

Sacramento Suburban Water District Year in Review 2022



Celebrating 20 Years of Commitment and Service to Our Customers and Community

Sacramento Suburban Water District (SSWD) marked its 20th Anniversary in 2022. Throughout the year, the District explored significant moments from SSWD's history, present day projects, and future plans in its outreach to customers.

Deep Roots | A Foundation in Community

The District was created from the consolidation of Arcade Water District and Northridge Water District on February 1, 2002, after a study by an outside consulting firm found that the move would improve overall efficiencies, increase service capabilities, expand the revenue base, and reduce operating costs.

The two water providers both traced their beginnings back to the mid-1950s and were roughly the same size at the time of consolidation. Arcade had 22,681 service connections and 325 miles of mains. Northridge had 23,205 connections and 330 miles of mains. The districts also shared common boundaries, and both drew water from the same groundwater basin.

Partnerships | Working Together for a Better Tomorrow

From its earliest days, SSWD made collaboration one of its bedrock principles and joined with other water providers and related industries to protect the local environment and improve and enhance the reliability and sustainability of the region's water supplies.

Not long after its formation, SSWD became a member of the Water Forum and supported their efforts to balance the region's water supply reliability while preserving the environment of the Lower American River. The District also joined the Sacramento Groundwater Authority, which coordinated efforts to help the groundwater aquifer, critical to SSWD's water supplies, recover from record lows to sustainable levels.

Capital Improvement Projects | The Pipes, Pumps, and Wells that Keep the Water Flowing

Another of SSWD's guiding principles has been a dedication to investing in improvements to the water system. SSWD has invested millions of dollars each year into replacing water mains, retrofitting water meters, building new groundwater wells and pump stations, and establishing interties with other water providers.

These investments have increased SSWD's operating efficiencies, reduced water lost to leaks, lowered the District's carbon footprint, and been key to helping diversify the District's water supply so that it can be sustainably managed.

Staff | Great People Make a Great Organization

However, the most important element to SSWD's success over the years has been our staff. Many of our team members have worked here for years and risen through the ranks to become heads of their departments.

This depth of institutional knowledge has helped the District weather challenges like the pandemic and droughts, and stand ready for whatever new challenges the future holds.

Though much has changed over the past 20 years, one thing has remained constant: our unwavering commitment to providing high-quality water and superior customer service at the lowest responsible rate.



Mission Statement

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

Letter from the General Manager

After years of uncertainty and unprecedented challenges, 2022 marked a return to more normal times, but it was not without its challenges, including inflation and continued supply chain disruptions, the lingering presence of COVID-19 and its variants, and a third year of drought in California.

I'm proud to say that while the last two years might have slowed us down, they certainly didn't stop us. The SSWD Team faced the challenges brought on by the pandemic and proved as an organization to be both robust and extremely agile in the face of change and disruptions.

I continue to be honored to serve as General Manager of SSWD and feel very fortunate to work with the Board and our seasoned and dedicated SSWD Team members, as well as the newer staff members who have joined us. We are all driven and united by our sense of responsibility, discipline, and dedication to the community that we serve.

On behalf of everyone at SSWD, thank you to the Board of Directors for their direction and support in addressing the District's most pressing needs, and our customers for the trust placed in us.



A handwritten signature in black ink, appearing to read 'Dan York'.

DAN YORK
General Manager



SSWD Third Annual Open House

After not holding an Open House during the past two years, SSWD hosted its third annual Open House on October 6th and used the occasion to publicly celebrate the District's 20th Anniversary. Over 150 customers attended and helped celebrate SSWD's two decades of providing high-quality water and superior customer service.

Guests met employees from each of the departments, learned about WaterSense-labeled products, capital improvement projects, preventive maintenance programs, operations maintenance and repairs, and talked with Board Members.

SSWD Explores Combination with Neighboring Water Providers

Carmichael Water District (CWD): In 2022, SSWD and CWD commissioned a study to explore combination opportunities. The goal was to examine how combining the two neighboring water utilities might encourage efficiencies, reduce costs, improve water supply reliability, and enhance customer service.

