

Sacramento Suburban Water District

Year in Review 2019



2019 was a year of significant achievement for Sacramento Suburban Water District (SSWD), and the one I am most proud of is the development and adoption of SSWD's five-year Strategic Plan.

The 2019 Strategic Plan was developed through an inclusive process that involved the Board of Directors and SSWD staff. Every aspect of SSWD's operations was examined to determine how to enhance efficiencies, streamline operations, and improve workforce productivity.

External impacts and opportunities, such as new state and federal mandates, the potential impacts of the Bay-Delta Water Quality Control Plan, the Sustainable Groundwater Management Act, Folsom Reservoir operations, and other policies and factors that could impact water supply and quality standards were all considered.

The 2019 Strategic Plan outlines how SSWD will continue to meet its mission of delivering a high-quality, reliable supply of water and superior customer service at the lowest responsible rate. It represents SSWD's commitment to continue operating as a model public agency that maintains your trust through fiscal responsibility, environmental stewardship, and leadership.

The plan details five specific high-level strategic goals that will serve as a roadmap over the next five years so SSWD can continue to fulfill this mission:

- Goal A: Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean, and Safe
- Goal B: Optimize Operational and Organizational Efficiencies
- Goal C: Ensure Fiscal Responsibility and Affordable Rates
- Goal D: Maintain Excellent Customer Service
- Goal E: Retain and Recruit a Qualified and Stable Workforce

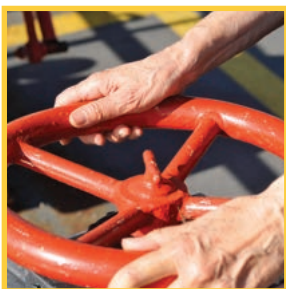
The Board of Directors and SSWD staff are fully committed to implementing these goals and monitoring progress toward meeting them so that SSWD can continue to offer the highest level of service to its customers.



DAN YORK
General Manager

Mission Statement

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



Increasing Water Reliability Through Collaboration

In 2019, SSWD continued to make progress on key initiatives envisioned to increase water supply reliability and efficiencies by collaborating with neighboring water providers.

Exploring Water Supply Opportunities with Carmichael Water District (CWD):

SSWD and CWD entered into a new Memorandum of Understanding in 2019 to investigate opportunities to bolster reliability by sharing water supplies. CWD has rights to both groundwater and surface water from the lower American River. The agencies are investigating the potential for CWD to deliver surface water to SSWD when available so the groundwater basin can recharge, as well as taking the opportunity to partner on a new groundwater well SSWD is planning to develop for continued reliability.

Sacramento Region Water Utility Collaboration/Integration Study:

The concept of increasing efficiencies among neighboring water providers through collaboration and integration was originally initiated as a formal process in 2013. These efforts took a major step forward in 2019 as SSWD, in partnership with other local water providers, initiated a new and comprehensive study. The ultimate goal is to identify ways the agencies can become more efficient in working together to minimize costs to their customers and optimize the use of their water supplies, personnel, equipment, infrastructure, and other resources, as well as improve the ability to influence state and federal policies.

Putting the Plug in Household Leaks

Since implemented in 2015, SSWD has been using an Advanced Metering Infrastructure (AMI) system to identify households where water is continuously flowing for 72 hours or more, indicating that they may have a leak. Once identified, those customers receive a postcard telling them about the potential leak and providing information about how they might find it.

SSWD increased these efforts in 2019 as California's emerging water conservation laws placed a new emphasis on finding and fixing household leaks. The U.S. Environmental Protection Agency estimates that average household leaks can account for more than 10,000 gallons of water wasted every year, or the amount needed to wash 270 loads of laundry.

In 2019, SSWD distributed over 10,000 leak postcards and performed more than 180 leak investigations. SSWD's analysis shows that over 60 percent of households receiving the postcard stopped the continuous flow of water, indicating that they located and repaired leaks on their property. Overall, SSWD estimates that approximately 12 million gallons of water were saved in 2019, and approximately 40 million gallons have been saved since the program began in 2015.



2019 Highlights at a Glance

- Developed and adopted a Strategic Plan to guide SSWD over the next five years.
- Initiated new Memorandum of Understanding with Carmichael Water District to increase reliability by sharing water supplies.
- Launched a new study to identify ways to optimize efficiencies and reduce customer costs by collaborating with neighboring water providers.
- Distributed over 10,000 leak postcards and performed more than 180 leak investigations to save an estimated 12 million gallons of water.
- Invested \$18.2 million into new infrastructure and improvements to pumps, wells, pipes, and equipment.
- Increased surface water served to customers by 65 percent compared to previous years, allowing the groundwater basin to recharge.
- Approved a rate increase of 3 to 5 percent in each of the next five years, as recommended in an independent Rate Study, after a comprehensive public outreach and Proposition 218 process.
- Received top honors from the Government Finance Officers Association for the completeness and readability of SSWD's annual financial report for eight straight years.

