details facing the Participating Agencies – like the migration of the Aerojet-Rocketdyne contamination plume, taste and odor issues associated with differing sources of water, and the potential groundwater management changes associated with the Sustainable Groundwater Management Act. Taken together, these broad collaborative processes and subtle water management details will be thoughtfully considered in the context of this study.

Implementation Activities

We find that a lot of conceptual plans for collaboration sit on shelves without a deliberate effort to move them forward. In places like Green Bay and Charlotte, part of the success we have had in moving various efforts forward is helping the participating entities through the first steps of implementation. With this suggested Work Activity 4, the agencies can consider completing independently or with our assistance. It’s offered as a guide to the next steps that might be undertaken.

WORK ACTIVITY 4: ENHANCEMENT AND IMPLEMENTATION ACTIVITIES CAN BE UNDERTAKEN AT THE CONCLUSION OF THE FIRST THREE ACTIVITIES, AS DESIRED BY THE AGENCIES.

SCOPE OF WORK ACTIVITY 4

Enhancement and Implementation

Raftelis will identify and prioritize the potential improvements and shared services to tackle first and will prepare recommendations and an implementation plan. The intent is to achieve the desired breakthrough performance through innovative and creative solutions. Together with the Committee, Raftelis will establish measures of success to help the parties influence the outcome of the shared service effort and provide implementation assistance as needed.

Task 4.1: Develop Service Standards (Optional)

While every utility has differences in how they operate, there are several common performance measures that can be used to provide objective comparisons with peers and between Participating Agencies that quantify more than direct costs and include qualitative measures. Our team will have collected available information to quantify the service standards of the agencies. We will create a business model with a framework for linking partner satisfaction to cost. In this model, value is derived when the utility is accountable for delivering some quality of service for a given cost.

Task 4.3: Identify the Shared Services Delivery Model (Optional)

As we narrow down the options for collaboration and sharing services, we will develop an evaluation process to arrive at a recommended method(s) for implementation, and how the activity will be governed. This process will create a weighted scorecard that ranks each opportunity on:

- Improved quality of service/customer satisfaction
- Reduced and avoided costs
- Improved efficiency
- Innovation
- Potential for new revenue streams
- Transfer of knowledge and skills
- Improved working relationships

It will be important to circle back to solidify legal requirements, required changes to governance, and control elements. In addition, we will ensure that risks are identified, discuss these risks with the Committee, and identify and evaluate challenges to achieving desired cost efficiencies. If needed, we will use our human resources expert to consider staffing implications.

Task 4.4: Identify Potential Pilot Projects (Optional)

Throughout this process there will likely be opportunities that can make agreements more feasible. Sometimes these moments create small windows of opportunity – for example, a building lease is expiring, and shared office space could be facilitated; changes in leadership occur through attrition; or service contracts are up for bid and there is a potential for a cooperative purchase. These “striking moments” should be readily sought and identified. Together with the Committee, Raftelis will identify potential pilot projects that can build a track record for future expansion. Pilot projects allow for the project to provide service on a temporary basis to see if a long-term shared service model is desirable and can help test an approach to implementation to determine if a phased, parallel, or cutover method is the most advantageous.

Task 4.5: Prepare Shared Services Report (Optional)

Raftelis will develop a document detailing the strategy that outlines what the partner entities can accomplish through mutually beneficial collaboration. The document will focus on what is achievable. Specifically, it will address governance, finance, management, and operations and provide a recommended strategy to improve services and facilitate economic efficiencies.

We will document the business case evaluation results, the priority of shared service opportunities, the recommended delivery models to employ, and the potential pilot projects to implement first. The document will summarize a plan for public participation and input. Public participation in the process

of decision-making about shared services and collaboration is a best practice and an opportunity for public officials to be responsive to the varied views of constituents and stakeholders. Raftelis will lead a discussion with the Committee about what level of participation is desired (inform, consult, or involve), and develop a public participation plan to add to the communications plan developed and implemented throughout the project.

Task 4.6: Present Recommended Plan to Participating Entities' Governing Bodies (Optional)

Our team will prepare a presentation of the recommended plan to participating governing bodies. The presentation will be provided to the Committee.

Task 4.7: Develop Transition and Implementation Plan (Optional)

Raftelis will work with the Committee to develop a transition plan that includes the recommendation of governance options and organizational structures providing clear roles and responsibilities. The transition and implementation plan will:

- Include phased implementation over time
- Discuss and document responsibilities with partners
- Identify and call out critical path milestones
- Identify additional resources that may be needed to implement the recommended organizational structure and schedule such as federal and state labor laws, liquidation of accrued time, union coordination, etc.
- Define entry and exit conditions and build in triggers that prompt review
- Include specific expectations about how services will be delivered and how performance will be measured in the contract or MOU and include an issue resolution framework
- Create a plan for flexibility by recognizing budget constraints, public expectations, and other conditions that may change over time, and develop a way to raise those issues early so they don't threaten the cooperative relationship
- Include in the plan details about how a termination of the shared service would be implemented, including how assets would be dispensed
- Define a dispute resolution process
- Determine who assumes control during emergencies

Task 4.8: Communicate Collaboration (Optional)

Trust, reciprocity, transparency, and effective communication are critical to the ongoing success of a shared service relationship. Together with the Committee, we will create a plan to discuss the shared service relationship on an ongoing basis including a set of guiding principles and service expectations for the relationship so all parties can have predictable expectations.

Raftelis will work to update the communications plan and develop an internal and external outreach component to ensure that all stakeholder audiences are aware and knowledgeable of the expectations of the implementation phase of the project.

Task 4.9: Develop Process to Attract New Collaborative Opportunities (Optional)

Throughout the project we will be looking for “striking moments” where new collaborative opportunities can be incorporated. Here we will revisit and formalize the path we developed to gauge the interest of other local governments/utilities and include criteria for future expansion to other local water utilities. The ENGAGE – ASSESS – COMPARE – ENHANCE process is intended to be an iterative process that can result in continuous improvement over time. As such, as we work with the agencies and other stakeholders during the project, we will transfer knowledge regarding the evaluation and implementation process so that the organizations can continue to effectively identify and implement other shared services opportunities in the future.

Task 4.10: Implement Change Management Plan (Optional)

Building on the elements of change management that have been incorporated thus far, we will implement the change management plan and create a way for the partner agencies to track progress including evaluating experiences and addressing lessons learned.

Task 4.11: Implementation Assistance (Optional)

Raftelis will provide as-needed communication and outreach planning, change management, assistance with service level agreements, process mapping, and updates to the web portal so that the project is easily understood and transferrable to new leadership, elected officials, and governing board members.

