

Agenda Item: 1

Date: October 18, 2022

Subject: Minutes of the September 20, 2022, DPMWD/SSWD 2x2 Committee Meeting

Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

Approve the draft minutes of the September 20, 2022, DPMWD/SSWD 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes



Minutes

Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meeting September 20, 2022

Location:

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #835 9170 4388

Call to Order – Videoconference/Audioconference Meeting

DPMWD Director Saunders (Chair Saunders) called the meeting to order at 2:00 p.m.

Roll Call

SSWD Directors

Present: Jay Boatwright and Robert Wichert.

SSWD Directors

Absent: None.

DPMWD Directors

Present: Carl Dolk and Ryan Saunders.

DPMWD Directors

Absent: None.

SSWD Staff Present: General Manager Dan York (SSWD GM York), Assistant General Manager Matt Underwood, Jeff Ott, Heather Hernandez-Fort, and Todd Artrip.

DPMWD Staff Present:

General Manager Alan Gardner (DPMWD GM Gardner), and Victoria Hoppe,

Public Present: William Eubanks, Craig Locke, Jose Henriquez, Dave Jones, Krystle Heaney, Carol Rose, Kevin Thomas, Desirae Fox, Roy Wilson, and Trish Harrington.

Announcements

SSWD General Manager Dan York (SSWD GM York) announced SSWD's Open House event on Thursday, October 6, 2022, from 5:00 p.m. to 7:00 p.m.

Public Comment

None.

Consent Items

1. **Minutes of the August 8, 2022, DPMWD/SSWD 2x2 Committee Meeting**

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

AYES:	Boatwright, Dolk, Saunders, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

2. **Vision, Mission, Core Values and Goals of the 2x2 Committee**

Chair Saunders presented the staff report.

SSWD Director Wichert requested to include language into the Mission to state; “lowest responsible water rate,” replacing “at a reasonable rate.”

The 2x2 Committee (Committee) agreed with Director Wichert’s request.

SSWD Director Boatwright expressed he was not interested in a two-tiered rate system, as he would like for the rates to be the same for each agency.

SSWD Director Boatwright moved to approve the staff recommendation with the amendment of adding the language “lowest responsible rate,” and removing, “at a reasonable rate,” from the Mission Statement; DPMWD Director Dolk seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Dolk, Saunders, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

3. **Municipal Services Review Update**

DPMWD GM Gardner presented the staff report, expressing DPMWD’s Municipal Services Review (MSR) was not complete yet. The MSR is anticipated to be in final draft in November 2022.

SSWD GM York provided an update of SSWD’s MSR, stating the update was complete and has been sent to LAFCo for review. SSWD GM York stated that the draft MSR might be ready to present to the Committee and SSWD’s Board in November 2022.

4. **Financial Analysis**

Jeff Ott (Mr. Ott) presented the staff report and answered clarifying questions.

Chair Saunders expressed that he felt it was an excellent report.

William Eubanks (Mr. Eubanks) inquired what the Committee got out of the report.

DPMWD Director Dolk expressed it identified that the Districts were pretty similar with regards to residential rates.

Chair Saunders pointed out how far ahead SSWD is with regards to their investment in infrastructure and capital asset valuation, and expressed the information in the report provided a baseline for a rate structure going forward.

SSWD Director Wichert expressed he was surprised to see the SSWD rates were lower, as SSWD is a much larger water agency, with a larger CIP program, noting SSWD's economies of scale was evident in this case.

5. **Del Paso Manor Water District - 2020 Condition Assessment**

DPMWD GM Gardner presented the staff report, noting JPIA would be revisiting DPMWD to review their corrections.

DPMWD Director Dolk invited SSWD staff to join the meeting between DPMWD and JPIA.

SSWD GM York expressed staff would be most interested in attending DPMWD's Division of Drinking Water inspection, scheduled for October 5, 2022.

SSWD Director Boatwright expressed he was interested in seeing the Condition Assessment Report from Forsgren and Associates.

DPMWD GM Gardner expressed the Distribution Main Condition Assessment Report should be ready for the next Committee meeting.

Carol Rose asked clarifying questions.

SSWD Director Wichert requested a copy of DPMWD's Consumer Confident Report.

DPMWD GM Gardner expressed it was on the DPMWD website.

6. **Condition Assessment of Del Paso Manor Water District Infrastructure**

DPMWD GM Gardner presented the staff report in combination with Agenda Item 5.