Capital Improvement Program Update

SSWD's Capital Improvement Program (CIP) is designed to meet SSWD's infrastructure needs in a fiscally responsible way to ensure that SSWD can continue providing a high-quality, reliable supply of water.

In 2019, SSWD invested \$18.2 million into new infrastructure and improvements to its water system, which includes pumps, wells, pipes, and equipment.

2019 Highlights Include:

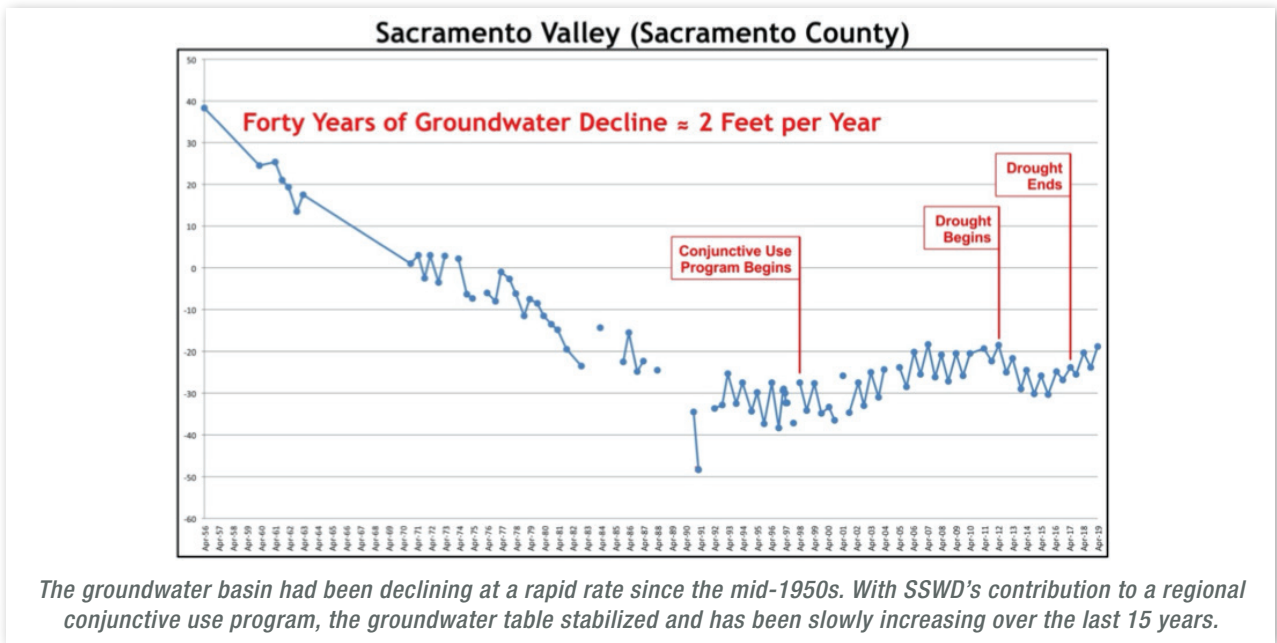
- Rehabilitating and modifying numerous wells throughout the service area to ensure reliable operation and increased efficiency
- Completing the Palm Well Pump Station and Manganese Treatment Plant in the North Service Area
- Finalizing construction of the Verner/Panorama Well in the North Service Area and beginning design of its Pump Station
- Continuing design of the Butano/Cottage Well Pump Station in the South Service Area
- Installing approximately 3.5 miles of new distribution main as part of the Jonas Main Replacement Project
- Installing 1,000 new meters on non-metered accounts
- Finalizing the Distribution Main Asset Management Plan, which prioritizes areas of pipeline scheduled for replacement