Appendix C: Revised Detailed Budget

Tasks	Number of Meetings	Hours												Total Fees & Expenses
		SG	JA	DB	GT	TY	JM	TC	ZG	ME	LW	Admin	Total	
Work Activity 1: Describe the Current Environment	4	58	10	3	52	24	14	68	54	26	6	7	322	\$92,192
TASK 1.1: PROJECT INITIATION	1	16	8	1	12	4	2	20	4	2	0	2	71	\$21,038
TASK 1.2: DESCRIBE THE UTILITIES AND INVENTORY SERVICES OFFERED BY EACH		4	0	0	4	4	0	8	8	0	0	2	30	\$6,770
TASK 1.3: UNDERSTAND CURRENT COLLABORATIONS	1	16	0	0	16	4	2	16	16	2	2	0	74	\$21,293
TASK 1.4: DOCUMENT EXISTING FINANCIAL INFORMATION AND APPROACHES		8	0	0	8	8	6	16	16	0	0	1	63	\$15,085
TASK 1.5: IDENTIFY STAKEHOLDERS AND DEVELOP COMMUNICATIONS PLAN (Optional, but recommended)	1	10	1	1	8	0	4	6	10	20	2	2	64	\$19,583
TASK 1.6: REVIEW AND REVISE PROJECT CHARTER (PROBLEM STATEMENT)	1	4	1	1	4	4	0	2	0	2	2	0	20	\$8,423
Work Activity 2: Conduct Benchmarking	1	16	2	1	4	0	2	30	8	0	0	2	65	\$18,988
TASK 2.1: IDENTIFY PERFORMANCE MEASURES AND CONDUCT PEER BENCHMARKING	1	16	2	1	4	0	2	30	8	0	0	2	65	\$18,988
Work Activity 3: Identify Opportunities for Collaboration	3	48	4	1	60	52	14	40	64	10	4	6	303	\$83,084
TASK 3.1: TASK 3.1: REVIEW ORGANIZATIONAL AND GOVERNANCE STRUCTURES, IMPACTS, AND POLICIES	1	32	2	0	48	40	6	20	32	2	0	2	184	\$47,743
TASK 3.2: EVALUATE THE BUSINESS CASE FOR COST SAVINGS THROUGH SHARED SERVICES	2	16	2	1	12	12	8	20	32	8	4	4	119	\$35,341
Total Proposed Fees														\$160,300
Total Proposed Expenses														\$33,964
Total Proposed Fees & Expenses														\$194,264
Consolidation Related Fees and Expenses (included in Total Proposed Fees and Expenses)														\$22,445
Work Activity 4: Optional Activities	3	68	14	1	24	4	2	80	72	34	0	8	307	\$84,924
TASK 4.1: DEVELOP SERVICE STANDARDS	1	8	0	0	2	0	0	12	6	0	0	0	28	\$10,103
TASK 4.3: IDENTIFY THE SHARED SERVICES DELIVERY MODEL		8	0	0	2	0	0	6	6	0	0	0	22	\$5,370
TASK 4.4: IDENTIFY POTENTIAL PILOT PROJECTS		8	0	0	0	0	0	4	8	0	0	0	20	\$4,900
TASK 4.5: PREPARE SHARED SERVICES REPORT		4	1	0	4	2	2	16	8	2	0	0	39	\$9,375
TASK 4.6: PRESENT RECOMMENDED PLAN TO PARTICIPATING ENTITIES' GOVERNING BODIES	1	8	4	0	4	2	0	8	4	0	0	0	30	\$10,913
TASK 4.7: DEVELOP TRANSITION AND IMPLEMENTATION PLAN	1	8	1	1	0	0	0	16	24	6	0	4	60	\$17,223
TASK 4.8: COMMUNICATE COLLABORATION		4	0	0	2	0	0	2	2	8	0	4	22	\$5,050
TASK 4.9: DEVELOP PROCESS TO ATTRACT NEW COLLABORATIVE OPPORTUNITIES		4	2	0	6	0	0	4	2	6	0	0	24	\$6,120
TASK 4.10: IMPLEMENT CHANGE MANAGEMENT PLAN		12	2	0	2	0	0	8	8	4	0	0	36	\$9,080
TASK 4.11: IMPLEMENTATION ASSISTANCE		4	4	0	2	0	0	4	4	8	0	0	26	\$6,790
Fees and Expenses for Optional Activities and Tasks (not included in Total Proposed Fees and Expenses)														
Total Optional Fees														\$71,705
Total Optional Expenses														\$13,219
Total Optional Fees & Expenses														\$84,924

Note: Changes from initial proposal include:

- 1.5 & 1.6 combined.
- 1.7 changed to 1.6.

Appendix D: Compensation

Compensation shall be on a time and expense basis. Reimbursable expenses shall be billed and paid at cost. Total compensation for Task 1 through Task 3 shall not exceed \$194,264 and for Task 4 shall not exceed \$84,924. Optional Task 4 will be authorized by SSWD if needed. The combined cost of all tasks shall not exceed \$279,188 without prior written authorization from SSWD.

Raftelis Financial Consultants, Inc. Compensation Table is as follows:

Raftelis' 2020 Standard Hourly Billing Rates

<u>Position</u>	<u>Hourly Billing Rate **</u>
Vice President/Principal Consultant	\$295
Senior Manager	\$265
Manager	\$245
Senior Consultant	\$215
Consultant	\$185
Associate	\$155
Analyst	\$110
Administration	\$85
Technology/Communications Charge*	\$10

* Technology/Communications Charge – this is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.

