

Agenda

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

3701 Marconi Avenue
Sacramento, CA 95821

Tuesday, September 20, 2022
2:00 p.m.

This meeting will be conducted both in-person in the Sacramento Suburban Water District's Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call. If a member of the public chooses to participate in this public meeting via videoconference and/or teleconference, please see the instructions below.

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Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Committee less than 72 hours before the meeting are available for public inspection at each Agency's Administrative Offices.

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to either one of the General Managers. The Chairperson will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

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Call to Order

Roll Call

Announcements

Public Comment

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

Consent Items

The Committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. Minutes of the August 8, 2022, DPMWD/SSWD 2x2 Committee Meeting
Recommendation: Approve subject minutes.

Items for Discussion and/or Action

2. **Vision, Mission, Core Values and Goals of the 2x2 Committee**
3. **Municipal Services Review Update**
4. **Financial Analysis**
5. **Del Paso Manor Water District - 2020 Condition Assessment**
6. **Condition Assessment of Del Paso Manor Water District Infrastructure**
7. **Next Meeting Date and Time**
8. **Public Comment**

Adjournment

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I certify that the foregoing agenda for the September 20, 2022, meeting of the Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee was posted by September 16, 2022, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Sacramento, CA 95821, and at the Del Paso Manor Water District office, 1817 Maryal Drive, Suite 300, Sacramento, CA 95864, and was made available to the public during normal business hours.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 1

Date: September 20, 2022

Subject: Minutes of the August 8, 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 August 8, 2022, DPMWD/SSWD 2x2 Committee Meeting.

Attachment:

1 – Draft Minutes



Minutes

Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meeting August 8, 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 #874 7201 4746

Call to Order – Videoconference/Audioconference Meeting

SSWD Director Wichert (Chair Wichert) 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, Todd Artrip, and Heather Hernandez-Fort.

DPMWD Staff Present: General Manager Alan Gardner (DPMWD GM Gardner), Mike Jenner, and Victoria Hoppe.

Public Present: William Eubanks, Gay Jones, Trish Harrington, Carol Rose, Roy Wilson, and Gwynn Pratt.

Announcements

DPMWD Director Saunders thanked the SSWD Board for all off the support they have provided over the years.

Public Comment

None.

Items for Discussion and/or Action

1. Introduction

The Committee members introduced themselves.

2. Overview of Del Paso Manor Water District and Sacramento Suburban Water District

SSWD GM York introduced the item and presented the power point presentation.

DPMWD GM Gardner continued with the PowerPoint presentation.

SSWD GM York and DPMWD GM Gardner answered clarifying questions.

3. Goal and Priorities of the 2X2 Committee

Chair Wichert requested to move this item to the end of the agenda, as he wanted to see the whole presentation before deciding on goals and priorities.

4. Condition of Del Paso Manor Water District Infrastructure

DPMWD GM Gardner presented the staff report.

SSWD GM York explained how the two agencies could conduct a condition assessment on DPMWD's infrastructure using SSWD's Asset Management Plans.

DPMWD GM Gardner presented the status on the condition of DPMWD's infrastructure and safety issues.

Chair Wichert requested to see updated pictures of the corrected safety concerns.

5. Joint Discussion of Reorganization Opportunities

William Eubanks (Mr. Eubanks) expressed he was not confident there was a compelling reason for SSWD to combine with DPMWD and expressed he was not in favor of a merger.

SSWD GM York presented the staff report.

The Committee agreed to complete the Municipal Services Review (MSR) and condition assessment of DPMWD's water system prior to initiating discussions on reorganization opportunities.

6. Next Meeting Date and Time

Chair Wichert recommended the Committee hold the next meeting after both MSR's and condition assessment were completed.

The Committee agreed to schedule a tour of both agencies facilities.

7. Public Comment

None.

3. Goal and Priorities of the 2X2 Committee

Chair Wichert reopened Item 3 and expressed the goals and priorities of the Committee were unclear until they received more information.

Chair Wichert requested DPMWD Director Saunders draft a goals statement for the Committee to consider at the next meeting.

SSWD GM York expressed that he spoke with State Division of Drinking Water staff and there are potentially state funding opportunities and incentives available in the event these discussions continue.

Adjournment

Chair Wichert adjourned the meeting at 3:33 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 2

Date: September 20, 2022

Subject: Vision, Mission, Core Values and Goals of the 2x2 Committee

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

Recommended Committee Action:

Set the Vision, Mission, Core Values and Goals for the 2x2 Committee.