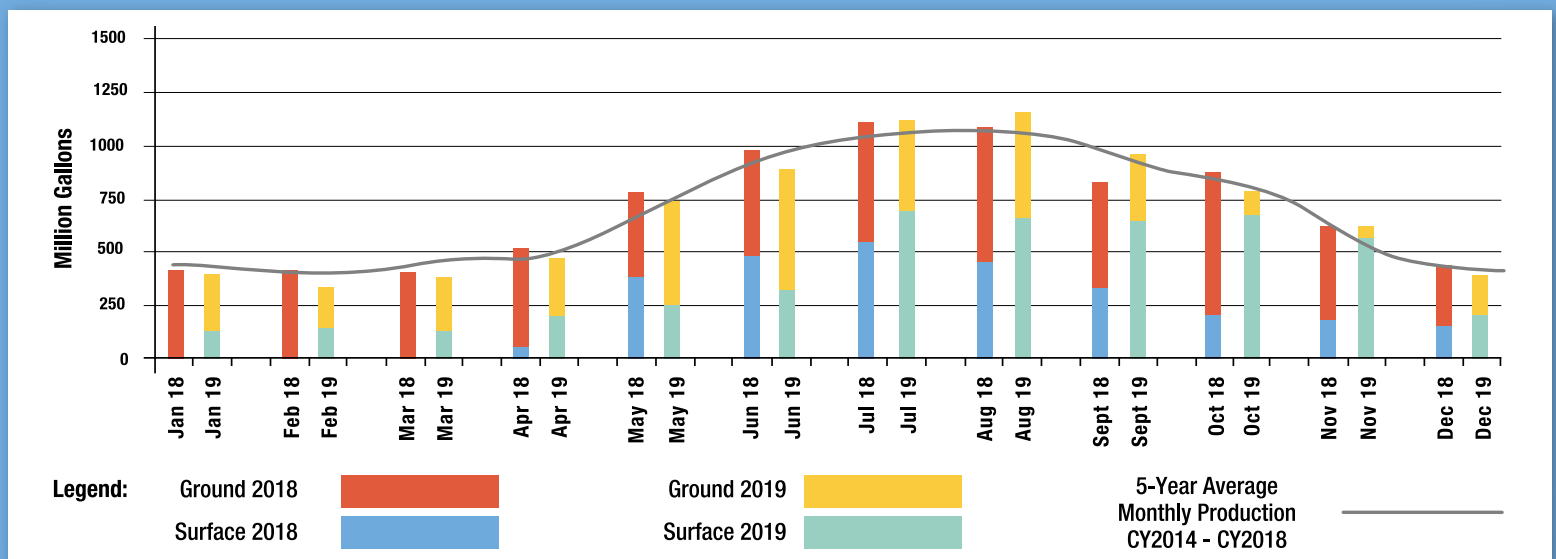
Nurturing the Groundwater Basin and Reliable Water Supplies

The Sacramento region’s conjunctive use program has been lauded for helping the groundwater basin underlying SSWD and much of Sacramento County recover to sustainable levels after years of decline. This effort is serving as a model for statewide groundwater management and providing the foundation for water reliability as the climate changes. While many agencies are responsible for this collective success, SSWD continues to play a critical role in making a regional conjunctive use program possible. To date, SSWD’s conjunctive use program has resulted in the ability to bank approximately 230,000 acre feet of groundwater.

In 2019, SSWD furthered its commitment to a regional conjunctive use program as California received a record amount of snow and rain. With excess water available in local lakes and rivers, SSWD was able to serve more surface water to customers, allowing the groundwater basin to further recharge. Last year, nearly half of the water served to the South Service Area was treated surface water from the lower American River, which was made possible through an agreement and intertie with the City of Sacramento. Across the entire service area, SSWD increased its surface water use by 65 percent overall, representing a significant change in the water supply portfolio. The result is that the groundwater basin is continuing to recover to levels not seen since before the Sacramento region’s conjunctive use program was implemented.



Monthly Water Production



Stable and Sustainable Finances and Rates

2019 marked the conclusion of a more than 18-month-long process to analyze SSWD’s financial health to ensure rates can adequately cover the costs of delivering high-quality reliable water to SSWD’s customers into the future.

