

# SACRAMENTO SUBURBAN WATER DISTRICT

## STATE OF THE DISTRICT - 2022



Dan York  
General Manager  
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# MESSAGE FROM THE GENERAL MANAGER

I am pleased to bring before the Board the State of the District 2022 presentation.

I continue to be honored to serve as General Manager of SSWD. 2022 was a very busy year and very fortunate to continue working with the Board and also our seasoned and dedicated SSWD Team members, as well as the newer staff members who have joined the SSWD Team.

While everyone's voice matters, we need to focus on the interest of those voices as a whole to keep us unified. The water industry has evolved, and continues to evolve. We need to understand the need to reflect and provide service that mirrors changes needed, while still keeping priorities centered around the role of the essential service this District provides.

I'm proud to say that while the last two years might have slowed us down, it certainly didn't stop us.

# 20<sup>TH</sup> ANNIVERSARY

In February 2002 - Arcade Water District and Northridge Water District consolidated into Sacramento Suburban Water District

There were major trials and tribulations throughout the first year. Under new leadership the District began the long road of rebuilding trust among the community, customers, stakeholders, and employees.

How this has been accomplished:

- **Humanity** addresses the perception that the District genuinely cares by demonstrating empathy, kindness, and fairness.
- **Transparency** indicates that the District openly shares information, motives, and choices related to policy, budget, and operational decisions in straightforward language.
- **Capability** reflects the belief that the District provides an essential service and has the ability to meet expectations effectively and efficiently.
- **Reliability** shows that the District can consistently and dependably deliver a safe and reliable water supply.

# FINANCIAL SUMMARY

In 2019, SSWD approved a 5-year rate increase, effective January 1, 2020.

1. 2020 = 5% 2. 2021 = 4% 3. 2022 = 3% 4. 2023 = 3% 5. 2024 = 3%

- CY 2022 budget is \$61,708,000  
(CIP = \$24.7 million, O&M = \$23.8 million, Debt Service = \$13.1 million)
- Forecasted reserve balance at December 31, 2022 = \$39.9 million
- SSWD credit rating is AA+, stable (S&P)

# FINANCIAL NOTABLES

- The District received a “clean” audit for CY2021 and had no recommended control or procedural changes from the auditor.
- For the 10<sup>th</sup> straight year the District has received the Government Finance Officer’s Associations award for financial reporting excellence.
- The District’s long-term debt was reduced by \$10.3 million. \$42.0 million of variable rate debt was refinanced with \$34.7 million of fixed rate debt with true interest cost of 1.57%.
- 2022 Water Transfer is resulting in \$1.8 million in revenues.

# COLLABORATION EFFORTS

- Continued to collaborate with San Juan Water District on the Hinkle Reservoir Liner and Cover Replacement Project. The project started on November 22, 2022.
- Collaborated with Del Paso Manor Water District to automate the three emergency intertie connections to open automatically to provide water the event of a substantial drop in pressure.
- Regional collaboration on 2022 Water Transfer. Partnership with City of Sacramento. SSWD to receive \$1.8 million. The City owes the District 12,000 af of surface water related to the 2020 and 2022 water transfer partnership.

# 2022 GOALS

Deliver a safe and reliable water supply, 24/7

Ten goals were set for 2022:

1. Board packets
2. Organize Strategic Plan workshop
3. Administrative savings
4. Merit Matrix alternatives
5. CIP Program
6. Asset Management Plans
7. Property acquisition and new well development
8. Collaboration efforts
9. Meet peak flow demands
10. Succession Plan Program

# HEALTH AND SAFETY

- The District continues to provide a healthy and safe working environment, which are essential to the well-being of the employees.
- It's the District's responsibility to ensure employees are safe from current, or potential future hazards that could occur in their work environment. Staff play a key role in hazard prevention:

Three employees won JPIA Harv LaBounty Safety Awards.

The District's Safety Officer won the Safety Center's, Chairman's Award of Merit, "Excellence in Safety" award.