The study, conducted by an independent consulting firm that specializes in working with government agencies and utilities, explored trends in the water industry and community, such as changing water demand, pressure to keep rates affordable, regulatory change, water supply reliability, and expansion to meet regional needs, and the feasibility for addressing those trends through combination.

A decision about moving forward is expected to come in 2023 after a deliberative, public process that explores the study's findings and provides opportunities for input.

Del Paso Manor Water District (DPMWD): SSWD and DPMWD hosted discussions via a 2x2 Committee, which includes leadership and management from both water providers, to explore the opportunities and efficiencies that could come with combination. Discussions are currently on hold; however, discussions might resume in 2023.

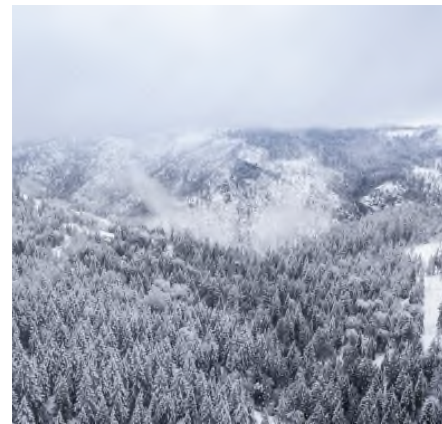
Reliable Water Supplies that Weather the Extremes

In 2022, the Sacramento Region continued to experience dramatic swings in precipitation that are ever more commonplace. Conditions ranged from December 2021 storms that set a new snowfall record at the Central Sierra Snow Laboratory on Donner Summit to the driest January-through-March period on record for the Sacramento and the Sierra Nevada region.

Although the result was another drought year for California, SSWD's water supplies remained secure and reliable thanks to long-term planning, partnerships, and effective management.

SSWD operates the region's largest network of groundwater wells—71 of them—and does not have its own right to access river water. However, through a long-term contract with the U.S. Bureau of Reclamation, SSWD can purchase up to 29,000 acre feet of surface water annually from Placer County Water Agency (PCWA) for the next two decades as long as sufficient supplies are available.

The District also has an agreement with the City of Sacramento to access over 26,000 acre-feet of surface water annually from their Fairbairn Treatment Plant. The two neighboring organizations work together to coordinate the use of their water supplies—groundwater or surface water—according to availability to benefit the groundwater aquifer and protect the environment of the Lower American River.



Helping Out in a Time of Need

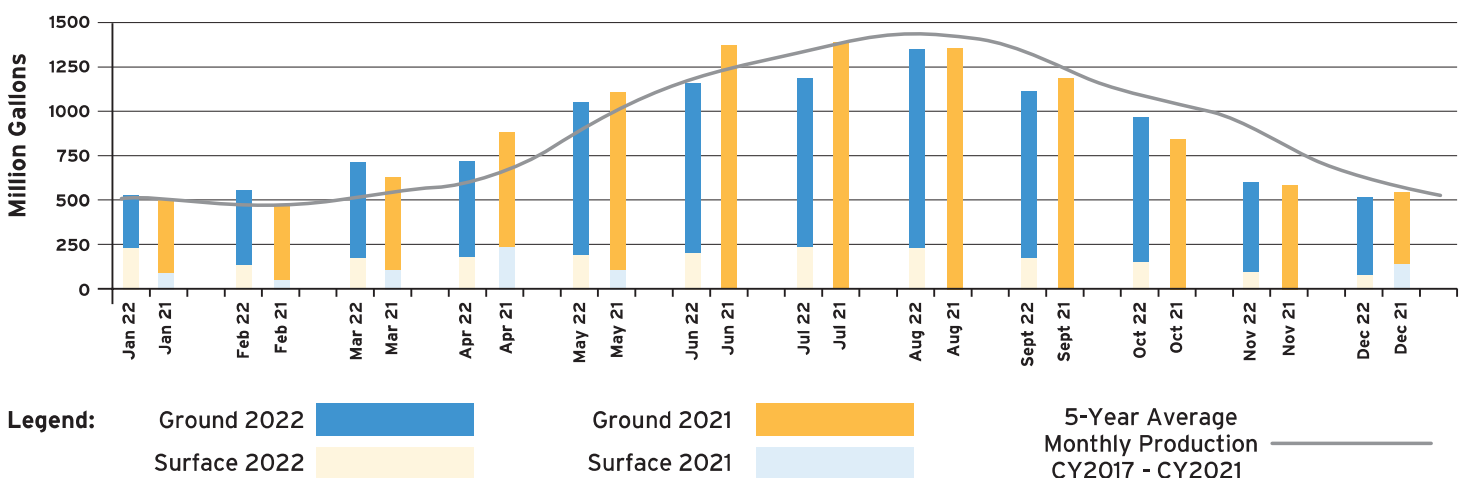
During September's heat wave, SSWD helped keep the lights on for our customers by utilizing its standby power generators to run the groundwater wells in areas that were projected to be under the greatest threat of rotating outages by the Sacramento Municipal Utility District.