** For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by 50%.

Appendix E: Revised Schedule

Work Activity 1: Describe the Current Environment

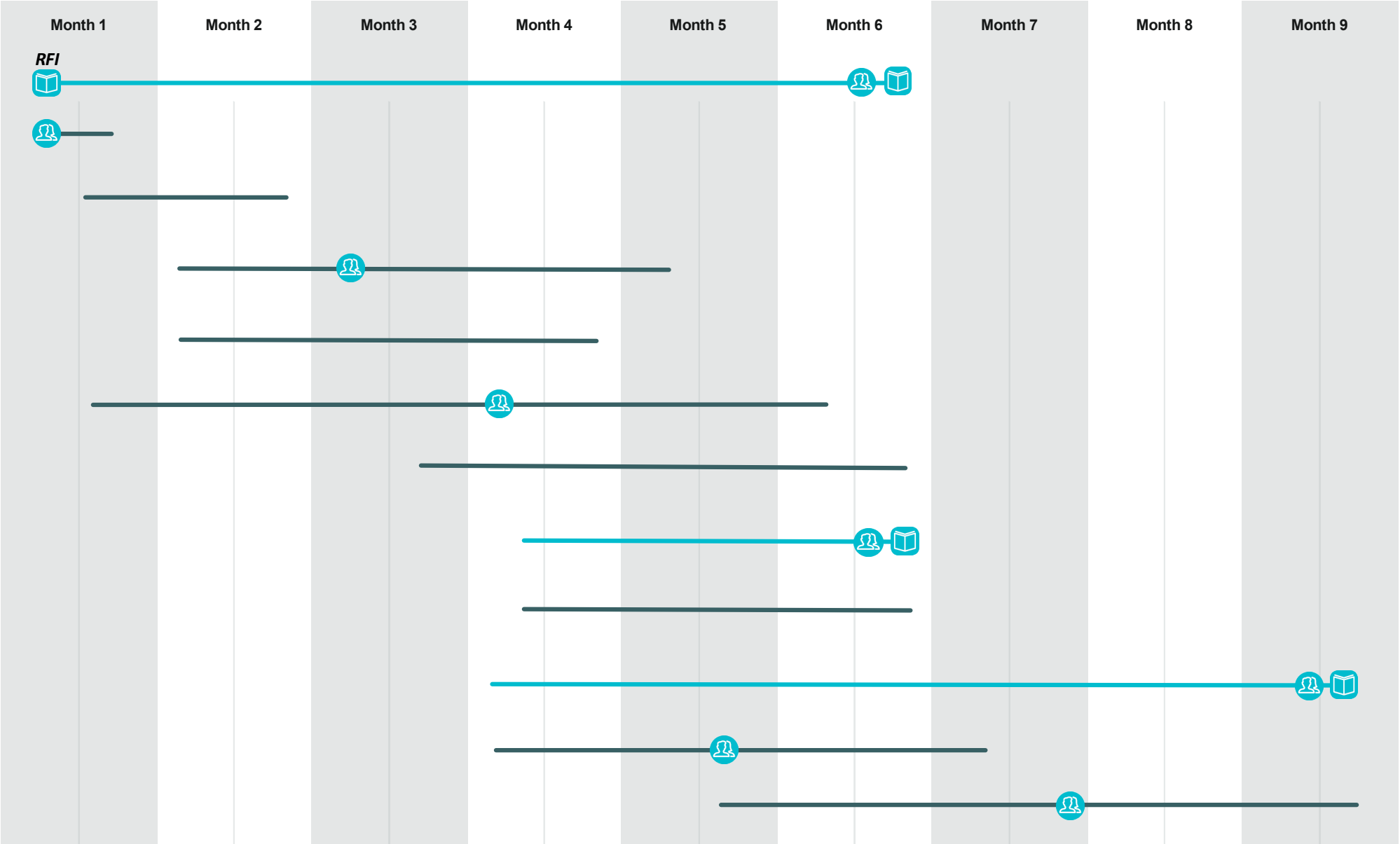
- TASK 1.1: PROJECT INITIATION
- TASK 1.2: DESCRIBE THE UTILITIES AND INVENTORY SERVICES OFFERED BY EACH
- TASK 1.3: UNDERSTAND CURRENT COLLABORATIONS
- TASK 1.4: DOCUMENT EXISTING FINANCIAL INFORMATION AND APPROACHES
- TASK 1.5: IDENTIFY STAKEHOLDERS AND DEVELOP COMMUNICATIONS PLAN
- TASK 1.6: REVIEW AND REVISE PROJECT CHARTER (PROBLEM STATEMENT)

Work Activity 2: Conduct Benchmarking

- TASK 2.1: IDENTIFY PERFORMANCE MEASURES AND CONDUCT PEER BENCHMARKING

Work Activity 3: Identify Opportunities for Collaboration

- TASK 3.1: TASK 3.1: REVIEW ORGANIZATIONAL AND GOVERNANCE STRUCTURES, IMPACTS, AND POLICIES
- TASK 3.2: EVALUATE THE BUSINESS CASE FOR COST SAVINGS THROUGH SHARED SERVICES



- In-Person Meetings / Workshops
- Web Meetings
- Deliverables

Note: Changes from initial proposal include:

- RFI deliverable added.
- No other deliverables were added but a note in the proposal now confirms that all 3 primary deliverables will be delivered as draft confidential work products with a round of review before going final.
- 1.5 & 1.6 combined. 1.5 extended timeframe to account for more intensive 1.6 activities now included which will start earlier in the project to begin attempts to engage Orange Vale and Fair Oaks.
- 1.7 changed to 1.6.
- Work Activity 2 (Task 2.1) shifted out to end at the end of month 6.
- Raftelis will be providing monthly project status updates with invoices and each community may choose to update their board using these tools, or as each deliverable is provided. No board presentations or meetings prior to the final were added.
- Web meetings or calls as part of normal project flow can be scheduled as needed within reason beyond the in-person meetings noted.

EXHIBIT 2

COST ALLOCATION

Regional Collaboration/Integration Project

Cost Allocation – All Portions of the Study Except Those Subject to
Section 4

1/28/20

Project Cost: \$194,264

Project Cost with 3% Contingency: \$200,000

Agency – retail and wholesale	Operating budget	%Share by Ops Budget	Cost for Agency – by Budget	Tier	%Share by Tier	Cost for Agency – by Tier
Carmichael Water District	\$7,869,668	9.64	\$19,272	2	9.75	\$19,500
Citrus Heights Water District	\$13,073,299	16.01	\$32,015	3	16.75	\$33,500
City of Folsom	\$14,201,768	17.39	\$34,778	3	16.75	\$33,500
Del Paso Manor WD		0.00	\$0		0.00	
Rio Linda/Elverta CWD	\$2,200,000	2.69	\$5,387	1	2.75	\$5,500
Sacramento Suburban WD	\$23,241,000	28.46	\$56,914	4	27.00	\$54,000
San Juan Water District*	\$21,084,900	25.62	\$51,634	4	27.00	\$54,000
Totals		100.00	\$200,000		100.00	\$200,000

*San Juan Water District costs shall be allocated as set forth in Section 3.