# LONG TERM PLANNING

## Water Supply

- To potentially increase the District's water portfolio, SSWD continues to have discussions with Carmichael Water District, PCWA, San Juan Water District, City of Sacramento, and SMUD. Approached recently by County of Sacramento.
- Groundwater Supplies
  - Regulatory Challenges – PFAS, Cr6, 1,2,3-TCP, PCE
- Fluoridation - Existing agreement with First 5 expires in 2027
  - Sacramento Regional Groundwater Bank

# COMBINATION DISCUSSIONS CARMICHAEL WATER DISTRICT

- In July 2021, SSWD and Carmichael Water District (CWD) developed a 2x2 Committee to evaluate collaboration opportunities, up to and including a potential combination of the two districts. Conducted 10 meetings.
- At the October 6, 2021, CWD / SSWD Joint Board meeting, staff was directed to develop a draft Request for Proposal for the purpose of conducting a Business Case Analysis of a potential combination between the two districts.
- A final draft Business Case Analysis has been completed and in the process of being accepted by both agencies.
- Determination will be made in 2023 by the respective Boards to continue combination discussions.

# COMBINATION DISCUSSIONS DEL PASO MANOR WATER DISTRICT

- SSWD Board approved to assemble a 2x2 Committee to discuss a potential combination of DPMWD and SSWD into one organization at the July 18, 2022 meeting.
- Since approval of the 2x2 Committee, there have been 4 meetings
- DPMWD is continuing their Proposition 218 Process while continuing combination discussions with SSWD.

# PCWA SURFACE WATER

- SSWD signed a Long-Term Warren Act Contract with the U.S. Bureau of Reclamation in 2018 that helps secure surface water during “wet years” for the next 26 years, which allows SSWD to access up to 29,000 AF of water at Folsom Reservoir purchased from PCWA.



# CITY OF SACRAMENTO SURFACE WATER

- The District has an agreement to take 26,064 AF of surface water from their Fairbairn Treatment Plant.
- In 2019, conducted a wholesale pilot program where the District would put in place its Conjunctive Use Program by purchasing 9,000 AF of surface water at a cost of \$120 AF. City has agreed to conduct an additional wholesale pilot program to sell the District surface water at \$120 AF.
- City owes the District 7,000 AF of surface water when available from the 2020 water transfer and operational emergency deliveries in 2021, with an additional 5,000 AF of surface water from the 2022 water transfer.



