

Agenda Item: 1

Date: December 6, 2022

Subject: Minutes of the October 18, 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 18, 2022, DPMWD/SSWD 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes



Agenda

Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meeting Tuesday, October 18, 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 #883 2163 1576

Call to Order – Videoconference/Audioconference Meeting

DPMWD Director Saunders (Chair Saunders) called the meeting to order at 2:01 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, Todd Artrip, and Lynn Pham.

DPMWD Staff Present:

General Manager Alan Gardner (DPMWD GM Gardner).

Public Present: William Eubanks, Dave Jones, Gwyn Pratt, Craig Locke, Carol Rose, Roy Wilson, and Trish Harrington.

Announcements

Chair Saunders expressed he attended SSWD’s Open House and commented that it was an outstanding event.

Public Comment

None.

Consent Items

1. **Minutes of the September 20, 2022, DPMWD/SSWD 2x2 Committee Meeting**
2. **Minutes of the October 11, 2022, DPMWD/SSWD 2x2 Committee Meeting**

SSWD Director Wichert requested to pull Item 1.

Regarding Item 1, SSWD Director Wichert stated that under Item 4 of the Minutes of the October 11, 2022 meeting, he wanted to clarify that he was “surprised to see the SSWD bills were lower,” not the SSWD rates.

SSWD Director Boatwright moved to approve Item 1, including the edit requested by SSWD Director Wichert; DPMWD Director Dolk seconded. The motion passed by unanimous vote.

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

SSWD Director Boatwright moved to approve Item 2; SSWD Director Wichert seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

3. **Municipal Services Review Update**
SSWD GM York introduced the item and provided an update to SSWD’s Municipal Services Review (MSR).

DPMWD GM Gardner provided an update to DPMWD’s MSR, and expressed he was unsure when the report would be final.

4. **Water Rate Comparison Analysis**
Jeff Ott (Mr. Ott) presented the staff report and answered clarifying questions.

Chair Saunders thanked staff for the presentation.

5. **Condition Assessment of Del Paso Manor Water District Infrastructure**
DPMWD GM Gardner presented the staff report and answered clarifying questions, noting he planned to have the Condition Assessment completed as soon as possible.

6. **Infrastructure Tour Update**

SSWD GM York presented the staff report.

The Committee expressed their appreciation and stated it was a nice tour.

7. **Combination – Milestones and Timelines**

SSWD GM York presented the staff report, PowerPoint presentation, and answered clarifying questions.

SSWD Director Wichert suggested to move “Governance” from step 2 to step 3 in the Activity Steps in the PowerPoint presentation, as he felt it would be more appropriate before an application was sent to LAFCo.

Discussion ensued regarding what the Combination would be called.

SSWD GM York expressed it is usually more beneficial to keep the higher governance structure.

The Committee agreed to have discussions with both full Boards on the Committee progress, to possibly look for approval to continue.

Chair Saunders pointed out that it will be important to find out the rates and costs, as well as benefits to both districts. He requested to provide further data at the next meeting of the Committee.

Discussion ensued regarding the general process of how a Combination could work.

Chair Saunders requested to have a clear definition on how the Combination process works presented at the next meeting of the Committee.

SSWD GM York expressed he would take a look at slide 14 of the PowerPoint presentation, the Timeline, and rearrange where the 218 process would go.

SSWD GM York inquired what the Committee would like to do about their thoughts on a communications plan going forward.

DPMWD GM Gardner expressed communication to customers is important.

The Committee agreed to bring back an item to the next meeting on communication.

Trish Harrington asked clarifying questions.

Roy Wilson (Mr. Wilson) asked some clarifying questions, inquired what this process was called, and requested to not change the term, once it is established.

SSWD GM York stated that for now, the term is Combination, noting it might change in the future.

Mr. Wilson inquired about the fluoride status and the Committees feelings on fluoride.

SSWD Director Wichert expressed he felt that fluoride was a disadvantage to the District, as half of the District is fluoridated, and half is not. He further expressed that he felt irrigating with fluoride was a waste of money.

William Eubanks (Mr. Eubanks) expressed he felt the timeline was not accurate, recommended the Committee begin communicating to customers in both Districts, and expressed he didn't believe the customers of DPMWD would be interested in a Combination.

8. **Next Meeting Date and Time**

The Committee agreed to attempt to hold the next meeting in November, at 2:00 p.m., if possible.

9. **Public Comment**

Mr. Eubanks expressed his displeasure with the fact that the customers in the South Service Area were not able to receive water from the North Service Area due to the District's fluoridation agreement.

Adjournment

Chair Saunders adjourned the meeting at 3:34 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 2

Date: December 6, 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:

DPMWD General Manager Gardner will provide an update on a Condition Assessment (see Attachment 1) conducted by an outside consulting firm, Forsgren & Associates, on DPMWD's distribution system. The consultant utilized SSWD's Distribution System Asset Management Plan criteria to determine the condition of their distribution system.

Attachment

1. Condition Assessment

TECHNICAL MEMORANDUM

Prepared for: **Del Paso Manor Water District**
Prepared by: **Forsgren Associates, Inc.**
Updated: **November 30, 2022**
Subject: **Distribution System Risk Assessment – Indirect Method**

Background

The Del Paso Manor Water District (DPMWD) and the Sacramento Suburban Water District (SSWD) are evaluating a potential merger between the two Districts, wherein DPMWD would become part of SSWD. As part of this evaluation the Districts wish to understand the condition of the DPMWD distribution system, and how it compares to the condition of the SSWD distribution system. To accomplish this, DPMWD tasked Forsgren Associates, Inc. (Forsgren) with preparing a Risk Assessment of the DPMWD distribution system.

This technical memorandum documents the procedures used to perform the risk assessment, the results of the risk assessment, and a comparison of results between the DPMWD and SSWD systems.

Procedure

In order for a reasonable comparison to be made between the two Districts' distribution systems, it was agreed that Forsgren would follow the same procedure for the DPMWD risk assessment as SSWD had followed in the development of its Asset Management Plan (AMP) adopted by the SSWD Board of Directors in November of 2005 and updated in August of 2019.

To assist with this risk assessment, SSWD shared the data analysis tool (DAT) that was used to perform the risk assessment that serves as the basis for their AMP. This analytical tool considers pipeline age, type, size, location, crossings, and leak history, as well as valve spacing, customer type and the level of fire protection coverage provided in each area. These evaluation criteria are organized into three category groupings, Consequence of Failure (COF), Likelihood of Failure (LOF), and a Safety Factor (SF) for fire protection coverage.