7. **Next Meeting Date and Time**

The Committee agreed to hold the next meeting of the DPMWD/SSWD 2x2 Committee on Tuesday, October 18, 2022, at 2:00 p.m.

SSWD Director Wichert requested to get a breakdown of each district's rates, to get an idea of how to align them.

8. **Public Comment**

Roy Wilson expressed he was interested in the MSR from DPMWD, inquiring if it would be available at the next meeting.

Adjournment

Chair Saunders adjourned the meeting at 3:09 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT

Agenda Item: 2

Date: October 18, 2022

Subject: Minutes of the October 11, 2022, DPMWD/SSWD 2x2 Committee Meeting

Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

Approve the draft minutes of the October 11, 2022, DPMWD/SSWD 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes



Minutes

Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meeting – Facilities Tour

Location:

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #899 1358 7209

Call to Order – Videoconference/Audioconference Meeting

SSWD Director Boatwright called the meeting to order at 1:00 p.m.

Roll Call

SSWD Directors

Present: Jay Boatwright.

SSWD Directors

Absent: Robert Wichert.

DPMWD Directors

Present: Carl Dolk and Ryan Saunders.

DPMWD Directors

Absent: None.

SSWD Staff Present: General Manager Dan York (SSWD GM York), Assistant General Manager Matt Underwood, Aaron Caudillo, Todd Artrip, and Heather Hernandez-Fort.

DPMWD Staff

Present: General Manager Alan Gardner (DPMWD GM Gardner).

Public Present: None.

Announcements

None.

Public Comment

None.

Items for Discussion and/or Action

- 1. Groundwater Facility Tour**

GM York presented the staff report.

The Committee toured the designated facilities in each agencies service area.

The Committee members thanked staff and one another for the tour.

Adjournment

SSWD Director Boatwright adjourned the meeting at 2:42 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 3

Date: October 18, 2022

Subject: Municipal Services Review Update

Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

No action. Information only.

Discussion:

General Managers York and Gardner will present a verbal update on the status of each agencies Municipal Services Review.

Agenda Item: 4

Date: October 18, 2022

Subject: Water Rate Comparison Analysis

Staff Contact: Jeff Ott, Director of Finance and Administration

Recommended Committee Action:

No action. Information only.

Discussion:

At the September 2022 2x2 Committee meeting, staff was directed to develop a water rate comparison between Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD). Staff have prepared an analysis of the current water rates for DPMWD and SSWD. DPMWD bills flat rate residential accounts bimonthly and non-residential accounts monthly. SSWD billing uses specific parcel sizes for flat rate billing and specific connection and meter sizes. As the two District's rates are dissimilar, several assumptions had to be made for application of SSWD rates against DPMWD accounts. Connection sizes are not available for most DPMWD accounts, therefore, assumptions will have to be made based on rate descriptions used and other related data. The assumptions are as follows:

Assumptions:

1. DPMWD's primary CIP rate code is "MA". This rate code is for all connections up to 1" and is the primary rate charged against residential accounts. This analysis assumes that these flat rate accounts (1,602) will be charged at a ¾" SSWD connection rate.
2. DPMWD's duplex CIP rate code is "ME". This rate code is for all duplex accounts (78) and assumes a 1" service size and will be charged at a 1" SSWD connection rate. There is no parcel size description for duplex rates (codes FG, FH, FI and FW) as there is for single family residential. As indicated below, 9,000 square feet will be used for duplex lot size for usage calculations.
3. There are a few 1-1/4" connections at DPMWD and will be charged at a 1" SSWD connection rate as SSWD does not have a 1-1/4" rate.
4. DPMWD has 19 special residential rates that affect 20 accounts. Service line size will be inferred from the related CIP Rate assigned to the account. There is no flat rate "usage" charge for these accounts based on parcel size as there is for other single family residential accounts.
5. Flat rate residential rates utilize lot size ranges (0 – 5,000; 5,001 – 8,000; 8,001 – 11,000, etc). SSWD bills flat rate usage based on actual lot size. For the analysis, the midpoint of the range will be used for the calculation except for the 0 – 5,000 range which will utilize 4,500. Utilizing SSWD's GIS, the average duplex parcel size in DPMWD is approximately 9,000 square feet. The duplex usage charge will assume a 9,000 square foot parcel.

The following tables break down the total rate charged for each customer category. The rates include all water charges for the customer category.