ATTACHMENT 2
Request for Proposal

REQUEST FOR PROPOSAL

CONSULTANT SERVICES FOR A SACRAMENTO REGION WATER UTILITY COLLABORATION/INTEGRATION STUDY

A. INTRODUCTION:

A consortium of seven water supply agencies in the Sacramento Region is seeking a consultant for professional services to assist with the preparation of a Sacramento Region Water Utility Collaboration/Integration Study (Study). The seven agencies consist of Carmichael Water District, Citrus Heights Water District, City of Folsom, Del Paso Manor Water District (DPMWD), Rio Linda/Elverta Community Water District, Sacramento Suburban Water District (SSWD) and San Juan Water District (SJWD) (Agencies). For organizational purposes, SSWD will serve as the lead, or coordinating agency, for an evaluation of collaboration/integration opportunities considered in this feasibility and planning study.

STUDY OBJECTIVE: Identify ways the Agencies can become more efficient in working together to minimize cost to their customers and optimize the use of their water supplies, personnel, equipment, infrastructure and other resources, as well as improve their ability to influence state and federal policies. As part of the Study, the selected consultant should identify opportunities for coordinating or integrating policies, programs, services, projects and activities to create efficiencies, improve results and achieve an overall cost benefit to the Agencies' customers. The Scope of Work is a threshold study of the range of alternatives, including no change to existing operations, contracts between agencies, joint powers agreements, potential integration of selected projects, programs and services, as well as integration or consolidation of two or more of the Agencies into a single organization.

Background

In 2013, SSWD and SJWD entered into an agreement to begin identifying opportunities to improve collaboration and potentially merge operations into one consolidated district. A Phase 1 Study, focused on high-level evaluation of three options, was completed in 2014. A Phase 2A Study, focused on governance and organizational design of one alternative (consolidation), was completed in 2015.

At the June 2015 Joint Board Meeting, the SSWD Board of Directors made a decision to suspend all work on the consolidation analysis until SSWD coordinated with the SJWD Wholesale Customer Agencies (Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, and City of Folsom) to ensure that a process be developed whereby Wholesale Customer Agencies' issues and concerns can be addressed, and evaluate the independent research on SJWD water rights that SSWD commissioned. SSWD has determined that the design of this proposed Study will address these concerns, and SSWD is ready to move forward with further analysis as proposed in this RFP.

In March 2018, SSWD received correspondence from the SJWD General Manager, on behalf of the Board of Directors of SJWD, inquiring about the status of the merger discussions previously conducted by SSWD and SJWD. At SSWD's March 2018 regular Board meeting, the Board approved implementation of a 2X2 Committee to meet with SSWD's General Manager and develop goals and discussion points.

Due to interests of other local water agencies to move forward in discussions pertaining to collaboration/integration opportunities, it has now evolved into a broader level of involvement in the Sacramento Region.

Structure and Meetings

As noted, SSWD will be responsible for administration of the project, and will be the primary contact for the consultant. The project will be overseen by a Management Committee, composed of at least one executive from each of the Agencies. The consultant will meet with the Management Committee as necessary, but at least once to initiate the project, and then at the end of each Activity phase. In addition, during the analysis phase of the consultant's work, the consultant will need to communicate with each agency's subject matter expert staff as required.

The consultant will also need to plan to present the results of each Activity phase to an ad hoc committee of members of each Board of Directors or City Council of each of the participating organizations (3 meetings total). The consultant will present the final results of the study to a facilitated joint meeting of the Boards of Directors/City Councils of the Agencies.

The consultant needs to identify in the proposal the intersection points with Agency personnel throughout the Study.

B. REQUESTED SCOPE OF WORK:

1. SERVICES DESIRED:

The following is a requested scope of work to be utilized in submitting a response.

Scope of Work Activity 1: Describe the current environment

(a) Describe the utilities, background

Document the operational responsibilities of the various Agencies related to water services. Document the service standards, policies, procedures and organizational staffing for each agency. Provide an overview of how customers receive their water supplies in the areas served by the Agencies.

(b) Inventory services offered by each Agency

Create a template to be completed by the Agencies to identify the services offered by each Agency (i.e. water treatment and distribution, meter reading and billing, water efficiency on system and per customer basis, budgeting and accounting, etc.) Identify program/service operating goals, operating costs, water

supply costs, performance data and key projects that are either planned or in execution.

Inventory Agency Capital Improvement Programs and Advanced Planning Efforts for Infrastructure and Significant Asset Management Programs, including expected future costs.

(c) Inventory current collaborations

Create an inventory of current collaborations between/among the Agencies

(d) Describe existing financial approaches

Prepare a description of the current financial environment of the Agencies, including debt capacity and obligations, credit ratings, rate structure, financial policies, asset base, reserve levels, number of customers, annual revenues, property tax receipts, operating rates and connection fees and other relevant factors. Create a template to be completed by the Agencies to obtain information.

(e) Identify stakeholders

Identify current stakeholders of the Agencies and their interests (including customers (particularly those in Disadvantaged Communities), developers, employees and other stakeholders).

(f) Review and Revise Problem Statements

Evaluate the problem statements defined by the Agencies and recommend any additions or edits. The problem statements will help inform the scope of the Study. The draft list of problem statements accompanies this as Attachment B.

Scope of Work Activity 2: Conduct benchmarking

(a) Conduct peer benchmarking

Conduct a peer benchmarking study to compare key indicators for the Agencies, such as staffing, functions provided, organization structure, and collaborative efforts. Consult with the Agencies in establishing criteria for choosing the peer agencies.

(b) Identify performance measures to evaluate collaboration/integration alternatives/options

Ascertain evaluative benchmarks for the peer agencies and compare with the Agencies. At a minimum, benchmarks need to cover the following aspects of the projects/programs/organizations being assessed: 1) Legal; 2) Financial; 3) Management/Governance; and 4) Operational. The range of alternatives will include no change to existing operations, contracts between agencies, joint powers agreements, potential integration of selected projects, programs and

services, as well as integration or consolidation of two or more of the Agencies into a single organization.

Scope of Work Activity 3: Identify opportunities for the future

(a) Identify economies of scale

Identify services or purchases that are amenable to savings due to scale. Describe the potential benefits and challenges of combining such services.

(b) Identify opportunities and challenges for service integration

Identify opportunities and challenges for integrating services within the Agencies. Specify which services could be integrated, the associated costs and benefits, and key factors that would need to be addressed. Recognize that there will be a growth in service connections in the future. Provide a framework for next steps and phasing of implementation.

(c) Identify opportunities and challenges for facilities integration

Identify opportunities and challenges for combining or integrating facilities (i.e., buildings and grounds, but not water treatment and distribution) that would create cost savings to the Agencies and their customers. Describe the potential benefit and the factors that would need to be addressed in integrating such facilities. Recognize that there will be a growth in service connections in the future. Provide a framework for next steps and phasing of implementation. Provide any further suggestions to make this study a success.