Details of the evaluation criteria and categories have been described extensively in the AMP, and Forsgren worked closely with SSWD staff to ensure that the same logic, judgement, and methodology that was applied to the SSWD risk assessment was also applied to the DPMWD risk assessment. The risk assessment was refined through multiple iterations as anomalies related to DPMWD's size, age, record keeping, and pipe materials were uncovered. Discussions were held with SSWD prior to each iteration to determine appropriate normalization procedures to make the comparison between the two districts as reflective of real-world conditions as possible.

Area Delineation

The first step in preparing the Risk Assessment was to divide the District's distribution system into geographic areas that were similar in terms of pipeline age and material. The 2009 DPMWD Master

Plan called for the replacement of the distribution system, with the system divided into five geographic areas based on the sequencing of the District's construction, and hence, of pipeline age. Based on discussions with SSWD, the areas in their AMP were sized such that it would be feasible to replace all of the distribution piping in a given area within one year. The five DPWWD geographic areas fall comfortably within the size range of the SSWD areas. These five geographic areas were adopted as a first cut for the Risk Assessment.

As part of the Master Plan implementation, approximately 4,000 ft of pipe in the DPMWD Area 1 had been replaced in 2011. Accordingly, this area with the newer pipe was delineated from Area 1, and designated as a 6th area, Area 1B. Though much smaller than the other DPMWD areas, Area 1B is distinct in terms of the age and condition of its pipe, and still falls within the size range of the SSWD areas. Figure shows the aforementioned five areas, with the addition of Area 1B.

Data Collection and Entry

The data used for evaluation was collected from DPMWD files, hydraulic models, physical observation, conversations with DPMWD Staff, Google Maps, GIS, and plat maps filed with Sacramento County. The data collection and entry procedures for each evaluation criteria are listed below:

Pipe Damage: Data used in the pipe damage evaluation included pipe material and length. The District's hydraulic model, plat maps and verbal verification with District staff were the sources for this information. This data was entered in the DAT without modification.

Pipe Diameter: Data used in the pipe diameter evaluation included pipe diameter and length. The District's hydraulic model and plat maps were the primary sources of data for the evaluation of pipe diameter. This data was entered in the DAT without modification.

Customer Type: Customer type was divided into two categories, commercial, and non-commercial. Customer billing information, Google/GIS mapping, and District Staff were used as sources to determine locations of different customer types. The number of service connections for each customer type was determined for each area and this data was entered into the DAT without modification.

Crossings: GIS mapping shows that DPMWD is not adjacent to any freeways or railroad lines, so it was assumed that crossings of this type were non-existent in the District. One creek crossing was found, and District staff verified that this is the only crossing that exists in the District. This crossing was found in Area 5.

Valve Spacing: The primary source of data for the number and location of isolation valves in the District were Plat maps of the original development. Some of these locations were verified by the Hydraulic Model, and District Staff; however, many of these valves are in backyards, and District Staff was unsure of exact locations. Pipeline lengths and number of valves for each area were entered in the DAT without modification.

Main Location: The primary source of data to determine the locations of mains were Plat Maps and the Hydraulic Model. Most of the District’s mains are located in back yards. These locations were well documented, and the information was entered into the DAT without modification.

Pipe Age: The primary sources of data for pipe age data were Plat Maps, the Hydraulic Model, and construction records of pipeline replacement projects. The age of the distribution piping for each area was entered into the DAT without modification.

Pipe Material: This data was the same data collected for the “Pipe Damage” evaluation criteria and was entered into the DAT without modification.

Failure Rate: DPMWD Leak Logs were the primary source of data used for the Failure Rate evaluation. Detailed Leak Logs were available from 1970-1979, and from 2008-2022. In evaluating these logs, care was taken to determine whether leaks were coming from service lines or mains, and whether they were caused due to pipeline condition, or external forces such as digging equipment or tree roots.

Hydrant Coverage: The primary source of data used to evaluate Hydrant coverage was physical observation. Fire hydrants were physically counted, and their type was differentiated between wharf and steamer hydrants. Their locations and type were mapped, and the hydrants were further differentiated based on residential or commercial service areas. A GIS Map was produced with all hydrant locations, and their service radii based on commercial or residential use was mapped, and service areas calculated. The uncovered area and total area of each area was entered into the DAT without modification.

Wharf Hydrants: The primary source of data used to evaluate the number of wharf hydrants was physical observation. Hydrants were counted, differentiated, and mapped, and the number and type of hydrant for each area was entered in the DAT without modification.

Data Evaluation and Adjustment

Once the raw data had been entered, the results were evaluated for reasonableness, and to determine if there were anomalies. This was an iterative process, requiring re-checking the raw data, re-checking the entered data, discussion with DPMWD staff, and discussion with SSWD for virtually each of the iterations. This process yielded several key adjustments that needed to be made in order to reasonably compare the condition of the two distribution systems. These adjustments are described below:

Crossings: Due to the “all or nothing” comparison of other areas in the District to Area 5, a normalization equation was required to make the crossing data comparable to the SSWD AMP. SSWD normalization values were used for the second iteration of this evaluation, and the procedure was discussed with SSWD engineers.

Leak History: After discussion with SSWD, leaks on service lines or caused by external forces were eliminated from consideration, as were leaks in pipes that were 2 inches or less in diameter. In leak events where exact causes or location details of the leaks were not documented, a conservative approach was taken, and it was assumed that the leak was on a main and due to pipeline condition. Due to this approach, and DPMWD’s extensive documentation of historic leaks, the scoring for this

evaluation criteria is likely to reflect poorly on the District compared to areas in SSWD where historic record keeping may not have been so robust. Discussions of this anomaly were held with SSWD staff; however, the conservative approach was still exercised when determining the leak information entered in the DAT.

Hydrant Coverage: The methods used to determine hydrant coverage areas were thoroughly discussed with SSWD, and SSWD provided examples of the hydrant coverage maps used to score their areas.

Area Adjustments: During preliminary iterations of the assessment, it was apparent that Area 1 was a high-risk area, in fact, this area ranked highest of all the areas in both districts. Approximately 4,000 ft of pipeline had been replaced in Area 1, and this new distribution piping was not accurately reflected in an aggregate scoring of Area 1. A new area, Area 1B was developed to account for this new low-risk piping. While the delineation of Area 1B raised the overall risk score of Area 1, it also reflects improvements made to the distribution system that were not otherwise captured. Discussions were held with SSWD to this end, and it was determined that the addition of Area 1B helps paint the true picture of DPMWD's condition.