Discussion:

In order to effectively guide the 2x2 Committee through the discussions for a potential reorganization of Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD), it is important to set the vision, mission, core values and goals.

Below are starting points to discuss, modify, and agreed upon, as appropriate, by the Committee:

Vision: Long term goal to provide safe, reliable drinking water supply, at a reasonable cost, per individual customer by spreading capital, operations, and maintenance costs over a larger pool of ratepayers and increase service.

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 combine the districts and promote the effort 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.

Goals – 2x2 Committee: Complete transparency of budgets and financial standing, infrastructure conditions, and asset management assessment.

Identify specific benefits to be gained by both districts as a result of consolidation.

- Some benefits may be different; for example, DPMWD benefits from diversification of water supply to mitigate against future contamination while SSWD benefits from access to DPMWD ground water.
- Some benefits will be the same; for example, a consolidated district is stronger because it has a larger rate base to weather economic impacts.

Identify road map to consolidation, including:

- rates for both customer bases
- handling of debt service for both customer bases
- capital replacement strategy for both customer bases
- DPMWD rate payers conversion to SSWD billing system
- up front costs to DPMWD rate payers (i.e. residential meter installations)
- timeline and milestones of implementation

What does the long-term future hold for water purveyors in the Sacramento area, and within the context of a constrained supply structure in California and the Western United States at large given climate change and persistent drought conditions. Below are reminders/talking points on the benefits of water utility consolidations:

Benefits - Water utility consolidation is only justified when the rewards outweigh costs for the community. Most of these benefits stem from having fewer, more independent, high capacity utilities. Utilities that increase in scale are likely to have higher technical, financial, and managerial capacity. Below is a summary of the benefits that can accrue when water utilities are effectively consolidated.

Long-Haul Management - Many water utilities struggle to meet short-term operational demands, let alone adopt long-term management strategies and prepare for challenges on the horizon. Consolidation can drive a shift towards more “long-haul” management. It can also create a buffer that keeps rate-setting and certain long-term investment decisions separate from short-term calculus about revenues and planning.

Close the Equity Gap - Consolidation can be a tool to address disparities in reliable access to clean and safe water service within and across communities. Water agencies can be burdened by water reliability, quality, affordability, and sustainability issues. These burdens contribute to public health and economic disparities. If done well, consolidating water services can provide the opportunity to remediate gaps in service access, quality, and affordability across a broader and more diverse revenue base.

Lower Operational Costs - Consolidation can lead to greater efficiency and lower cost per customer. Water utilities can spread fixed costs and lower the share borne by any one customer when their rate base increases. Utilities can optimize their capacity and pay lower costs per unit of service by consolidating duplicative functions, systems, and infrastructure.

Improved Financial Capacity - Consolidation can result in more predictive and predictable revenue. Utilities may be able to access capital at lower rates allowing them to address infrastructure funding gaps and address new requirements and more challenging operating conditions, like improving system resilience to cyber threats or extreme weather.

More Robust Staffing – Water utilities operating at a greater scale may have more opportunities for staff specialization. Specialized staff can provide more professional support to planning, asset management, operations and maintenance, engineering, and finance. Consolidation can also

improve workforce recruitment, retention, and competency challenges by affording utilities the resources to provide staff benefits and professional development. These utilities may also have more staff capacity to support public engagement processes and be more accountable and transparent.

Improved Levels of Service and Customer Value - Taken together, water utilities that realize these benefits and savings may be able to pass them on to customers through lower rates over the long-term and improved water services than without consolidation. Passing on benefits to customers could be possible, because utilities with greater scale can often optimize their overall capacity, be more efficient, specialize staffing, acquire capital at lower rates, spread costs to address affordability and equity challenges, and have more capacity to engage and be responsive to customers.

Financial Benefits - The most critical pieces are knowing what the value to the community would be and how long it could take to realize. Assessing, estimating, and quantifying benefits may be daunting, but doing so is essential to know whether benefits outweigh the costs and challenges. Potential financial benefits from water utility consolidation include:

- Economies of scale and operating efficiencies;
- Increased access to capital at a lower cost;
- Lower or equal customer rates for a specified level of service;
- Revenue stability;
- Reduced exposure to regulatory penalties;
- Improved planning and risk management; and
- Increased opportunities for economic development.