Water Rate Comparison Analysis

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Residential Flat Rates:

DPMWD Rate	DPMWD	SSWD	\$ Difference	% Difference
0 ft to 5000 ft RES	\$ 49.95	\$ 58.90	\$ 8.95	17.9%
5001 ft to 8000 ft RES	58.25	63.94	5.69	9.8
8001 ft to 11,000 ft RES	64.45	71.50	7.05	10.9
11,001 ft to 14,000 ft RES	70.65	79.06	8.41	11.9
14,001 ft to 17,000 ft RES	76.85	86.62	9.77	12.7
17,001 ft to 20,000 ft RES	83.10	94.18	11.08	13.3

The residential flat SSWD amounts include the \$2.52 per 1000 square foot charge based on assumption 5 above.

Residential Flat Special Rates:

DPMWD Rate	DPMWD	SSWD	\$ Difference	% Difference
SA: spec. (1")	\$ 111.65	\$ 47.56	\$ (64.09)	\$ (57.2)
SB: spec. (1-1/2")	99.23	140.51	41.29	41.6
SD: spec. (1")	110.75	47.56	(63.19)	(57.1)
SE: spec. (1-1/2")	136.53	140.51	3.98	2.9
SF: spec. (1")	113.30	47.56	(65.74)	(58.0)
SG: spec. (1")	113.65	47.56	(66.09)	(58.2)
SH: spec. (2")	188.90	220.16	31.26	16.5
SI: spec. (1-1/2")	138.93	140.51	1.58	1.1
SJ: spec. (1")	116.65	47.56	(69.09)	(59.2)
SK: spec. (1")	123.40	47.56	(75.84)	(61.5)
SL: spec. (2")	150.15	220.16	70.01	46.6
SM: spec. (1" + 1-1/4")	134.10	121.06	(13.04)	(9.7)
SN: spec. (1")	130.50	47.56	(82.94)	(63.6)
SO: spec. (1-1/2")	199.28	140.51	(58.77)	(29.5)
SP: spec. (2")	186.25	220.16	33.91	18.2
SQ: spec. (1")	199.55	47.56	(151.99)	(76.2)
SR: spec. (1")	212.05	47.56	(164.49)	(77.6)
SS: spec. (2")	248.75	220.16	(28.59)	(11.5)
SU: spec. (1")	126.65	47.56	(79.09)	(62.4)

The residential flat special rate SSWD amounts do not include the \$2.52 per 1000 square foot charge as the lot sizes are unknown (assumption 4).

Water Rate Comparison Analysis

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Duplex Flat Rates (9,000sf lot size):

DPMWD Rate	DPMWD	SSWD	\$ Difference	% Difference
duplex A	\$ 103.00	\$ 96.80	\$ (6.20)	(6.0)%
duplex B	109.25	96.80	(12.45)	(11.4)
duplex C	115.45	96.80	(18.65)	(16.2)
duplex B + 1" bootleg	154.03	164.72	10.70	6.9
duplex B & 1 1/4" sprinkler	240.13	170.92	(69.21)	(28.8)

The duplex flat SSWD amounts include the \$2.52 per 1000 square foot charge based on assumption 5 above.

Commercial Flat Rates:

DPMWD Rate	DPMWD	SSWD	\$ Difference	% Difference
commercial 3/4" x 5/8"	\$ 68.55	\$ 47.56	\$ (20.99)	(30.6)%
commercial 1"	85.90	74.12	(11.78)	(13.7)
commercial 5" + 1 - 2" + 8" fire	1,813.00	813.51	(999.49)	(55.1)

The commercial flat rate SSWD amounts do not include the \$2.52 per 1000 square foot charge as the lot sizes are unknown.

Metered Rates:

DPMWD Rate	DPMWD	SSWD	\$ Difference	% Difference
5/8" meter	\$ 38.15	\$ 34.29	\$ (3.86)	(10.1)%
3/4" meter	-	47.56	-	-
1" meter	60.85	74.12	13.27	21.8
1 1/2" meter	121.70	140.51	18.81	15.5
2" meter	194.70	220.16	25.46	13.1
3" meter	365.10	432.60	67.50	18.5
4" meter	608.50	671.59	63.09	10.4
6" meter	1,217.00	1,335.44	118.44	9.7
Meter Usage Rate	1.39	1.42	0.03	2.1

Fire Services:

DPMWD Rate	DPMWD	SSWD	\$ Difference	% Difference
4" fire protection	\$ 75.60	\$ 45.66	\$ (29.94)	(39.6)%
6" fire protection	151.20	90.87	(60.33)	(39.9)
8" fire protection	241.90	160.75	(81.15)	(33.5)
10" fire protection	347.75	251.14	(96.61)	(27.8)

Agenda Item: 5

Date: October 18, 2022

Subject: Condition Assessment of Del Paso Manor Water District Infrastructure

Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

No action. Information only.