Ranking

The numerical ranking results are shown on the first page of Attachment A. Areas are shown in order of rank, with higher numbers representing a higher risk and higher need for maintenance. The three white columns on the right (from left to right) show the ranking within DPMWD, ranking compared with SSWD rankings, and the length of distribution piping for each area. The length of distribution piping was included to provide a sense of scale for each area. Tables for each evaluation criteria are also included in Attachment A.

Several repeating themes throughout the District have led to similar scores across all the evaluated areas. Pipeline mains located in back yards, age, and the number of isolation valves led to consistently high rankings across all areas in the District in the corresponding categories.

As expected, Area 1 was ranked highest due to its age, history of leaks, pipe material, and the number of wharf hydrants. Not only was Area 1 ranked the highest within the DPMWD, it was ranked the highest when compared to all of the projects in the SSWD AMP. This ranking was exacerbated with the creation of Area 1B that removed all the piping from Area 1 that produced favorable ranking results from both a likelihood of failure, and consequence of failure perspective.

Area 1 scored well (lower) in most of the COF categories such as pipe diameter, customer type, crossings, and valve spacing, however, these results were offset by the double weighting of the pipe damage, pipe material and failure rate categories. As a note, the pipe damage and pipe material categories, which are both doubly weighted, are entirely based on pipeline materials. The pipe damage category evaluates the materials from a COF standpoint, and the pipe material views the materials from a LOF standpoint. This double counting means that Area 1 is doubly penalized for its steel pipe because both the consequence and likelihood of failure of this material increase overall risk of failure. Additionally, it is not surprising to see a high number of failures (leaks) over the 70-year-old life of the Area 1 piping.

Comparison with SSWD

The areas selected for evaluation share many similar characteristics with areas evaluated in the SSWD AMP. Accounting for geographic area, quantity of distribution pipe, material type, and size of pipe allowed for a reasonable comparison to be made between the two districts. Rankings for All of the DPMWD areas with the exception of Areas 1 and 1B are distributed somewhat normally throughout the top 100 areas ranked in the SSWD AMP. The high overall ranking for Area 1 was not surprising due to the age of pipe and material that make up that portion of the distribution system.

Due to DPMWD's high ratio of non-commercial to commercial users, the diameter of pipe found throughout the district, and the low number of crossings, most of the DPMWD areas scored very well in the COF category when compared with SSWD areas. None of the DPMWD areas including Area 1 rank in the top 10 SSWD scores for COF. However, all of the DPMWD areas except for Area 1B rank relatively high compared to SSWD rankings in the LOF category. This suggests that while the likelihood of failure for most of the DPMWD areas is high, the consequence of such failure would not be as catastrophic as it would be in areas with larger mains, higher number of commercial users, and a higher number of road, creek, and railroad crossings.

DPMWD's SF score compared favorably with SSWD's scores, even though DPMWD has a high number of wharf hydrants. There were only three possible hydrant coverage scores, and none of DPMWD's areas scored earned the high score.

It should be noted when comparing DPMWD rankings to SSWD rankings, that there are several areas in the SSWD AMP, where pipelines of similar age and material scored very low in the "failure rate" category. This could be due to poor record retention during consolidation with other Districts, a less conservative approach with regard to which leaks should be entered in the DAT, and differences in record keeping methodology between the two Districts.