Increased Access to Capital at a Lower Cost - Water is a capital-intensive enterprise. There are high costs associated with investing in and maintaining the vast infrastructure that water utilities operate. Costs are climbing with the need to upgrade, retrofit, and make systems more resilient. Several case studies in this report show that consolidated utilities can access capital from investors at a lower cost. When utilities consolidate, they pool resources to serve larger customer bases.

Revenue Stability - The water sector is experiencing major changes in its revenue business model. Water utility consolidations can make systems less vulnerable to revenue shortfalls. Consolidated systems that tie together more diverse water users may be able to mitigate revenue fluctuations and spread the cost of filling shortfalls over a larger customer base when they do occur.

Reduced Exposure to Regulatory Penalties

Communities often consider consolidation because of regulatory pressure, placing more weight on avoiding unwanted penalties than on saving revenue. From treatment facilities to ailing infrastructures systems, consolidation is increasingly becoming one of the main solutions for achieving cost effective regulatory compliance. Consolidating water utilities can shift regulatory responsibility, streamline and reduce the cost of regulatory approvals, and, in some cases, provide immediate regulatory financial relief.

Improved Planning and Risk Management

Water service keeps local economies running, communities healthy, and the environment safe; that means the risks utilities plan for and manage carry significant costs. Consolidation has allowed many utilities to mitigate risk and benefit from integrated planning. A particular risk, like diminishing water supply, may even be the driver for why communities consider consolidation. The organizational and water resources planning processes under a consolidated utility can also lead to a more comprehensive, less piecemeal strategy.

Key Considerations

Decision-makers weighing water utility consolidation can improve financial outcomes by anticipating roadblocks along the way. Some of the key financial considerations to consider include:

- Up-front costs;
- Real and perceived unequal distribution of benefits;
- Savings timeline;
- Different starting points; and
- Unequal or conflicting incentives.

Like other utilities, domestic water delivery benefits from economies of scale. Because facilities and operating costs do not scale linearly, small systems may need to charge significantly higher rates to provide a comparable level of service. The main driver for consolidation is small water systems' challenges delivering adequate service at a reasonable cost. Small systems may lack the economies of scale needed to support adequate technical, managerial, and financial capacity over the long term and to enable cost-effective responses when water quality or quantity challenges arise.

Agenda Item: 3

Date: September 20, 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: September 20, 2022

Subject: Financial Analysis

Staff Contact: Jeff Ott, Director of Finance and Administration

Recommended Committee Action:

No action. Information only.

Discussion:

Staff have prepared a draft analysis of the potential financial impacts of a potential reorganization involving Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD). The main thrust of this analysis is to review the potential revenue impacts of billing the 1,796 DPMWD accounts utilizing SSWD rates. The analysis also looks at various financial metric comparisons between the two districts utilizing number of accounts. The following table summarizes some of the key metric comparisons.

Metric	DPMWD	DPMWD per Account	SSWD	SSWD per Account
Investments	\$ 2,246,659	\$ 1,251	\$ 41,582,507	\$ 920
Net Fixed Assets	4,812,584	2,680	309,062,185	6,835
Debt (par)	4,347,000	2,420	53,345,000	1,180
Net Pension Liability	832,768	464	5,806,835	128
Net OPEB Liability	156,492	87	3,590,451	79
Water Revenue	2,025,800	1,128	48,973,275	1,083
Operating Expenses*	1,150,607	641	21,839,148	483
Annual Debt Service	324,000	180	7,000,000	155
Capital Asset Acquisition	21,483	12	15,443,339	342

* Less depreciation expense

Billing DPMWD accounts with SSWD rates utilizing the assumptions outlined in the analysis details below results in water revenues of \$2,096,026 compared to 2,014,464, an increase of approximately \$82,000 or 4.0%. DPMWD residential accounts billed with SSWD flat rates resulted in approximately \$1,434,000 in revenues compared to \$1,329,000, a \$105,000 (7.9%) increase. Non-residential revenues were approximately \$662,000 compared to \$685,000, a \$23,000 (3.4%) decrease. The following table shows the effect of various rate assumptions on the average monthly residential and non-residential bill amount for DPMWD accounts.