# 2022 CUSTOMER OUTREACH

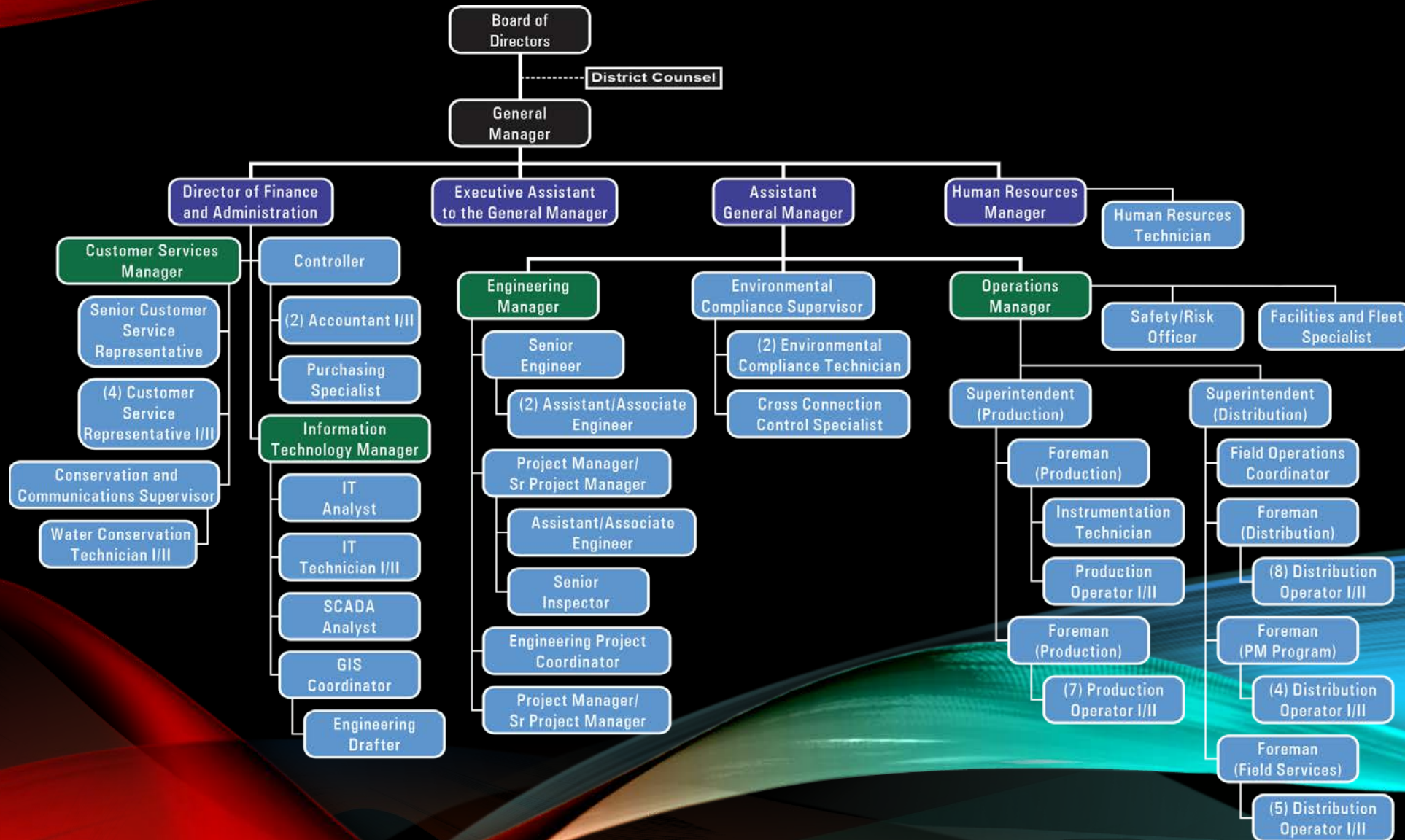
- Monthly bill insert on important and timely topics for dissemination to SSWD customers.
- Produced and placed advertising online (via the Google Display Network) and in local newspapers (Carmichael Times) to promote topics such as water-saving rebates, fixing leaks and special events.
- Provided quarterly updates from the General Manager (GM Corner) on topics such as SSWD's 20<sup>th</sup> Anniversary and the 2021 Year in Review.
- Developed several direct mail flyers and post cards to notify customers about new water conservation guidelines, tips, rebates, the 2021 Year in Review, and the Fall Newsletter.
- Hosted outreach workshops and events including, Mulch Mayhem, Sprucing up Sprinklers, Drought Survival Tips for Landscapes, and our Annual Open House.
- Developed a new SSWD Facebook page as a means to communicate and engage with customers online.
- Developed and coordinated recording of quarterly Messages on Hold.
- Developed monthly messages for the Customer Service monitor.

# SUCCESSION PLANNING PROGRAM

- Everyone has a role to play in a successful Succession Management Program, from the Board down to a participating program staff member.
- At the September 2022 regular Board meeting, a Succession Planning Program was approved by the Board of Directors.
- A Succession Planning Management strategy has been developed and A Career Advancement Team was developed and implemented.
- We will continue to prepare our staff and enhance their abilities to meet the challenges that lie ahead, knowing that we are all together in this mission.



# ORGANIZATION CHART – SSWD TEAM





# CLOSING REMARKS

- The reliability and quality of the service we provide and the content we offer, “water”, defines us. The SSWD Team rose to the challenge and proved as an organization to be both robust and extremely flexible in the face of change.
- Staying all united as we have always been, I assure you that we are going to overcome difficult challenges together, driven as always by our sense of responsibility, discipline and dedication to best serve the community that we serve.
- On behalf of the SSWD Team, I want to thank the Board for your direction and support in 2022 in addressing the most pressing needs of the District, but most importantly, the trust you place in us.
- Our work is not done. Staff is excited to welcome 2023!