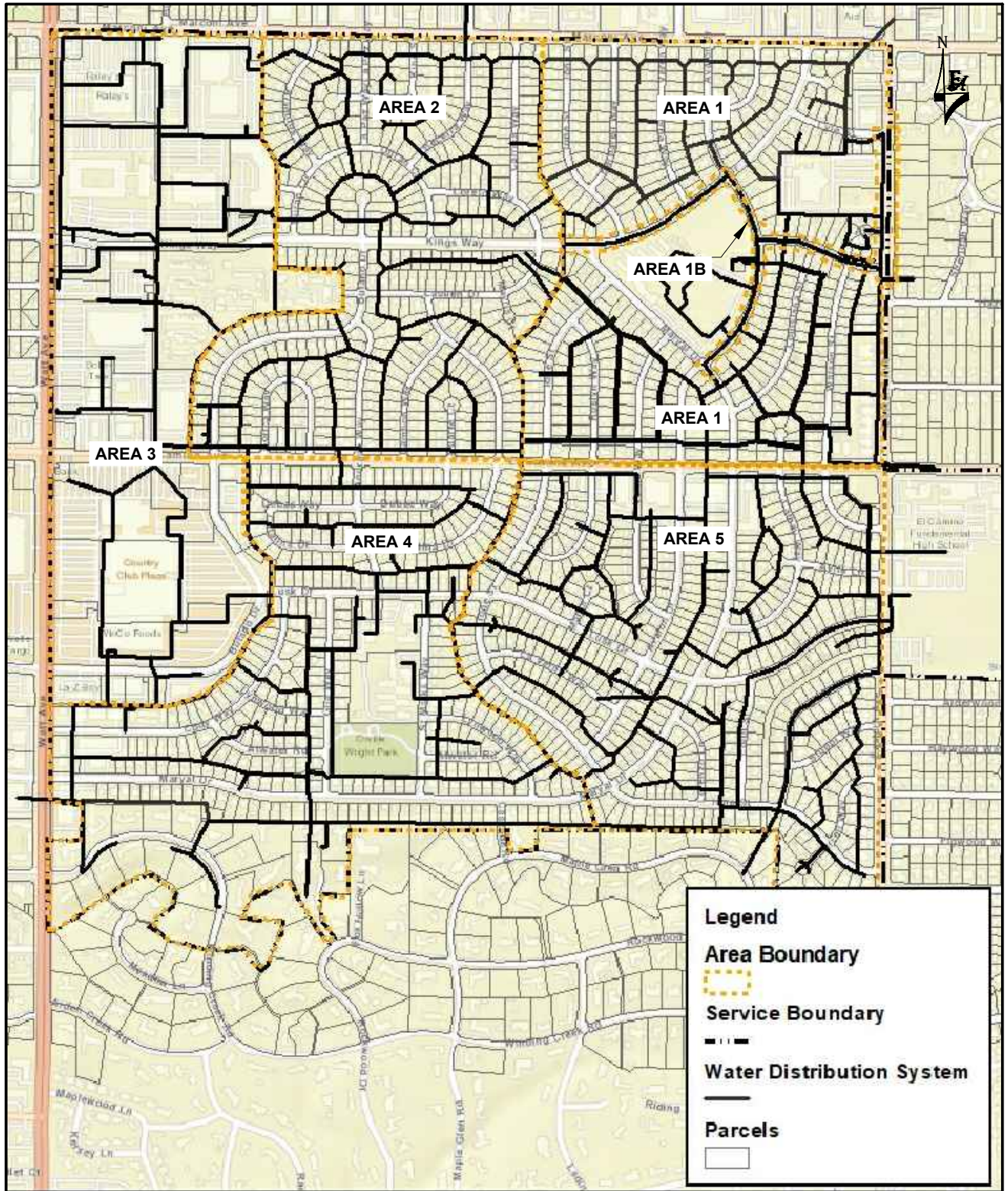


FIGURE 1: RISK ASSESSMENT AREAS

DISTRIBUTION SYSTEM RISK ASSESSMENT



**Distribution Main
Risk of Failure Ranking**

Area	Consequence of Failure (COF)					Likelihood of Failure (LOF)				Risk of Failure (ROF) (0-1)			Safety Factors			Total Score	DPMWD Ranking Rank	SSWD Ranking Rank	Pipe Length Feet
	<i>Doubly Weighted</i>	<i>Normally Weighted</i>				<i>Normally Weighted</i>		<i>Doubly Weighted</i>		(COF x LOF)			<i>Doubly Weighted</i>	<i>Normally Weighted</i>	<i>Sum 15</i>				
	Pipe Damage (2-10)	Pipe Diameter (1-5)	Customer Type (1-3)	Crossings (1-5)	Valve Spacing (1-2)	Main Location (1-2)	Pipe Age (1-5)	Pipe Material (2-10)	Failure Rate (2-10)	COF Score	LOF Score	ROF Score	Hydrant Coverage (2-10)	Wharf Hydrants (1-5)	Safety Score				
1	8.9	2.1	1.1	1	1	2	5	9.0	10	0.427	0.950	0.406	2	4	0.250	0.507	1	1	27,735
3	3.8	3.3	1.7	1	2	2	4	6.2	6	0.305	0.579	0.177	2	1	0.000	0.177	2	29	22,761
5	2.0	2.1	1.1	2	2	2	5	7.6	6	0.165	0.695	0.115	2	5	0.333	0.153	3	38	30,305
2	2.0	1.9	1.0	1	2	2	5	7.0	6	0.101	0.665	0.067	6	5	0.667	0.112	4	61	24,162
4	2.4	2.1	1.0	1	2	2	5	7.7	2	0.133	0.509	0.067	6	3	0.500	0.101	5	74	21,288
1B	2.0	4.8	1.7	1	1	1	1	2.0	2	0.233	0.000	0.000	2	1	0.000	0.000	6	186	3,980

Del Paso Manor Water District
Pipe Diameter Score

Area	Total Length Within Area [feet]	Pipe Diameter [inches]	Length of Diameter [feet]	Diameter Within Area [%]	Diameter Score	Weighted Score	Total Weighted Score
1	27,735	4	3,955	14.3	1	0.1	2.1
		6	17,573	63.4	2	1.3	
		8	4,948	17.8	3	0.5	
		10	1,259	4.5	4	0.2	
					5		
2	24,162	4	5,301	21.9	1	0.2	1.9
		6	15,694	65.0	2	1.3	
		8	3,076	12.7	3	0.4	
		10	91	0.4	4		
		12			5		
3	22,761	4			1		3.3
		6	6,914	30.4	2	0.6	
		8	5,730	25.2	3	0.8	
		10	6,644	29.2	4	1.2	
		12	3,473	15.3	5	0.8	
4	21,288	4	1,317	6.2	1	0.1	2.1
		6	16,016	75.2	2	1.5	
		8	3,955	18.6	3	0.6	
		10			4		
		12			5		
5	30,305	4	5,503	18.2	1	0.2	2.1
		6	17,422	57.5	2	1.1	
		8	7,380	24.4	3	0.7	
		10			4		
		12			5		
1B	3,980	4			1		4.8
		6			2		
		8			3		
		10	950	23.9	4	1.0	
		12	3,030	76.1	5	3.8	

**Corresponding score in Appendix A is doubly weighted*

Del Paso Manor Water District
Pipe Damage Score

Area	Total Length Within Area [feet]	Material	Length of Material [feet]	Material Within Area [%]	Material Score	Weighted Score	Total Weighted Score*
1	27,735	ACP	1,577	6	1	0.1	4.4
		CIP			1		
		DIP	2,387	9	1	0.1	
		MLS			5		
		ODS	22,650	82	5	4.1	
		PVC	1,121	4	5	0.2	
		UNK			1		
2	24,163	ACP	20,029	83	1	0.8	1.0
		CIP			1		
		DIP	4,134	17	1	0.2	
		MLS			5		
		ODS			5		
		PVC			5		
		UNK			1		
3	22,761	ACP	12,760	56	1	0.6	1.9
		CIP			1		
		DIP	5,016	22	1	0.2	
		MLS			5		
		ODS	1,341	6	5	0.3	
		PVC	3,644	16	5	0.8	
		UNK			1		
4	21,288	ACP	19,844	93	1	0.9	1.2
		CIP			1		
		DIP	459	2	1	0.0	
		MLS			5		
		ODS			5		
		PVC	985	5	5	0.2	
		UNK			1		
5	30,305	ACP	28,239	93	1	0.9	1.0
		CIP			1		
		DIP	2,066	7	1	0.1	
		MLS			5		
		ODS			5		
		PVC			5		
		UNK			1		
1B	3,980	ACP			1		1.0
		CIP			1		
		DIP	3,980	100	1	1.0	
		MLS			5		
		ODS			5		
		PVC			5		
		UNK			1		

Del Paso Manor Water District
Customer Type Score

Rank	Area	Commercial Accounts	Non-Commercial Accounts	Total Accounts in Area	Percent Commercial	Percent Non-Commercial	Percent Total	Score
2	1	29	415	444	6.5	93.5	100	1.1
1	2	0	380	380	0.0	100.0	100	1.0
3	3	55	92	147	37.4	62.6	100	1.7
1	4	5	408	413	1.2	98.8	100	1.0
2	5	21	488	509	4.1	95.9	100	1.1
3	1B	1	2	3	33.3	66.7	100	1.7