Deliverables

It is understood that the consultant will begin the Study by completing the scope of work activity #1, followed by activity #2 and finish with activity #3. The consultant shall provide to the Management Committee a report at the completion of each of the three activities in the scope of work, detailing the information collected, the analysis conducted and any results or recommendations. The consultant shall also provide the Management Committee a final report, integrating the results of the three activities and a summary of the complete project.

2. MINIMUM QUALIFICATIONS OF CONSULTANT:

It is expected that the proposer will have experience with public sector projects of similar nature and scope, including the ability (whether directly or through a sub-consultant) to address relevant legal, financial, management/governance and operational issues. The successful proposer will demonstrate experience with a minimum of three municipally-directed projects pertaining specifically to evaluation of utility services.

3. INSURANCE REQUIREMENTS:

The firm or individual selected to perform the work will be required to provide with the contract insurance and indemnification in the amount shown in Exhibit B within Attachment A.

C. THE PROPOSAL:

1. FORMAT AND REQUIREMENTS:

The Proposal shall be 8-1/2" by 11", with the pages numbered sequentially, and double-sided. 1" margins shall be provided on all pages. Proposals shall be in a 12-point font and may be single or double-spaced.

Proposals shall be submitted in electronic format using Adobe Acrobat (.pdf).

2. PROPOSAL CONTENTS:

The Proposal shall include the following:

- A. Letter of Transmittal. Identify the individual or parties, and provide its (their) address along with the name of a contact person and a telephone number (one page maximum).
- B. Include a general statement of the consultant's approach to conducting a financial and operational review of public utilities (three pages maximum).
- C. Describe the Firm's experience with public sector projects of a similar nature and scope. Emphasis should be placed on projects undertaken within the past three years (three pages maximum).
- D. Identify all personnel who will be assigned to work on this project. Include brief summaries of their background and experience, as well as the assigned responsibilities for this project (two pages maximum).
- E. A general statement of the consultant's approach to conducting the required Study. This discussion should estimate the total cost for the Study (four pages maximum).
- F. Identify any sub-consultants and include the same information as described in "D".
- G. Provide a budget, broken down by each scope of work activity and subtask. Identify a separate budget for tasks associated with collaboration/Integration and consolidation.
- H. Provide a timeline for completion of the project. Any assumptions regarding turnaround time for review should be clearly noted.

I. Provide references for your firm's three most representative projects. Include the following:

- 1) Name of public agency
- 2) Name and title of contact person.
- 3) Telephone number of contact person.
- 4) Brief description of the project including start and completion dates and your firm's role in the project.
- 5) The telephone number and contact names of private firms involved in the project.

J. Provide a summary of all past projects involving any Agency. This summary shall include:

- 1) Name of public agency
- 2) Name and title of contact person.
- 3) Telephone number of contact person.
- 4) Brief description of the project including start and completion dates and your firm's role in the project.
- 5) The telephone number and contact names of private firms involved in the project.
- 6) To avoid a conflict of interest, if your firm, is/has provided professional services to any of the Agencies please list the name of the agency and services provided.

3. PROJECT APPROACH:

Include a brief discussion describing your firm's approach to preparing the Study. Detail your strategy and include your vision for the final deliverable resulting from this Study (four page maximum).

D. THE PROCESS:

Mandatory Proposers Meeting:

A mandatory proposers meeting will be held **Tuesday, October 15, 2019, at 2:00 p.m., at 3701 Marconi Avenue, Sacramento, CA 95821**, to provide all consulting teams with information concerning the Scope of the Study and to ask any questions. Moreover, any written questions should be submitted to Heather Hernandez via email to: hhernandez@sswd.org by no later than **4:00 p.m. on Friday, October 25, 2019**. All questions and answers will be distributed via email by **Thursday, October 31, 2019**, as well as posted on SSWD's website at sswd.org. The name of the consulting team submitting questions will not be identified.

Submittal of the Proposal: The Proposal shall be submitted using Adobe Acrobat (.pdf format) to Heather Hernandez via email hhernandez@sswd.org by no later than **4:00 p.m. on Thursday, November 7, 2019**.

Proposal Review: Qualifications will be evaluated by a Management Committee comprised from the Agencies. Submittals will be evaluated according to project

understanding by the consultant, and the qualifications of your firm in providing services of a similar nature and how relevant that experience is to this project.

The top two to six proposals will be invited for one or more interviews during the week of November 18, 2019. The interviewing panel will be comprised of a representative from each agency participating in the Study.

The Consultant selected to perform the Study will be notified by Wednesday, November 27, 2019.

Award: The top ranked party will be invited to enter into negotiations with the Agencies on the terms of a Consultant contract based on a final proposal to be submitted at that time. The negotiations will occur in December of 2019. If a satisfactory agreement cannot be negotiated, then the same process will be undertaken with the next highest ranked party on this list until a satisfactory agreement can be reached. The Agencies anticipate executing a contract in January of 2020 to begin providing services immediately.

The Consultant, as an independent contractor, will report to the Management Committee comprised of staff from the Agencies. SSWD staff will provide contract administration and project coordination. The Agencies reserve the right to reject all proposals, directly contract with any proposer or non-proposer and request additional information.

Conflict of Interest: By submitting a Proposal, the Respondent declares and warrants that no elected or appointed official, officer or employee of the Agencies has been or shall be compensated, directly or indirectly, in connection with the award of the Agreement or any work for the proposed project.

E. CONCLUSION:

If you have any questions, or need additional information, please contact Dan York at dyork@sswd.org or 916-679-3973.

Sincerely,

Dan York
General Manager, SSWD

Attachments: A – Professional Services Agreement
B – Initial list of Problem Statements

Attachment A PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 20____, by and between the Sacramento Suburban Water District (hereinafter referred to as "SSWD"), in conjunction with six neighboring water supply agencies in the Sacramento Region; Carmichael Water District, Citrus Heights Water District, City of Folsom, Del Paso Manor Water District, Rio Linda/Elverta Community Water District and San Juan Water District (collectively, "Agencies"), and _____, (hereinafter referred to as "Consultant").

RECITALS

SSWD requires the services of Consultant to: (insert finalized Scope of Work)

Consultant warrants it possesses the distinct professional skills, qualifications, experience, and facilities necessary to timely perform the services described in this Agreement. Consultant acknowledges that Agencies have relied upon said warranties to retain Consultant.