The California Independent System Operator had estimated that the state was facing a deficit of 2,000 to 4,000 megawatts and issued a statewide alert asking the public to conserve.

These efforts reduced grid usage by an estimated 8,000 kilowatt-hours, which is equivalent to taking approximately 600 homes off the grid during peak hours during those two days.

Monthly Water Production

MONTHLY WATER PRODUCTION



SSWD Capital Improvements

The District made progress on many improvements to the water system in 2022. These efforts helped to restore declining pumping capacity and maintain and upgrade infrastructure. Highlights include:

Wells and Pump Stations

Butano/Cottage Well and Pump Station: Construction was completed on the well and work on the pump station is anticipated to be completed in 2023.

Verner/Panorama Well and Pump Station: Construction was completed on the well and pump station. The well produces 1,250 gallons of water per minute (GPM).

Walnut/Auburn Well and Pump Station: Construction was completed on the well and work on the pump station is ongoing.

Antelope North/Poker Wells and Pump Station: Construction began on three new wells, each targeted to produce 1,500 GPM. Construction of the pump station is planned to start in 2023.

Meter Retrofit

The District reached 99 percent metered and is on track to be fully metered in advance of the state deadline of January 1, 2025.



SSWD Signs Long-Term Exclusive Groundwater Well Maintenance Contract

In October, SSWD finalized a contract with Kirby's Pump and Mechanical, Inc. (Kirby's), a licensed well contractor, to provide maintenance and repair services for the District's groundwater wells for the next five years.

Collaboration on Water Reliability Projects

Hinkle Reservoir: SSWD continued its collaboration with San Juan Water District (SJWD) on a major improvement project to rehabilitate SJWD's Hinkle Reservoir. The project to replace the liner and cover for the 62-million-gallon reservoir, which began in November 2022, enhances SSWD's access to surface water during years when there is normal or above average precipitation.

Emergency Connections: SSWD partnered with Del Paso Manor Water District to automate three emergency intertie connections to open automatically to provide water in the event of a substantial drop in pressure.

Water Transfer: SSWD partnered with six other local water providers in 2022 to make excess water available for the environment and downstream communities during California's severe drought. From July through November 2022, the region transferred 14,045 acre-feet of water, including 4,371 acre-feet from SSWD via the District's partnership with the City of Sacramento. The transfer resulted in \$1,748,400 in revenue for SSWD, which will be re-invested into the District's water supply system. In addition to the City of Sacramento and SSWD, the other participating water providers included Carmichael Water District, Citrus Heights Water District, Fair Oaks Water District, Sacramento County Water Agency, and San Juan Water District.