Del Paso Manor Water District
Crossing Score

Area	Creek Crossings	Freeway Crossings	Railroad Crossings	Creek Crossing Score	Freeway Crossing Score	Railroad Crossing Score	Sum of Crossing Scores	Normalized Score
1	0	0	0	3	1	1	5	1
2	0	0	0	3	1	1	5	1
3	0	0	0	3	1	1	5	1
4	0	0	0	3	1	1	5	1
5	1	0	0	4	1	1	6	2
1B	0	0	0	3	1	1	5	1

Del Paso Manor Water District
Pipe Material Score

Area	Main Location	Score
1	Backyard	2
2	Backyard	2
3	Backyard	2
4	Backyard	2
5	Backyard	2
1B	Frontyard	1

Del Paso Manor Water District
Valve Spacing Score

Area	Number of Isolation Valves	Main Length [feet]	Valves Per 500'	Score
1	84	27,735	1.5	1
2	43	24,162	0.9	2
3	25	22,761	0.5	2
4	25	21,288	0.6	2
5	51	30,305	0.8	2
1B	16	3,980	2.0	1

Del Paso Manor Water District
Pipe Material Score

Area	Total Length Within Area [feet]	Material	Length of Material [feet]	Material Within Area [%]	Material Score	Weighted Score	Total Weighted Score*
1	27,735	ACP	1,577	5.7	4	0.2	4.5
		ODS	22,650	81.7	5	4.1	
		CIP			3		
		DIP	2,387	8.6	1	0.1	
		MLS			3		
		PVC	1,121	4.0	2	0.1	
		UNK			4		
2	24,163	ACP	20,029	82.9	4	3.3	3.5
		ODS			5		
		CIP			3		
		DIP	4,134	17.1	1	0.2	
		MLS			3		
		PVC			2		
		UNK			4		
3	22,761	ACP	12,760	56.1	4	2.2	3.1
		ODS	1,341	5.9	5	0.3	
		CIP			3		
		DIP	5,016	22.0	1	0.2	
		MLS			3		
		PVC	3,644	16.0	2	0.3	
		UNK			4		
4	21,288	ACP	19,844	93.2	4	3.7	3.8
		ODS			5		
		CIP			3		
		DIP	459	2.2	1	0.0	
		MLS			3		
		PVC	985	4.6	2	0.1	
		UNK			4		
5	30,305	ACP	28,239	93.2	4	3.7	3.8
		ODS			5		
		CIP			3		
		DIP	2,066	6.8	1	0.1	
		MLS			3		
		PVC			2		
		UNK			4		
1B	3,980	ACP			4		1.0
		ODS			5		
		CIP			3		
		DIP	3,980	100.0	1	1.0	
		MLS			3		
		PVC			2		
		UNK			4		

Del Paso Manor Water District
Pipe Age Score

Area	Total Length Within Area [feet]	Material	Average Age [years]	Length of Material [feet]	Material Within Area [%]	Weighted Age [years]	Total Weighted Age	Total Weighted Score
1	27,735	ACP	73	1,577	5.7	4.2	66.3	5
		CIP						
		DIP	25	2,387	8.6	2.2		
		ODS	73	22,650	81.7	59.6		
		PVC	10	1,121	4.0	0.4		
		UNK						
2	24,163	ACP	72	20,029	82.9	59.7	72.0	5
		CIP						
		DIP	72	4,134	17.1	12.3		
		ODS						
		PVC						
		UNK						
3	22,761	ACP	67	12,760	56.1	37.6	58.2	4
		CIP						
		DIP	67	5,016	22.0	14.8		
		ODS	73	1,341	5.9	4.3		
		PVC	10	3,644	16.0	1.6		
		UNK						
4	21,288	ACP	67	19,844	93.2	62.5	64.4	5
		CIP						
		DIP	67	459	2.2	1.4		
		ODS						
		PVC	10	985	4.6	0.5		
		UNK						
5	30,305	ACP	67	28,239	93.2	62.4	67.0	5
		CIP						
		DIP	67	2,066	6.8	4.6		
		ODS						
		PVC						
		UNK						
1B	3,980	ACP					12.0	1
		CIP						
		DIP	12	3,980	100.0	12.0		
		ODS						
		PVC						
		UNK						

Del Paso Manor Water District
Hydrant Coverage Score

Replacement Area	Area W/O Coverage [sq. feet]	Total Area [sq. feet]	Unprotected Percent	Score*
1	61,855	5,749,920	1.1	1
2	357,192	4,748,040	7.5	3
3	0	5,314,320	0.0	1
4	657,756	5,837,040	11.3	3
5	210,830	5,619,240	3.8	1
1B	0	10,000	0.0	1

*Corresponding score in Appendix A is doubly weighted

Del Paso Manor Water District
Failure Rate Score

Rank	Area	Number of Leaks	Main Length [feet]	Leaks per Mile	Score*
1	1	42	27,735	8.00	5
2	2	7	24,162	1.53	3
2	3	8	22,761	1.86	3
3	4	2	21,288	0.50	1
2	5	9	30,305	1.57	3
3	1B	0	3,980	0.00	1

**Corresponding score in Appendix A is doubly weighted*

Del Paso Manor Water District
Wharf Hydrant Score

Replacement Area	Steamers	Wharfs	Total Hydrants	Percent Wharfs	Score
1	18	31	49	63.3	4
2	3	27	30	90.0	5
3	55	0	55	0.0	1
4	12	18	30	60.0	3
5	7	29	36	80.6	5
1B	10	0	10	0.0	1

Agenda Item: 3

Date: December 6, 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.

DPMWD's Draft Municipal Services Review Document can be found at the below link:

<https://www.delpasomanorwd.org/files/ac15f6273/Municipal+Services+Review+%28MSR%29+%E2%80%93+DPMWD+Public+Review+Draft.pdf>

Agenda Item: 4

Date: December 6, 2022

Subject: Del Paso Manor Water District Board Direction on Combination Discussion and Proposition 218 Process

Staff Contact: Dan York, SSWD General Manager

Recommended Committee Action:

No action. Information only.

Discussion:

DPMWD Director Saunders will provide an update on DPMWD's Board of Directors direction at their November 7, 2022 regular Board meeting regarding both the DPMWD / SSWD Combination discussion and DPMWD's Proposition 218 process that is currently in development.

Agenda Item: 5

Date: December 6, 2022

Subject: Combination Benefits – Rates, Costs, Operations

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

Recommended Committee Action:

No action. Information only.