AGREEMENT

NOW, THEREFORE, SSWD and Consultant hereby agree that the aforementioned recitals are true and correct and further agree as follows:

1. **Retention as Consultant.** SSWD hereby retains Consultant on behalf of Agencies, and Consultant hereby accepts such engagement, to perform the services described in Section 3 below and subject to the terms and conditions contained in this Agreement.
2. **Relationship of Parties – Independent Contractors.** The relationship of the parties shall be that of independent contractors. In no event shall Consultant, or its agents, representatives, employees, consultants, contractors or subcontractors be considered an officer, agent, servant or employee of the SSWD or Agencies. Consultant shall be solely responsible for any workers' compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the performance of the services under this Agreement.
3. **Description of Services.** Consultant shall provide professional _____ services to identify ways the Agencies can become more efficient in working together to deliver water services to our

communities; look for ways to expand coordination and cooperation as well as identify opportunities for integrating programs, services, and activities to create efficiencies, improve results and achieve an overall cost benefit to the community; and study the potential of service coordination and integration as more particularly set forth in Exhibit "A" attached hereto.

4. Consultant's Responsibilities. In the performance of services under this Agreement, Consultant shall:

(a) Diligently perform all services required under this Agreement and continuously furnish the necessary personnel to complete such services in a timely manner;

(b) Perform all services under this Agreement in a manner commensurate with industry, professional, and community standards;

(c) At its own cost and expense, comply with all statutes, ordinances, regulations and requirements of all governmental entities, including federal, state, county or municipal, whether now in force or hereinafter enacted;

(d) Obtain and keep in effect during the term of this Agreement, at its sole cost and expense, all necessary licenses, permits, qualifications, insurance, and approvals of whatsoever nature which are legally required of Consultant to practice its profession and to provide the services under this Agreement;

(e) Be readily available to the Management Committee to answer any and all questions, inquiries and correspondence from Agencies or interested persons referred to Consultant by the Management Committee related to the performance of the services under this Agreement;

(f) Discuss and review all matters related to the performance of services under this Agreement with the Management Committee in advance of all critical decision points in order to ensure the work proceeds in a manner consistent with the Agencies' goals and policies; and,

(g) Consultant shall keep and maintain records and invoices related to services provided under this Agreement for a minimum period of three (3) years from the date of final payment to Consultant, or for a longer period as may be required by law. Such records and invoices shall include, but not be limited to, financial records, time sheets, work progress reports, bills and project records. All such records and invoices shall be clearly identifiable, and organized in a reasonable manner.

- (1) Consultant shall make such records and invoices immediately available to SSWD or Agencies upon delivery of a written request to examine, audit, or copy such records and invoices.
- (2) Within three (3) business days of the delivery of a written notice by the Management Committee, Consultant shall prepare and submit a written report to SSWD, with copies for all of the Agencies, identifying the work in progress, charges incurred to date, and the anticipated cost of completion.
- (3) Consultant shall give SSWD thirty (30) days written notice of its intent to destroy or otherwise dispose of the records and invoices to allow SSWD or Agencies an opportunity to take possession.

5. Compensation and Payment.

(a) The total compensation payable by SSWD to Consultant for services described in this Agreement **SHALL NOT EXCEED** the sum of \$_____ (hereinafter "not to exceed amount"), except for such extra services as may be authorized pursuant to Section 6 below. Compensation shall be earned as provided in Exhibit "A."

(b) SSWD shall pay Consultant no later than 30 days after SSWD receives and verifies a written invoice from Consultant in a form satisfactory to the Management Committee. At a minimum, Consultant's invoice shall contain a description of the services performed and/or the specific task completed from Exhibit "A". Consultant shall not submit invoices to SSWD more frequently than once a calendar month.

(c) The compensation set forth in this Agreement shall constitute the total compensation for all costs of the services provided by Consultant, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, typing, duplication, computer time, and any and all other costs, expenses, and charges incurred by Consultant, its agents and employees to provide the services described in this Agreement.

6. Extra Services. Consultant shall provide, and SSWD shall pay for, such extra services agreed to in writing by the parties that are not reasonably included within the services described in Section 3 above. The total cumulative compensation for all extra services under this Agreement shall not be more than 10% of the not to exceed amount.

7. Term. The term of this Agreement shall commence on date this agreement is executed by both parties.

8. Termination by SSWD or Agencies. Upon thirty (30) calendar days written notice to Consultant, SSWD or Agencies may terminate any portion or all of the services described in this Agreement. In the event of such termination, Consultant shall have the right and obligation to immediately assemble all work in progress for the purpose of winding up the terminated services. All compensation for actual work performed and charges outstanding at the time of termination shall be payable in accordance with Section 5(b) above.

9. No Assignment. No portion of this Agreement shall be assigned or subcontracted by Consultant without SSWD's or Agencies' express written consent. The term "assignment" shall include any sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or party to a joint venture, which results in a change of control of Consultant. Control means fifty percent or more of the voting power, or twenty-five percent or more of the assets of the corporation, partnership or joint-venture.

10. Project Manager. Consultant's services under this Agreement shall be performed under the general direction of a Management Committee comprised of representatives from the Agencies, Dan York, or such person as the Agencies may designate.

11. Ownership of Documents. All drawings, designs, data, photographs, reports and other documentation prepared or obtained by Consultant in the performance of the services contemplated by this Agreement shall be the property of the Agencies and shall be delivered to the Agencies upon demand.

12. Confidentiality. Consultant shall not disclose confidential or proprietary information or knowledge received directly or indirectly from the Agencies to anyone other than Consultant's employees necessary to perform the services described in this Agreement. This obligation shall survive termination and remain in full force and effect until the records kept and maintained pursuant to Section 4(g)(3) above, and any copies thereof, are destroyed or returned to the Agencies.

13. Hold Harmless and Indemnity. Consultant agrees to defend, indemnify and hold Agencies, their elected officials, officers, directors, employees, agents and designated volunteers harmless from and against any and all loss, liability, damage, including but not limited to reasonable attorney, consultant and expert fees and/or court costs, arising out of or in connection with this Agreement, except for the gross negligence and willful misconduct of Agencies, their elected officials, officers, directors, employees, agents and designated volunteers.

In addition to the above indemnification obligations, Consultant shall correct, at its own expense, all errors in the services provided. Should Consultant fail to make

such correction in a timely manner, Agencies shall make the correction and charge the cost thereof to Consultant.