Rate Assumption	Residential Avg Monthly Bill \$	Non-Residential Avg Monthly Bill \$
DPMWD Current Rates	66.00	534.00
SSWD Flat Rates	71.00	N/A
SSWD Metered Rates	64.00	515.00

Staff have prepared an analysis of the financial condition of DPMWD as of June 30, 2021, with certain metrics (debt) current as of June 30, 2022, compared to SSWD. Metric comparisons will be based on each district's number of accounts and not connections. Staff utilized audited financial statements for DPMWD as of June 30, 2021, and as of December 31, 2021, for SSWD. Staff obtained an account listing from DPMWD as of August 30, 2022, outlining accounts and the rates each account is charged on a recurring basis. DPMWD bills flat rate residential accounts bimonthly and non-residential accounts monthly. Staff halved the residential rate revenues for DPMWD to allow for consistent monthly comparisons. In addition to several metrics and performance indicators, staff have analyzed the financial impact of billing DPMWD customers with SSWD rates both flat and metered. Flat rates would be billed until such time that connections are transitioned to meters. Then accounts will be billed metered rates. 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 and assumptions will have to be made based on rate descriptions used and other related data. The facts and assumptions are as follows:

Facts:

- DPMWD has 1,796 accounts comprised of 1,689 residential and 107 non-residential accounts. Residential accounts are non-metered, flat-rate accounts. Non-residential accounts are primarily metered with approximately three flat-rate accounts. Average monthly bill equals approximately \$94.00.
- SSWD has 45,219 accounts comprised of 39,067 single family residential, 2,306 small multi-family (3 units or less), 1,017 multi-family (4 or more units) and 2,929 non-residential units (commercial, industrial, public agency). By the end of 2022 99.9% of SSWD connections will be metered. Average monthly bill equals approximately \$89.00.
- As of June 30, 2022, DPMWD has outstanding debt of \$4,347,000 or \$2,420 per account. 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. Annual debt service of approximately \$7,000,000 or \$155 per account, fully amortized in 2031.
- DPMWD's 2021 O&M costs were \$1,150,607, excluding depreciation, or \$641 per account. SSWD 2021 O&M costs, excluding depreciation, were \$21,839,148 or \$483 per account.
- DPMWD investments as of June 30, 2021, were \$2,246,659 or \$1,251 per account. Days cash on hand of approximately \$713. SSWD investments as of December 31, 2021, were \$41,582,507 or \$920 per account. Days cash on hand of approximately \$695.
- DPMWD fixed assets, net, as of June 30, 2015 were \$5,745,450 and \$4,812,584 as of June 30, 2021, which is a 19% decrease. SSWD fixed assets, net, as of December 31, 2015 were \$279,821,450 and were \$309,062,185 as of December 31, 2021, which is a 9% increase. DPMWD's net capital assets per account is \$2,680 vs \$6,835 for SSWD.
- DPMWD has 4 FTE staff or 0.00223 per account and SSWD has 76.5 FTE staff or 0.00169 per account.
- DPMWD's OPEB funding percentage is 80.4% compared to 72.0% for SSWD.
- Both DPMWD and SSWD are CalPERS members for pension. Both agencies have the CalPERS Classic 2.0% @ 55 and PEPRA 2.0% @ 62 Miscellaneous Plans.

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). SSWDS 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.
6. Ratios and comparisons will be based on respective district total active accounts.

DPMWD has higher per account investments (reserves) than SSWD (\$1,251 vs 920). Bringing DPMWD's investments in line with SSWD's could free up approximately \$594,000 for capital spending on DPMWD infrastructure.

DPMWD's net 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. This shows that DPMWD is not replacing assets as fast as they are consuming them (through depreciation) and appear to be approximately \$7.5 million underfunded in net capital assets compared to SSWD. This indicates comparatively insufficient capital spending.

DPMWD's debt is higher per account than SSWD's (\$2,420 vs \$1,180) but it is also amortized over a longer period (2040 vs 2031). The annual debt service per account is also higher (\$180 vs \$155). This is factored into the analysis of available rate revenue to satisfy annual debt service and to provide available capital funds.

Both DPMWD and SSWD have similar OPEB funding percentages (80.4% vs 72.0%) and both participate in the same CalPERS pension plans. Net pension liability per account is \$464 (DPMWD) and \$128 (SSWD). Net OPEB liability per account is \$87 (DPMWD) and \$79 (SSWD).