Discussion:

At the October 18, 2022 2x2 Committee meeting, staff was directed to develop talking points related to the Combination discussions in regards to water rates, costs associated with a Combination, and operations. Below are talking points associated with those topics:

Revenues and Assets:

DPMWD and SSWD rates yield similar financial results based on the analysis reported at the September 2022 2x2 Committee meeting. Utilizing the facts and assumptions from the internal Financial Analysis, revised DPMWD revenue recalculated with SSWD rates would be approximately \$2,146,856, compared to \$2,014,464, an increase of approximately \$132,000 or 6.6%. The increase from September 2022 is related to additional details obtained for special flat rate accounts on twenty large residential flat rate parcels in DPMWD, which are between 32,000 – 87,000 Sq Ft.

Utilizing the SSWD calculated revenue number of \$2,146,856; the following results could potentially be realized:

1. DPMWD residential revenues are approximately \$1,329,000 annually compared to SSWD based revenues calculated at approximately \$1,463,000, a \$134,000 (10.0%) increase. As discussed below, residential revenues based on SSWD usage trends and rates should decrease as accounts transition to meters.
2. DPMWD non-residential revenues are approximately \$685,000 annually compared to SSWD based revenues calculated at approximately \$683,000, a \$1,800 (0.3%) decrease.
3. Approximately \$1,003,000 of DPMWD total water revenues will be available to cover CIP, meter capital and debt service costs. Debt service costs are scheduled to be approximately \$324,000 per year through 2040. This leaves approximately \$679,000 available for CIP and meter capital spending annually.

In addition, SSWD recalculated DPMWD's residential flat rate revenues (1,689 accounts) assuming ¾" meters and meter rates and using SSWD's 2021 average monthly usage for residential ¾" meters. This is to model what DPMWD residential revenue could look like when fully metered and on SSWD rates with SSWD's average consumption. The calculated metered residential revenue is approximately \$1,299,000 vs \$1,463,000 using SSWD's flat rates, a decrease of \$164,000.

DPMWD’s net capital assets are \$4,812,584 (\$2,680 per account) as of June 30, 2021, and have decreased 19% since June 30, 2015. SSWD’s net capital assets are \$309,062,185 (\$6,835 per account) as of December 31, 2021, and have increased by 9% since December 31, 2015.

DPMWD has higher per account investments (reserves) than SSWD (\$1,251 vs \$920). It’s assumed that most of this is related to DPMWD’s Maintenance Fund assets. As of June 30, 2021, there was approximately \$1.45 million in the DPMWD Maintenance Fund reserved for capital investment. Looking at operating reserves, the two districts are comparable, \$635 for DPMWD compared to \$658 for SSWD. The difference is approximately \$41,000.

Expenditures and Liabilities:

1. SSWD’s O&M ratio per account is lower than DPMWD’s (\$483 vs \$641) due to the larger account base in which to spread out O&M costs. Utilizing SSWD’s O&M expense ratio of \$483 per account, DPMWD’s annual O&M contribution would be approximately \$867,000, leaving approximately \$276,000 of surplus funds available for additional maintenance or CIP spending. Utilizing DPMWD’s O&M expense ratio, the annual O&M contribution would be approximately \$1,151,000, leaving an approximate \$6,700 deficit.
2. Approximate expenditure savings could be realized for the following DPMWD expenses. Portions, if not all, of certain expense amounts will be reduced.

Expense Type	2023 Amount	Budget
GM Salary/Benefits	\$118,000	
Insurance	\$47,000	
Audit	\$12,000	
Legal	\$236,000	
Association Dues	\$57,600	
Prof Admin/Regulatory	\$106,700	
Approximate Total	\$577,300	

3. DPMWD entered into a new office lease agreement in 2022, with a termination year of 2027. The annual cost for 2023 is approximately \$30,120, with a 5% annual escalation clause. Need to verify if there is a termination clause in the agreement.
4. Both DPMWD and SSWD are CalPERS members for pension. Both agencies have the CalPERS Classic 2.0% @ 55 and PEPR 2.0% @ 62 Miscellaneous Plans. DPMWD’s pension as of June 30, 2021 is ~77% funded compared to SSWD pension which is ~88% funded as of December 31, 2021. The difference in funding equates to approximately \$64,000.
5. Both agencies have OPEB plans. DPMWD only covers medical where SSWD covers medical, dental and vision. The vesting schedule is the same, 10 years required, 50% for 10 years, an additional 5% for each additional year of service up to 100%.

6. As of June 30, 2022, DPMWD has outstanding debt of \$4,347,000, or \$2,420 per account, and annual debt service of approximately \$324,000, or \$180 per account, fully amortized in 2040. SSWD has outstanding debt of \$53,345,000, or \$1,180 per account, and annual debt service of approximately \$7,000,000, or \$155 per account, fully amortized in 2031.
7. DPMWD Capital investment:
 - a. Meters - There exists approximately 1,689 flat rate accounts that will need to be metered by 2030. The range in cost is approximately \$5.0 million to \$6.0 million depending on condition of existing services and quantity retrofitted annually.
 - b. Main Replacement - Area 1 from the DPMWD Distribution System Risk Assessment – Indirect Method consists of 27,735 feet of distribution system (5.25 miles) that is predominantly 73 years old, and ranks higher than the number 1 SSWD-ranked main replacement area. This indicates some urgency in replacement timing. Current cost of main replacement projects of this size are approximately \$15.0 million.
 - c. Production Facilities – Additional information is needed to determine necessary rehabilitation or replacement. Pending condition assessment of production facilities.

Operational Benefits

Higher levels of customer service to DPMWD customers is anticipated by combining resources, allowing more specialization of staff, greater levels of scale efficiency, and new or expanded services. Larger agencies have more opportunities for specialized roles in the organization, whereas at smaller agencies employees have to wear many hats. For example, SSWD has role specialization in the following areas:

- Environmental and Environmental Compliance
- Human Resources
- Safety/Risk
- Finance
- Water Conservation
- Engineering
- Information Technology
- Geographic Information System
- Facilities and Fleet
- Purchasing and Inventory

Operational Scenarios

It is anticipated that if the two agencies combine, operation of the water systems would transition from operating independently to full integration over multiple years utilizing a phased approach.