14. Insurance. For the duration of this agreement, Consultant shall procure and maintain, at its own cost, insurance in the amounts and under the terms set forth in Exhibit "B" attached hereto against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work to provide the services described in this Agreement by Consultant, its agents, representatives, or employees. Consultant agrees to comply with any changes in the amounts and terms of such insurance as may be required from time to time by the Agencies, upon reasonable written notice.

15. Acceptance of Final Payment. Consultant's acceptance of final payment made under this Agreement, by negotiating SSWD's check or otherwise, shall release SSWD and Agencies from all claims and liabilities for compensation under this Agreement.

16. Acceptance of Work. The approval, payment and/or acceptance of the work or services performed under this Agreement by SSWD, shall not constitute or be deemed a release of the responsibility or liability of Consultant, its agents, employees, consultants, contractors, and/or subcontractors for the accuracy and competency of the services performed and/or information provided under this Agreement; nor shall such action be deemed an assumption of Consultant's responsibility or liability by SSWD or Agencies for any defect or error in Consultant's services.

17. Waiver; Remedies. A party's failure to insist upon the strict performance of any provision of this Agreement by the other party ("breaching party"), irrespective of the length of time for which such failure continues, shall not constitute a waiver of the non-breaching party's right to demand strict compliance in the future. A waiver shall not be effective or binding unless made in writing by the non-breaching party, and may not be implied from any omissions by the non-breaching party. A written waiver shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this Agreement.

All of the remedies permitted or available under this Agreement, or at law or in equity, shall be cumulative and alternative, and the invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other available right of remedy.

18. Notice. Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail with copies for all Agencies, postage prepaid, and addressed as follows:

TO SSWD: Attention: Dan York
 General Manager
 Sacramento Suburban Water District
 3701 Marconi Avenue
 Sacramento, California 95821

TO CONSULTANT: _____

Either party may change such address or contact person by written notice by registered mail to the other.

19. Conflict of Interest. Consultant is unaware of any Agency employee or official that has a financial interest in Consultant's business. During the term of this Agreement and/or as a result of being awarded this Agreement, Consultant shall not offer, encourage, or accept any financial interest in Consultant's business by any Agency employee or official.

20. Construction of Language. The provisions of this Agreement have been arrived at through negotiation and each party had a full and fair opportunity to revise the provisions and have them reviewed by legal counsel. The parties agree that any ambiguities in construing or interpreting this Agreement shall not be resolved against either party as the drafting party. In the event of an inconsistency or conflict between the language of this Agreement and an attachment hereto, the language of the Agreement shall control.

21. Non-Exclusive Agreement. SSWD and Agencies reserve the right to engage other consultants in connection with the services described in this Agreement.

22. Entire Agreement. This Agreement, including the attachments hereto, supersede any other agreements, either oral or written, between the parties with respect to the described services, and this Agreement contains all of the covenants and agreements between the parties with respect to said services. Any modification to this Agreement must be in writing and signed by both parties.

23. Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

In concurrence and witness whereof, and in recognition of the mutual consideration provided therefore, the parties have caused this Agreement to be executed on the date first written above.

CONSULTANT:

By:
Title:

SSWD

Dan York
General Manager

Attachments:

Exhibit A – Scope of Work

Exhibit B – Insurance Coverage, Amounts and Terms

Exhibit A

SCOPE OF WORK

REQUESTED SCOPE OF WORK:

1. SERVICES DESIRED:

The following is a requested scope of work to be utilized in submitting a response.

Scope of Work Activity 1: Describe the current environment

(a) Describe the utilities, background

Document the operational responsibilities of the various Agencies related to water services. Document the service standards, policies, procedures and organizational staffing for each agency. Provide an overview of how customers receive their water supplies in the areas served by the Agencies.

(b) Inventory services offered by each Agency

Create a template to be completed by the Agencies to identify the services offered by each Agency (i.e. water treatment and distribution, meter reading and billing, water efficiency on system and per customer basis, budgeting and accounting, etc.) Identify program/service operating goals, operating costs, water supply costs, performance data and key projects that are either planned or in execution.

Inventory Agency Capital Improvement Programs and Advanced Planning Efforts for Infrastructure and Significant Asset Management Programs, including expected future costs.

(c) Inventory current collaborations

Create an inventory of current collaborations between/among the Agencies

(d) Describe existing financial approaches

Prepare a description of the current financial environment of the Agencies, including debt capacity and obligations, credit ratings, rate structure, financial policies, asset base, reserve levels, number of customers, annual revenues, property tax receipts, operating rates and connection fees and other relevant factors. Create a template to be completed by the Agencies to obtain information.

(e) Identify stakeholders

Identify current stakeholders of the Agencies and their interests (including customers (particularly those in Disadvantaged Communities), developers, employees and other stakeholders).

(f) Review and Revise Problem Statements

Evaluate the problem statements defined by the Agencies and recommend any additions or edits. The problem statements will help inform the scope of the Study. The draft list of problem statements accompanies this RFP as Attachment C.

Scope of Work Activity 2: Conduct benchmarking

(a) Conduct peer benchmarking

Conduct a peer benchmarking study to compare key indicators for the Agencies, such as staffing, functions provided, organization structure, and collaborative efforts. Consult with the Agencies in establishing criteria for choosing the peer agencies.

(b) Identify performance measures to evaluate collaboration/integration alternatives/options

Ascertain evaluative benchmarks for the peer agencies and compare with the Agencies. At a minimum, benchmarks need to cover the following aspects of the projects/programs/organizations being assessed: 1) Legal; 2) Financial; 3) Management/Governance; and 4) Operational. The range of alternatives will include no change to existing operations, contracts between agencies, joint powers agreements, potential integration of selected projects, programs and services, as well as integration or consolidation of two or more of the Agencies into a single organization.

Scope of Work Activity 3: Identify opportunities for the future

(a) Identify economies of scale

Identify services or purchases that are amenable to savings due to scale. Describe the potential benefits and challenges of combining such services.

(b) Identify opportunities and challenges for service integration

Identify opportunities and challenges for integrating services within the Agencies. Specify which services could be integrated, the associated costs and benefits, and key factors that would need to be addressed. Recognize that there will be a growth in service connections in the future. Provide a framework for next steps and phasing of implementation.

(c) Identify opportunities and challenges for facilities integration

Identify opportunities and challenges for combining or integrating facilities (i.e., buildings and grounds, but not water treatment and distribution) that would create cost savings to the Agencies and their customers. Describe the potential benefit and the factors that would need to be addressed in integrating such facilities. Recognize that there will be a growth in service connections in the future. Provide a framework for next steps and phasing of implementation.