SSWD Board of Directors

Jay Boatwright

President (Division 2)



Kevin M. Thomas

Vice President (Division 4)



Craig M. Locke

(Division 5)



David A. Jones

(Division 1)



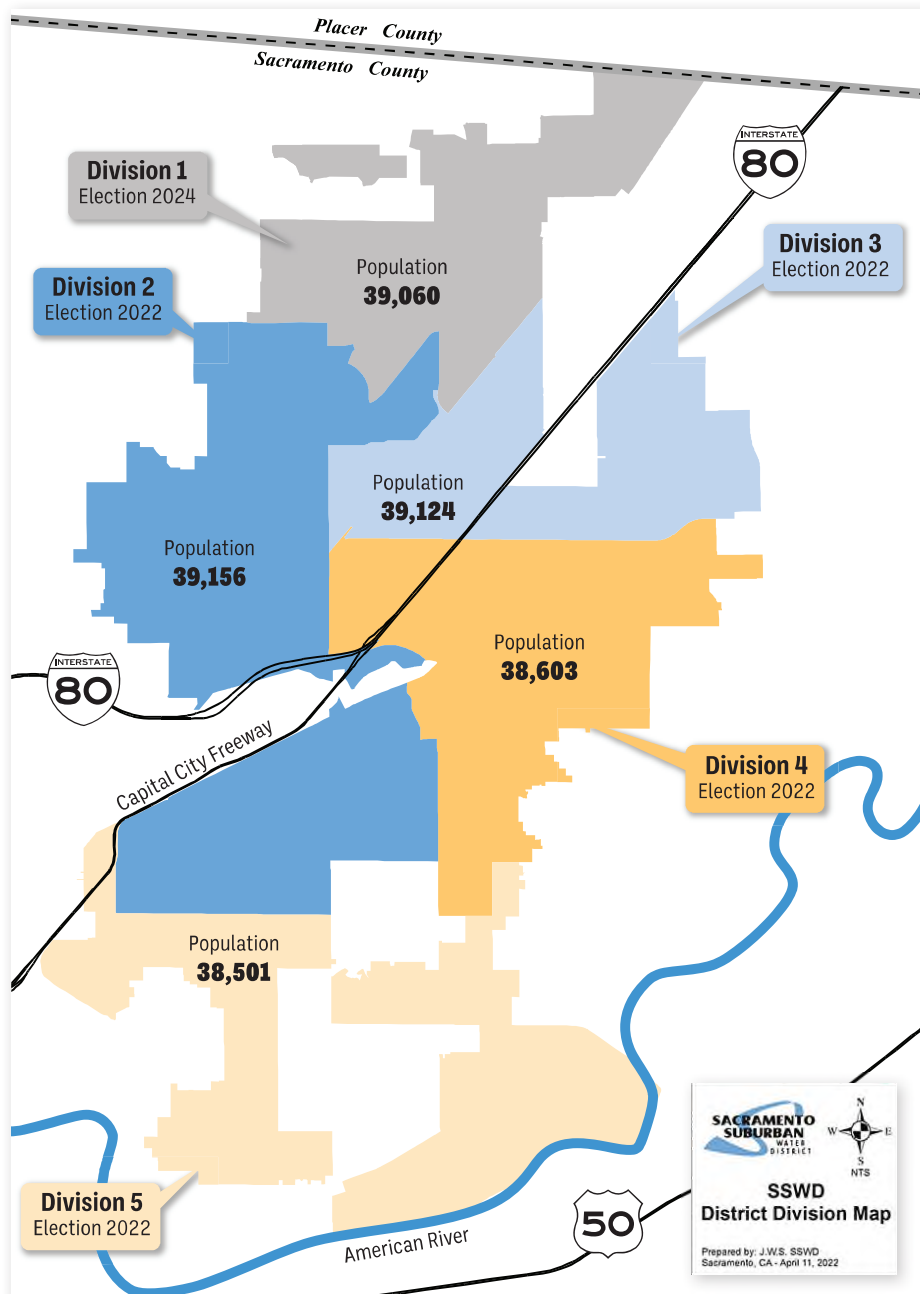
Robert P. Wichert

(Division 3)

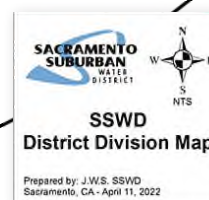


SSWD Service Area and Division Map

Population is based on Federal Census as of 04/01/2020.