SSWD and DPMWD rates yield similar financial results based on the analysis. DPMWD's water revenue from the analysis is \$2,014,464 compared to \$2,025,009 per the June 30, 2021, audited

financial statements, a 0.5% variance. This confirms that the analysis data can be relied upon. Utilizing the facts and assumptions above, DPMWD revenue recalculated with SSWD rates would be approximately \$2,096,026 compared to \$2,014,464, an increase of approximately \$82,000 or 4.0%. This would result in an average monthly bill of approximately \$97.00 compared to \$94.00 on current rates.

Utilizing the SSWD calculated revenue number of \$2,096,026; the following results should be realized:

1. DPMWD residential revenues are approximately \$1,329,000 annually compared to SSWD based revenues calculated at approximately \$1,434,000, a \$105,000 (7.9%) increase. As discussed below, residential revenues based on SSWD usage trends and rates will decrease as accounts transition to meters. This results in an average residential monthly bill of approximately \$66.00 with DPMWD rates compared to approximately \$71.00 with SSWD flat rates.
2. DPMWD non-residential revenues are approximately \$685,000 annually compared to SSWD based revenues calculated at approximately \$662,000, a \$23,000 (3.4%) decrease. This results in an average non-residential monthly bill of approximately \$534.00 with DPMWD rates compared to approximately \$515.00 with SSWD rates.
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.
4. SSWD's O&M expense 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 \$226,000 of surplus 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 \$58,000 deficit.

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 using SSWD rates and average usage is approximately \$1,299,000 vs \$1,329,000 using DPMWD's flat rates, a decrease of \$30,000. This results in an average residential monthly bill of approximately \$66.00 with DPMWD rates compared to approximately \$64.00 with SSWD metered rates.

There are many assumptions used in this analysis and the numbers are approximate. SSWD billing uses specific parcel sizes for flat rate billing and specific connection and meter sizes. Rates charged are determined based on county land use codes unless modified based on observation. In staff's opinion, the analysis above represents the comparative financial condition and approximate economic outcome of placing DPMWD customers on SSWD rates.

Agenda Item: 5

Date: September 20, 2022

Subject: Del Paso Manor Water District - 2020 Condition Assessment

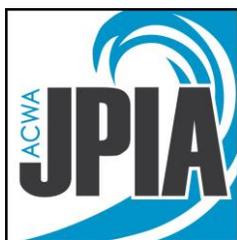
Staff Contact: Dan York, SSWD General Manager
Alan Gardner, DPMWD General Manager

Recommended Committee Action:

No action. Information only.

Discussion:

At the August 8, 2022, DPMWD/SSWD 2x2 Committee (Committee) meeting, an update on the status of the Condition Assessment was presented to the Committee. A Committee member requested to receive photos showing that each item noted in the Condition Assessment was corrected. Provided with this report is a copy of the Liability, Property, and Workers' Compensation Risk Review conducted by JPIA, DPMWD's insurance carrier.



YOUR BEST PROTECTION

March 18, 2022

Mr. Alan Gardner, General Manager
Del Paso Manor Water District
1817 Maryal Drive, Suite 300
Sacramento, CA 95864

Re: Liability, Property, and Workers' Compensation Risk Review

Dear Mr. Gardner:

This letter is a follow-up to my site visit with Robin Flint, JPIA Risk Control Manager, on February 17, 2022. The purpose was to obtain an update on Del Paso Manor Water District's operations, review loss history, and evaluate risk exposures. The staff should be commended for their efforts during the recent change at the District to stay safe and provide safe drinking water. Please thank Victoria Hoppe, Office Manager, and Mike Jenner, O&M Tech II/Construction Coordinator, for their time and consideration. Below are highlights of our discussions and related ACWA JPIA resources.

Loss History

The District's loss history over the last five years was reviewed, emphasizing claims that occurred in the previous policy year. These claims have the most impact on pooled coverage costs; and can assist with identifying trends, training, and best practices for risk reduction efforts.

The District had one workers' compensation claim, two liability claims, and two property claims in the last five years. These claims were previously discussed and were briefly reviewed again during this visit. It was shared that the District's Injury and Illness Prevention Program (IIPP), developed last year, was previously reviewed by me. This review was completed using the [IIPP Self Audit Checklist](#) and was shared last year to aid the District with improving the program. This same review was provided during this visit.

The District is encouraged to review the comments provided and make the appropriate edits to the program. In addition, the District is further urged to adopt the best practice of checking its IIPP annually using the [Cal/OSHA IIPP Effectiveness Questions](#). Doing this will aid in adapting the IIPP to fit the District's needs and create a strong foundation for its loss prevention program.