Exhibit B

INSURANCE COVERAGE

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1. General Liability, including operations, products and completed operations, as applicable:
\$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability:
\$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability:
\$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by SSWD. At the option of the Agencies, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agencies, their officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to SSWD guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The Agencies, their officers, officials, employees and designated volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agencies, their officers, officials, employees or volunteers.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the Agencies, their officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agencies, their officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Any failure to comply with reporting or other provisions of the policy including breaches of warranties shall not affect coverage provided to the Agencies, their officers, officials, employees or volunteers.
4. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agencies.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to SSWD.

Verification of Coverage

Consultant shall furnish SSWD certificates of insurance and endorsement(s) effecting coverage to the Agencies for approval. The endorsements shall be on forms acceptable to SSWD. All certificates and endorsements are to be received and approved by SSWD before work commences. The Agencies reserve the right to require complete, certified copies of all insurance policies required by this section.

Attachment B

Initial List of Problem Statements

Problem Statements

1. Water supplies in the American River basin are becoming more variable and likely less reliable than in the past, due in part to climate change, environmental regulatory requirements and competing demands.
2. The areas served by the participating agencies were extensively developed during the second half of the last century and the water supply infrastructure installed at that time is in need of repair and replacement.
3. During normal to wet years, various water agencies in the Sacramento region have more water available under their water rights and contracts than necessary to meet customer demands, and use of this surplus water is not optimized.
4. Water supply infrastructure among the agencies in this analysis has varying levels of underutilized collection, treatment, storage and delivery capacity.
5. The agencies in this analysis face various financial and operational challenges in providing services to their customers and performing business functions.
6. The agencies in this analysis face increasing operational costs.
7. The sizes of the agencies in this analysis limit their ability to dedicate staff time to legislative, policy and regulatory issues.

Goals

The participating agencies will collaborate to:

1. Enhance water supply reliability by optimizing the use of surface water and groundwater supplies. Plan for and develop resilient responses to changes in water supplies that result from climate change and new regulatory requirements.
2. Repair, replace and improve water supply infrastructure and related agency assets in the most efficient and cost-effective manner possible.

3. Provide excellent service and the best value to customers.
4. Achieve more effective advocacy and the best outcomes possible on legislation and regulations in both Sacramento and Washington, D.C.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MARCH 2, 2020 MEETING

SUBJECT	: PUBLIC HEARING #1 TO RECEIVE PUBLIC COMMENTS ON TRANSITION TO “BY-DIVISION” ELECTORAL SYSTEM UNDER THE CALIFORNIA VOTING RIGHTS ACT
STATUS	: Action Item
REPORT DATE	: March 2, 2020
PREPARED BY	: Josh Nelson, Assistant General Counsel

OBJECTIVE:

Conduct Public Hearing #1 to receive public comments on transition to “By-Division” electoral system under the California Voting Rights Act.

BACKGROUND AND ANALYSIS:

The Citrus Heights Water District currently elects its Board of Directors through an “of-division” electoral system in which each Board member must reside within a division but each Board Member is elected by the voters of the entire electorate to provide Districtwide representation.

The California Voting Rights Act (“CVRA”) became law in 2003. It provides a way for plaintiffs to allege racially polarized voting and to seek a change from a jurisdiction’s at large election system to a different system, typically a by-district election system. It also allows for the recovery of a plaintiff’s attorneys’ fees. A violation of the CVRA may be established if it is shown that racially polarized voting has combined with an at-large voting system to impair the ability of a protected class of voters to elect candidates of its choice or to influence the outcome of an election. “Racially polarized voting” under the CVRA means voting in which there is a difference between the choice of candidates or other electoral choices that are preferred by voters in a protected class and in the choice of candidates and electoral choices preferred by voters in the rest of the electorate.

In 2016, the California Legislature adopted AB 350 amending Elections Code section 10010 to cap the attorneys’ fees a prospective plaintiff may recover to \$30,000, if a public agency adopts a resolution of intention to change to a by-district/by-division system of elections within 45 days following the receipt of a letter from that prospective plaintiff alleging a CVRA violation and completes the transition process (see below).

While CHWD has not yet received such a demand letter from a prospective plaintiff, the Board of Directors desired to take proactive means to avoid the high costs and legal risks associated with a potential CVRA lawsuit. Therefore, on December 19, 2019, the Board took the first step by adopting Resolution No. 24-2019, a resolution declaring the intention to transition from at-large to by-division elections pursuant to Elections Code section 10010.

Now that the Board has adopted a Resolution of Intention, AB 350 (Elections Code section 10010) sets forth a specific process for the adoption of a resolution to transition to by-division elections. The process includes a series of public hearings at which the public is invited to provide input regarding the composition of the districts.

The maps for Board divisions will be drawn by a professional demographer with extensive experience in the CVRA and drafting Board divisions. Before drawing a draft map or maps, the Board must hold at least two public hearings over a period of no more than thirty days, at which the public is invited to provide

input regarding the composition of the divisions. After the draft maps are drawn, CHWD must publish at least one draft map. CHWD must also publish the potential sequence of elections, if Directors will be elected at different times to provide for staggered terms of office. Then, CHWD will hold at least two additional public hearings over a period of no more than 45 days, at which the public is invited to provide input regarding the content of the draft maps and the proposed sequence of elections.

Public comments on the transition and the proposed CHWD maps are very important and all residents within the district are encouraged to participate in these hearings.

Criteria for Establishing Districts

The drawing of Board districts is regulated by both state and federal law, including the CVRA and the Federal Voting Rights Act. For example, under federal law, Board divisions may not be drawn with race as the predominate factor (*Shaw v. Reno* (1993) 509 U.S. 630.) Further, under Elections Code section 22000, divisions must be drawn as nearly equal in population as may be according to the latest federal decennial census. In establishing the boundaries, the Board of Directors may give consideration to the following factors:

- (1) Topography;
- (2) Geography;
- (3) Cohesiveness, Contiguity, Integrity, and Compactness of Territory; and
- (4) Community of Interest of the Divisions.

The professional demographer retained by the District to draw Board divisions will ensure the divisions are compliant with these standards.

Based on the public input received at the public hearing, the Board may wish to identify additional criteria to guide the establishment of election divisions. For example, among other criteria, the Board may wish to respect the previous choices of CHWD voters by avoiding the creation of head-to-head contests between Board members previously elected by the voters of the District (insofar as this does not conflict with Federal or State Law).

RECOMMENDATION:

1. Conduct the public hearing.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____