Discussion:

Staff will provide an update on a Condition Assessment conducted by an outside consulting firm, Forsgren & Associates. The Condition Assessment was conducted on Del Paso Manor Water District's distribution system only. The consultant utilized Sacramento Suburban Water District's Distribution System Asset Management Plan criteria to determine condition of their distribution system.

Agenda Item: 6

Date: October 18, 2022

Subject: Infrastructure Tour Update

Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

No action. Information only.

Discussion:

On October 11, 2022, the 2x2 Committee members and staff conducted a tour of designated groundwater facilities in both the Del Paso Manor Water District and Sacramento Suburban Water District service areas. The facilities visited are listed below:

- DPMWD - Well #4
- DPMWD - Well 6B
- SSWD Well - 32A
- SSWD Well - 20A

The 2x2 Committee members will provide an update on their perspective of the tour.

Agenda Item: 7

Date: October 18, 2022

Subject: Combination – Milestones and Timelines

Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

Receive presentation and provide direction as appropriate.

Discussion:

Based on the outcome of previous 2x2 Committee meetings, it is appropriate to develop various timelines and milestones going forward in the analysis of a potential combination between Del Paso Manor Water District and Sacramento Suburban Water District.

Staff will present a PowerPoint presentation at the 2x2 Ad Hoc Committee meeting.

COMBINATION - MILESTONES AND TIMELINES

DEL PASO MANOR WATER DISTRICT AND
SACRAMENTO SUBURBAN WATER DISTRICT

OCTOBER 18, 2022

Dan York

General Manager

Sacramento Suburban Water District

DPMWD MISSION STATEMENT

To provide safe drinking water in accordance with California and federal regulations and to maintain a reliable water supply for water consumption and fire protection.

SSWD MISSION STATEMENT

To deliver a high quality, reliable supply of water and superior customer service at the lowest responsible water rate.

COMBINED VISION?

Provide a safe reliable water supply with increased service reliability and positive impacts to rate payers by spreading costs over a larger rate base and manage water supplies successfully, at the lowest responsible water rate.

2X2 COMMITTEE

- Vision, Mission, Core Values and Long Term Goals: Accepted at the August 20 2022, 2x2 Committee Meeting.
- Goals of 2x2 Committee: Complete transparency of budgets and financial standing, infrastructure conditions, and asset management assessment.
- Develop Timelines & Milestones

MISSION

Providing a long-term reliable water supply, at a reasonable rate, for the ratepayers is paramount.

CORE VALUES

Be open-minded and reduce barriers to collaboration or combination, and promote the process in a positive and professional manner.

GOALS – LONG TERM

Water supplies, synergies, economies of scale, financial benefits, operational efficiencies, increased access to capital at a lower cost, revenue stability, reduce exposure to regulatory penalties, improve planning and risk management, public outreach, maximize potential of existing and future infrastructure.

BENEFITS

Synergies:

- Increased water supply reliability

Financial Benefits:

- Economies of scale

- Revenue stability

- Increased access to capital at a lower cost

Operational Efficiencies:

- Reduced exposure to regulatory penalties

- Improved risk management

- Maximize infrastructure

KEY CONSIDERATIONS

- Combination Analysis
 - Water system assessment
 - System/infrastructure improvements
 - Physical interconnections
 - Financial evaluations
 - Revenue & Expenses
 - Rates
 - Staffing, personnel, positions
 - Benefits & Retirement
 - LAFCo/Division of Drinking Water
 - Governance
 - Board/Committees
 - Implementation Plan

KEY CONSIDERATIONS (CONT)

- High level analysis of combination:
- Water Supplies / Issues
- Municipal Service Reviews
- Condition Assessments
- Stakeholder / customer outreach
- Up-front costs
- Up-front and longer-term savings