Property Program Change

Any new property, assets, or other equipment must now be added within 90 days of acquisition to ensure proper coverage; the additional premium will be pro-rated. After July 1, 2021, existing assets exceeding \$100,000 may be submitted for mid-year coverage, and a full year's premium

Mr. Alan Gardner, General Manager
Del Paso Manor Water District
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will be invoiced. For detailed questions about changes, please contact [Debbie Kyburz](#) in Member Services at (916) 786-5742.

Field Visit

Thank you for providing a tour of most of the District's well sites. During the tour, Mike highlighted many of the recent actions completed to implement the recommendations received from JPIA and Sacramento Suburban Water District. These actions included installing new eyewash stations accessible when staff work with specific chemicals, ensuring chemicals are stored with secondary containment, and installing improved bollards at Well #7. It was also good to learn how the District plans to improve Well #7 safety by eliminating the confined space and adding a wall to enhance site security.

As the District conducts future hazard inspections of its sites and weighs controls to implement, it should always consider eliminating the hazard first. Elimination of a hazard is regarded as the most effective control in the hierarchy of control structure. If elimination is not feasible, then engineering or administrative controls should be considered next. To aid the members in identifying and mitigating hazards, the JPIA has provided pooled members with the [Risk Control Manual](#) and [Commitment to Excellence](#) Program. Both contain many samples of written programs and forms that can aid in identifying and implementing hazard control.

Two specific templates stand out from these resources that could easily be implemented in the future. The [Field Job Safety Analysis](#) form can be used to identify the risk with a specific task and the controls needed to do it safely. A completed form can then be integrated into a written Standard Operating Procedure to aid new staff or ensure consistency in operation.

The other template is the [Security Audit Checklist](#) form. As the District has experienced theft and vandalism of sites in the past, this form can help the District understand the risk of a future event. After each area is surveyed, the checklist can be reviewed to see any common risk with the sites. This review can also help provide the support needed to implement additional measures to improve security like the security upgrade actions being taken at Well #8.

Volunteer Resolution

In 1997, the JPIA's Board of Directors approved a recommendation requiring all Liability Program members to adopt a resolution making volunteers subject to workers' compensation coverage. It was shared that JPIA has a record of the District passing a Volunteer Resolution (971208-02) in 1997.

Covering volunteers under workers' compensation has significant benefits. Workers' compensation benefits are statutorily defined. Claims costs are usually significantly lower compared to liability lawsuits for the same injuries or illnesses. The claims are easier to control since litigation is avoided. Also, providing benefits to volunteer workers under the "no-fault" workers' compensation system can be seen as good public relations.

Recreational Activity

It was shared during the meeting that the District does not manage or host any recreational facilities or activities. If this changes, please contact [Debbie Kyburz](#) in Member Services to discuss risk transfer language and best practices related to these activities. Member Services has provided [Risk Transfer](#) model language and guidelines members are encouraged to review with their legal counsel before finalizing any contract or agreement.

Mr. Alan Gardner, General Manager
Del Paso Manor Water District
March 18, 2022
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Return-to-Work

A return-to-work program is a set of protocols and guidelines to help injured workers reintegrate into their employment position after taking time off due to injury or illness. As soon as an employee is able, it is in everyone's best interest to return them to work in some capacity. Even if an injured employee cannot return to their regular jobs right away, bringing them back as soon as possible by providing modified-duty tasks in line with any medical restrictions; can help them recover faster, feel productive, and maintain work relationships. A return-to-work program can also help reduce workers' compensation costs.

Thank you for sharing the District's current return-to-work program that is part of the District's Employee Handbook. It's recommended that the District review the JPIA sample [Return to Work Policy](#) and possibly incorporate the "Transitional Work" section. It also included the best practice of limiting a modified or alternate work assignment to 90 days. This sample policy can be found alongside other HR resources on the JPIA's [Human Resources Best Practices](#) site. Please contact [Patricia Slaven](#) if there are questions related to these or any JPIA HR resources.

I want to thank Del Paso Manor Water District for its membership and participation in the pooled programs. Please contact me if you have questions or need further assistance. I can be reached at (530) 400-5629 or contact me via email at tbenzing@acwajpia.com.

Sincerely,



Thor Benzing, CSP, CEAS II
Senior Risk Control Advisor

318:tl

c: JPIA Member Services
JPIA Risk Management Committee

Agenda Item: 6

Date: September 20, 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.