Phase 1

Apply for a State Water Resources Control Board, Division of Drinking Water (DDW) Water Supply Permit amendment for SSWD to operate DPMWD independently. The three interties would remain in the closed position, and would only open automatically to deliver water in emergency situations based on loss of pressure.

Phase 2

The three interties would be opened to allow SSWD water to enter into the DPMWD system. This scenario would require another DDW Water Supply Permit amendment. The SSWD water delivered to DPMWD may be groundwater, surface water, or a blend of the two, depending on sources of supply at the time of delivery. SSWD's South Service Area is fluoridated. DPMWD's system is non-fluoridated. In the Phase 2 scenario, the water being delivered to DPMWD customers would be a blend of fluoridated and non-fluoridated water, considered "sub-optimal" fluoridation since it would be below the fluoride control range established by DDW. Serving customers water with "sub-optimal" fluoridation is allowed by DDW, but requires notification to the customers receiving the water.

Phase 3

This is the fully integrated phase, where both water systems are combined into a single system operating under a combined DDW Water Supply Permit. In addition to the three interties, additional connections would be made between the two water systems at select locations based on desired system hydraulics. If SSWD is providing fluoridated water to customers in the SSA at this time, DPMWD well sites would be retrofit to allow for fluoridation capabilities. It is anticipated that the combined water system would continue to practice conjunctive use, the coordinated management of surface water and groundwater supplies to maximize the yield of the overall water resource.

Agenda Item: 6

Date: December 6, 2022

Subject: Combination Communications Plan

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

Recommended Committee Action:
Receive staff presentation and direct staff as appropriate.

Discussion:
Sacramento Suburban Water District and Del Paso Manor Water District have initiated discussions that explores Combination opportunities between the two agencies. The goal is to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service. At the October 18, 2022 2x2 Committee meeting, staff was directed to develop a draft Communications Plan to address public outreach regarding the subject discussions. Attached to this staff report is a Draft Communications Plan that identify outreach phases and options for communicating the Combination discussions to internal and external stakeholders.

Draft – Communications Plan

Outreach Outline for Del Paso Manor Water District and Sacramento Suburban Water District

OUTREACH PHASES AT A GLANCE

PHASE 1: Combination Discussion progress

- Educate audiences that SSWD and DPMWD are in the process of identifying combination opportunities.
- Postcards, newsletter, website, bill inserts, etc.

PHASE 2: Once the SSWD and DPMWD Boards takes a position on the future of the two districts:

- Educate audiences about the SSWD and DPMWD Board’s position, and next steps.
 - If the Board’s position is to stop moving forward, then educate audiences about the reasons. Outreach concludes.
 - If the Board’s position is to move forward with combination, then outline next steps for Board action, including opportunities for audiences to learn more and provide input.
 - Recommend providing ample time, robust outreach and several opportunities for audiences to learn more and provide input.

Target Audiences

Note that priority levels for target audiences will change depending upon the outreach phase.

Internal

- SSWD and DPMWD employees

External

Priority

- Customers
 - Parks departments within SSWD and DPMWD service areas
 - Civic and business organizations within the SSWD and DPMWD service areas
 - HOAs within the SSWD and DPMWD service areas
- Local elected officials that represent the SSWD and DPMWD service areas (County Board of Supervisors, CA Assembly and Senate, and Congressional)
- Taxpayer advocacy groups
- LAFCo (already engaged)
- Regulators, especially the State Water Resources Control Board, Division of Drinking Water

Secondary

- Regional Water Authority/Sacramento Groundwater Authority
- Regional water providers

- Water Forum/Water Forum Environmental Caucus
- Vendors

EXTERNAL AUDIENCES

Outreach completed

- Regular updates at SSWD and DPMWD Board meetings and through the 2x2 Committee Meetings, upcoming/in progress
- Briefing for elected officials
- “Official” update provided at an RWA EC/Board meeting and Water Forum plenary
- “Official” update provided to partnering water providers such as City of Sacramento and PCWA

PHASE 3: Once the SSWD and DPMWD Boards vote on whether to move forward with combination (TBD)

- Educate audiences about the SSWD and DPMWD Board’s position and perspective on combination, and next steps.

Outreach Activities

Outreach Activities are TBD, but will generally include those above, customized to the Board’s decision/direction.

Agenda Item: 7

Date: December 6, 2022

Subject: Combination – Process, Milestones, and Timelines

Staff Contact: Dan York, SSWD General Manager

Recommended Committee Action:

Receive presentation and provide direction as appropriate.

Discussion:

At the October 18, 2022 2x2 Committee meeting, staff presented a PowerPoint presentation on potential milestones and timelines related to the Combination discussion between DPMWD and SSWD. Following the subject presentation, staff was directed to amend various slides related to governance and DPMWD's Proposition 218 process. In addition, staff was directed to provide an update on the status of Combination process. Staff will present a PowerPoint presentation at the 2x2 Committee meeting that addresses the 2x2 Committees directives. In addition, staff has provided a Draft Scope of Work Outline that addresses particular tasks to be conducted throughout the Combination discussions (see Attachment 1).

COMBINATION DISCUSSIONS PROCESS, MILESTONES AND TIMELINES

DEL PASO MANOR WATER DISTRICT AND
SACRAMENTO SUBURBAN WATER DISTRICT

DECEMBER 6, 2022

Dan York

General Manager

Sacramento Suburban Water District

2X2 COMMITTEE - GOALS

- Complete transparency of budgets and financial standing, infrastructure conditions, and asset management assessment.
- Be open-minded and reduce barriers to collaboration or combination, and promote the process in a positive and professional manner.

COMBINATION PROCESS - STATUS

Goals and Priorities – Completed

DPMWD Condition Assessment (2020 system and safety condition) – Completed

Financial Analysis – Completed

Water Rate Comparison Analysis - Completed

Municipal Services Review

- DPMWD – Draft to LAFCo
- SSWD – Questionnaire approved by LAFCo in February 2021

Combination Milestones and Timelines - TBD

COMBINATION PROCESS - STATUS

DPMWD

- Proposition 218 Process – Board voted to continue Combination discussions with SSWD, in conjunction with completing their Proposition 218 process.

TO-DO LIST

5

Communications Plan – Approval from both Boards

DPMWD Condition Assessment – Distribution System

- Determine immediate costs

DPMWD Condition Assessment - Groundwater Wells

- Implement assessment by consultant

Municipal Service Reviews – DPMWD / SSWD

- Approved by LAFCo Commission

TO-DO LIST (CONT.)