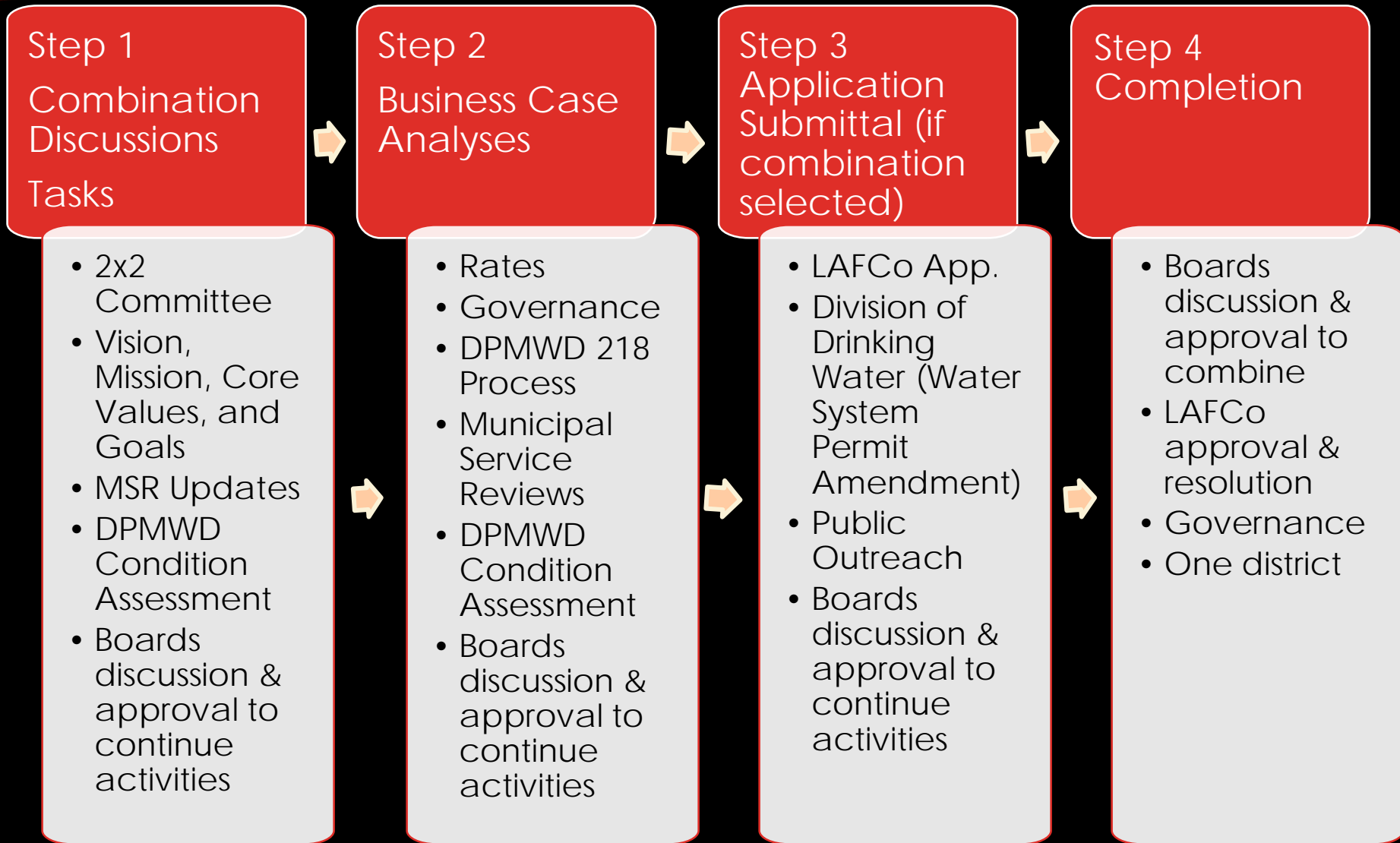
COMMUNICATION AND OUTREACH

Stakeholders

- Customers, LAFCo, Local, State and Federal Agencies, Regional Water Agencies, Employees

Summarize Comments/Concerns from Initial Outreach

ACTIVITY STEPS



TIMELINE

- July/August 2022 – Respective Boards made a decision to move forward with a 2X2 Committee
- Conducted 2x2 Committee meetings in August, September & October 2022.
- September/October 2022 – Municipal Service Review
- October/November 2022 – DPMWD Condition Assessments
- November/December 2022 – LAFCo Approval of Municipal Service Reviews
- December 2022 – Joint Board Meeting
- January 2023 – DPMWD / SSWD - Resolution to LAFCo to combine DPMWD into SSWD
- January 2023 – Apply for amended Water System Permit with Division of Drinking Water

DIRECTION/COMMENTS FROM 2X2 COMMITTEE

Staff would like direction on where to go from here