194,444
Total population



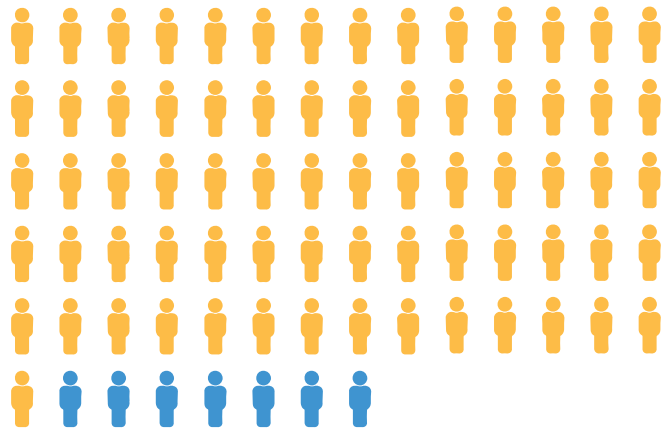
Staffing

Employee Classifications

 Regular Employees 71

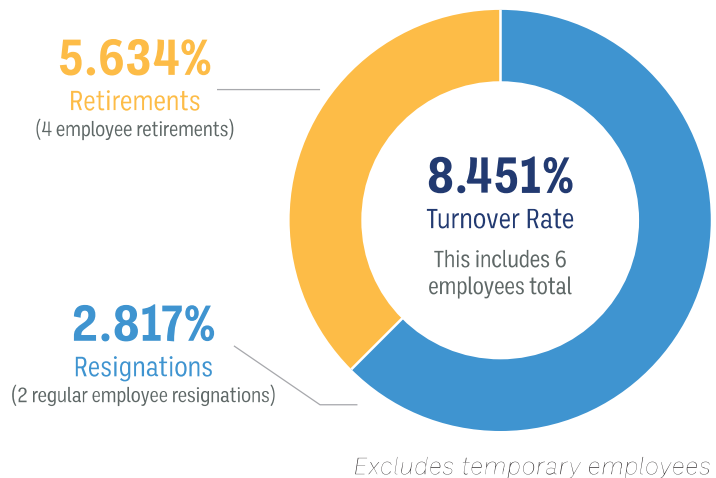
 Temporary Employees 7

People Employed 78



Employee Turnover Rate

SSWD is fortunate to have a stable workforce with an overall low turnover rate.



Succession Planning

In 2022, the SSWD Board of Directors approved a new Succession Planning Program, creating a systematic approach to identifying and developing talent pools to fill key roles and ensure continued effective performance through leadership continuity. The plan includes a Career Advancement Team to guide the program and help ensure equal job and career development opportunities for all levels of employees.

Strong Safety Record

The water industry average for work-related injuries is 2.4 per 100 employees. SSWD overall rate was only 1.29 injuries per 100 employees, less than two-thirds of the industry average.

Leading the Way on Safety

SSWD's insurance carrier created the H.R. LaBounty Safety Award Program to promote and reward agency employees who demonstrate safe behavior, take part in recognizable proactive activities, or participate in risk-reducing actions.

In 2022, SSWD Safety Officer Ben Harris and Water Conservation Supervisor Greg Bundesen received LaBounty Safety Awards.

Mr. Harris was recognized for his development and oversight of the "Blue Card Program," which encourages staff to observe, recognize, and report unsafe workplace conditions through an incentive-based process. Mr. Bundesen was honored for developing a training program that highlighted the various hazards a technician may encounter in the field.

These honors demonstrate the District's commitment to providing a healthy and safe working environment, which is essential to the wellbeing of SSWD's employees.