6

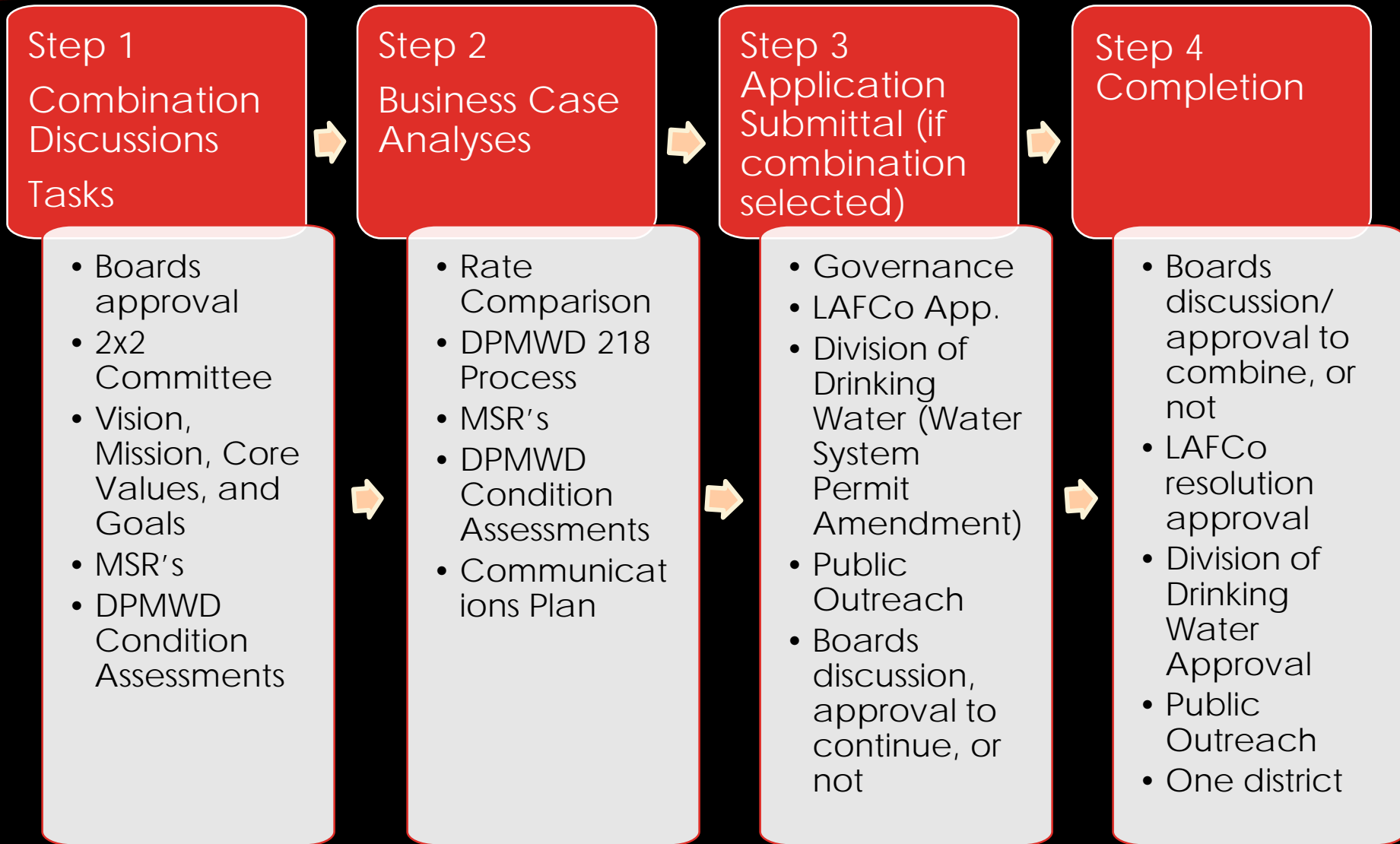
Resolutions to LAFCo

- Governance Transition
- Organization Chart
- Implementation Plan
- Rates, assets, debt service, investments

State Water Resources Control Board, Division of Drinking Water

- Apply for amended Water Systems Permit
- Operate DMPWD service area independently for a period of time

ACTIVITY STEPS



ESTIMATED TIMELINE

- July/August 2022 – Respective Boards made a decision to move forward with a 2X2 Committee
- Conducted 2x2 Committee meetings in August, September, October and December 2022.
- December 2022 – Municipal Service Reviews
- December 2022 – DPMWD Condition Assessment (distribution system)
- January-March 2023 – LAFCo Approval of Municipal Service Reviews
- February/March 2023 – DPMWD Proposition 218 process
- March 2023 – Joint Board Meeting
- April 2023 – DPMWD / SSWD – Board Resolutions to LAFCo to reorganize DPMWD into SSWD
- April 2023 – Apply for amended Water System Permit with Division of Drinking Water

Attachment 1
DPMWD AND SSWD COMBINATION DISCUSSION
DRAFT - SCOPE OF WORK TABLE

ITEMS	1	2
<u>Governance</u>		
Reorganization		x
<u>Water Supply Assurances</u>		
DPMWD Groundwater/Surface Water	x	
SSWD Groundwater/Surface Water	x	
<u>Board</u>		
Determine if DPMWD Board transitions		x
DPMWD Board transitions in size		x
<u>Administration</u>		
District Transition	x	
General Manager		x
<u>Human Resources</u>		
Benefits	x	
Salaries/compensation	x	
Staffing		x
Organizational Chart		x
Office Locations	x	
<u>Financial</u>		
Timing of transition to one billing CI system		x
Timing of transition to one financial system		x
Rate Structures		x
Transfer of Assets		x
Capital Investments		x
Debt Service		x
<u>Operations</u>		
Integration of staffing	x	
Continuity of service		x
<u>Other</u>		
Metering requirement		x
“No harm” to existing customers	x	
<u>Cost Savings or Reduction in Increases</u>		
Reduction in future additional staffing	x	
Water Transfers	x	
Lost access to surface water	x	

Attachment 1
DPMWD AND SSWD COMBINATION DISCUSSION
DRAFT - SCOPE OF WORK TABLE

LAFCO Items		
Infrastructure needs and deficiencies	x	
Growth and population projections for the affected areas		x
Financial constraints and opportunities	x	
Cost avoidance opportunities		x
Opportunities for rate restructuring		x
Opportunities for shared facilities	x	
Government structure options	x	
Evaluation of management efficiencies	x	
Local accountability and governance	x	