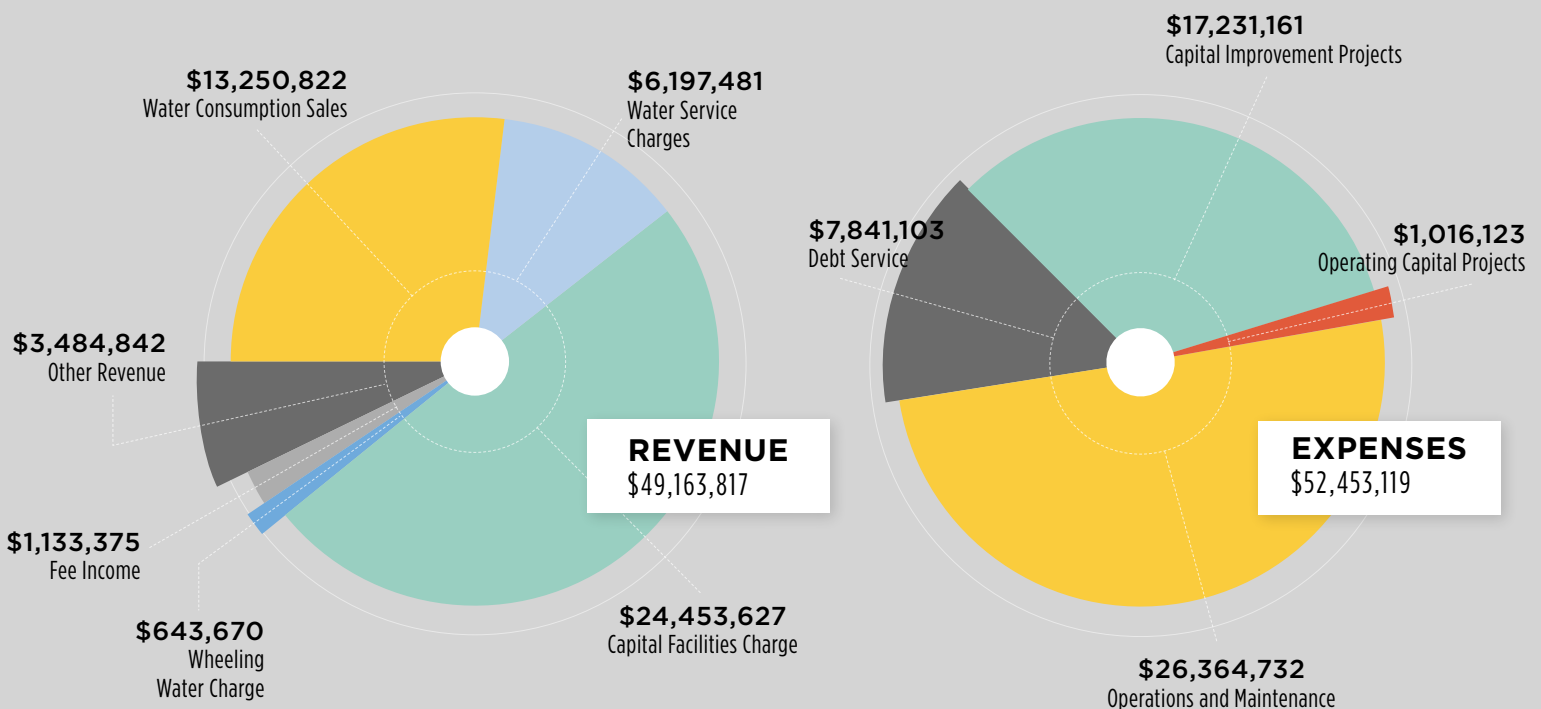
The District began the process with a Rate Study prepared by an independent financial consulting firm that included an in-depth financial plan and analysis of current revenues, operation and maintenance costs, capital investment plan, and reserves. The Rate Study found that SSWD’s income and planned expenses are well-balanced and managed, however, recommended a rate increase of 3 to 5 percent in each of the next five years to primarily cover the costs of inflation.

The Rate Study also considered where SSWD could reduce or optimize costs before considering if rates should be adjusted and determined that roughly \$47 million of Capital Improvement Program expenditures could be deferred over the next 10 years, but that operational costs would continue to increase at or slightly above the overall rate of inflation.

After a comprehensive public outreach process, and legally required Proposition 218 process, the SSWD Board of Directors passed the recommended rate increase on October 16th, 2019, with proposed rate increases scheduled to take effect on January 1 of each year beginning in 2020. The increase schedule is 5 percent in 2020, 4 percent in 2021, and 3 percent per year in 2022, 2023, and 2024.

The Finance Department has received top honors from the Government Finance Officers Association for the completeness and readability of SSWD’s Annual Report for eight straight years.

Water System Finances





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Leadership

SSWD is governed by a dedicated five-member Board of Directors elected to serve four-year terms.

Kevin Thomas, President (Division 4)

Robert Wichert, Vice President (Division 3)

David Jones, (Division 1)

Kathleen McPherson, (Division 2)

Craig Locke (Division 5)

Sacramento Suburban Water District

Dan York, General Manager

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