Financial Stewardship

2022 Financial Snapshot

Credit Outlook

AA+

Standard & Poor's rating

0.17

Debt ratio

Outstanding Debt/Capital Assets
The median ratio for water is 0.37

4.50

Debt service coverage ratio
(ideal ratio is 2 or higher)

Assets and Net Position

\$270,541,612

Net investment in capital assets

\$31,912,375

Unrestricted Net Position

\$48,055,028

Cash and investments

\$22,700,232

Capital assets currently under construction

\$47,955,000

Outstanding debt (par)

\$15,860,559

Retirement commitments

11 Years

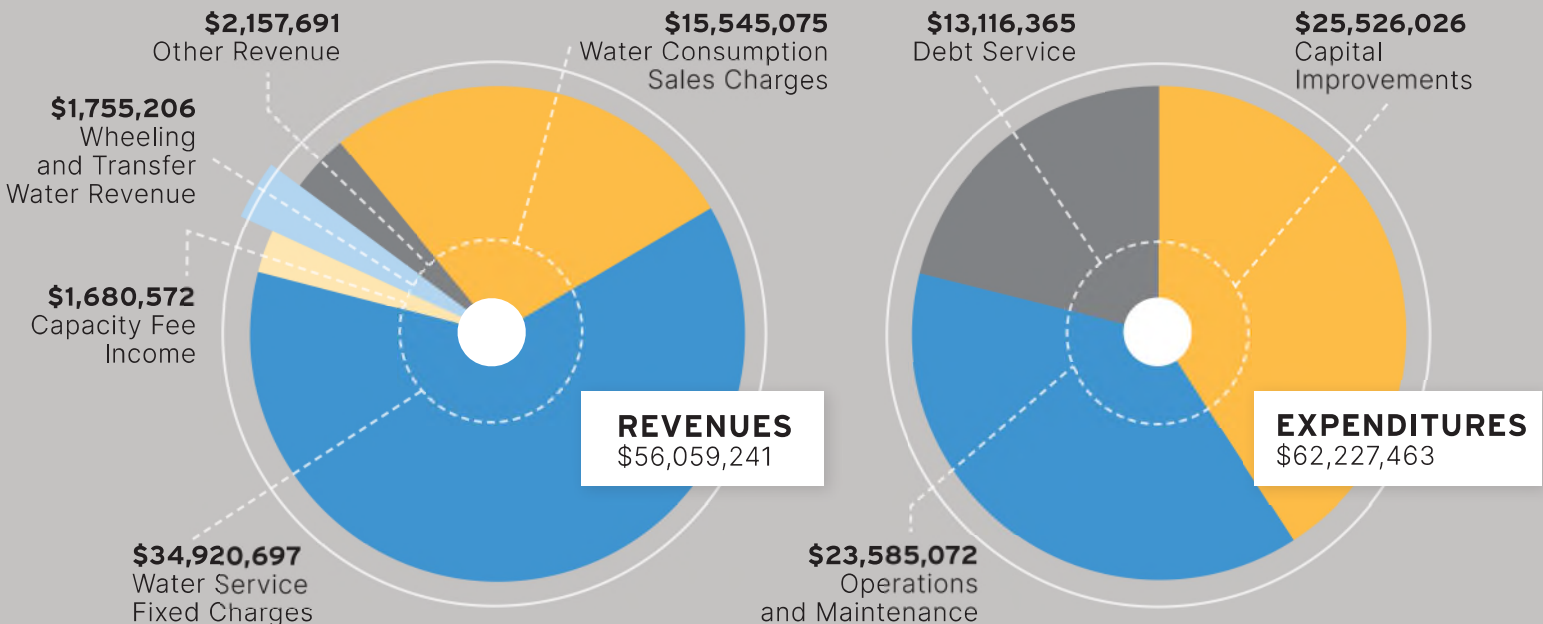
Years SSWD has received top honors from the Government Finance Officers Association for the completeness and readability of our annual reports for 11 years running

2022 Financial Notables

In 2022, the District's long-term debt was reduced by \$10.4 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%.

The 2022 Water Transfer with the City of Sacramento resulted in \$1.8 million in revenues.

Water System Finances





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Inside...

Reliable Water Supplies that Weather
the Extremes

Water System Improvements

SSWD Board of Directors, Staffing
and Safety Record

Financial Stewardship

Leadership

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

Jay Boatwright, President (Division 2)

Kevin M. Thomas, Vice President (Division 4)

Craig M. Locke (Division 5)

David A. Jones (Division 1)

Robert P. Wichert (Division 3)

Sacramento Suburban Water District

Dan York, General Manager

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