

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT DISTRICT PROFILE

Date: February 12, 2021

Agency Name: Sacramento Regional County Sanitation District (Regional San)

Date Established: 1973

Address: Main Administrative Office – 10060 Goethe Road, Sacramento, CA 95827
Sacramento Regional Wastewater Treatment Plant – 8521 Laguna Station
Road, Elk Grove, CA 95758

Website: www.regionalsan.com

Telephone/Fax: (916) 876-6000 (Administrative Office) / (916) 876-6158

Administrator Name: Prabhakar Somavarapu

Title: District Engineer

Name of Contact: José Ramírez, Senior Civil Engineer

Contact's E-mail Address: ramirezj@sacsewer.com

Agency's Principle Act: County Sanitation District Act (Health and Safety Code Section 4700)

Services Provided: Municipal Wastewater Services, Recycled Water Services

Latent Powers: Water Supplier (H&S Code 4767)
Refuse Transfer and Disposal (H&S Code 4741 et.seq.)

Governing Body: Board of Directors (17 members)

Total Number of Employees: 430 employees (420 represented / 10 unrepresented)

Acreage/sq. Miles within Agency: 245,000 acres / 383 sq. miles

Total Population within Agency: 1,600,000

Total Registered Voters within County: 879,464

Summary of Regional San Information	
Population Served	1.6 million
Area Served	383 square miles
Annual Average Influent Flow	155 million gallons per day (MGD)
Annual Average Effluent Flow	124 MGD
Maximum SRWTP Hydraulic Capacity	392 MGD
Miles of Recycled Water Transmission Lines	37,000 LF / 7.0 miles
Amount of Water Recycled in 2019	0 gallons ¹
Average Recycled Water Pressure	85 psi at the pump station
Average Annual Recycled Water Revenue ²	\$194,000
10-year Recycled Water Rate Increases ³	39%
Annual Revenue ⁴	\$329,398,000
Debt Service per Customer	\$44.78
Annual Average Operation & Maintenance Costs ⁵	\$127,852,000
Annual Average Capital Costs ⁶	\$232,227,000
Annual Average Designated Reserve ⁷	\$177,863,000
Annual Number of Recycled Water Leaks per Mile	None
Compliance with CDPH Standards	Yes

1. The Water Reclamation Facility was off-line due to the EchoWater project.
2. The average annual recycled water revenue was calculated using the three-year average for 2015 to 2017.
3. Wholesale recycled water rates are a percentage of the Sacramento County Water Agency Potable Water Rate.
4. The Annual Revenue is a three-year average.
5. The Annual Average Operation and Maintenance Costs are a three-year average.
6. The Annual Average Capital Cost provided is a ten-year average.
7. The Annual Average Designated Reserve provided is a ten-year average.

INTRODUCTION

Background Information

The Sacramento Regional County Sanitation District (Regional San) is an independent Special District.

- *Mission:* Regional San protects public health and the environment by conveying, treating, and recovering resources from wastewater responsibly and cost-effectively.
- *Setting:* A map of the Regional San existing service area is attached as Exhibit A.

History

In 1973, the County and City of Sacramento joined forces with the City of Folsom to form Regional San, which assumed responsibility for regional wastewater treatment. Regional San was established as an independent special district under the California Health and Safety Code and operating under and in accordance with the County Sanitation Districts Law codified in Part 3 of Division 5 of the Health and Safety Code, at sections 4700 et seq. Regional San is a special district and a political subdivision of the State of California.

Services Provided

Regional San provides regional wastewater conveyance and treatment services to residential, industrial, and commercial customers throughout the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, Sacramento, and West Sacramento; the communities of Courtland and Walnut Grove; and unincorporated Sacramento County in California. 169 miles of sewer interceptor pipelines convey wastewater to the Sacramento Regional Wastewater Treatment Plant (SRWTP), where approximately 155 MGD of wastewater are treated and discharged to the

Sacramento River. Regional San serves approximately 1.6 million people within the District's service area of approximately 383 square miles.

Regional San's cutting-edge Water Recycling Program has provided an environmentally responsible and safe water supply for non-potable purposes, such as landscape irrigation, industrial uses, and environmental restoration.

Regional San's water recycling facility is located at the Sacramento Regional Wastewater Treatment Plant (SRWTP) near Elk Grove, CA. Currently, Regional San wholesales recycled water to the Sacramento County Water Agency (SCWA) and retails water to the Sacramento Power Authority (SPA). Since April 2003, SCWA has been retailing up to 3.5 MGD of recycled water to irrigate neighboring parks, landscaped street medians, and commercial and school sites in the Laguna West, Lakeside and Stone Lakes developments in the City of Elk Grove. Since July 2020, SPA uses up to 1 MGD of recycled water at the SPA Cogeneration Plant located in South Sacramento. The recycled **water is used in the plant's cooling tower**, which helps to significantly reduce the amount of potable water used at the plant for non-potable purposes.

Management and Staffing Structure

Management Structure

Regional San is governed by a 17-member Board of Directors composed of five members of the Sacramento County Board of Supervisors, five councilmembers from the City of Sacramento, two councilmembers from Elk Grove, and one representative each from the Yolo County and the cities of Citrus Heights, Folsom, Rancho Cordova, and West Sacramento. **The Board of Directors is responsible for appointing the District Engineer who serves as Regional San's Executive Officer.**

Regional San's executive management team consists of the District Engineer, who oversees the Directors of Operations, Policy and Planning, and Internal Services, Manager of Public Affairs, and Chief Financial Officer.

Employment Structure

Regional San employs 430 full-time positions. Also, the Regional San employs on average 4 part-time, and 15 seasonal, and 17 student positions. A Regional San organization chart is attached as Exhibit B.

- *The type and purpose of contracts and consultants:*

Regional San utilizes a variety of contractual and consulting services to support its delivery of services. Example contractual and consulting services include, but are not limited to the following:

- Legal counsel
- Engineering design
- Architectural design
- Construction
- Hauling and disposal
- Information technology
- Financial advisory and investment
- Financial auditing
- Public information and outreach
- Laboratory Services
- Building and Facilities Maintenance

- *Purchasing Procedures*

Regional San's established purchasing procedures comply with applicable laws and regulations, while also ensuring economy, efficiency, and value in the procurement of supplies, materials, equipment, consultant

services, operating and maintenance services, and public works projects from various consultants, contractors, and suppliers. See Exhibit C for **Regional San's** purchasing procedure.

- *Please feel free to mention any awards or recognition the agency has received*
- Regional San has received a variety of awards as a local and national leader in municipal wastewater treatment. A list of awards from the last five years include:
 - 2020 – Award of Distinction (shared with the Sacramento Area Sewer District) – California Public Information Officials
 - 2020 – Project of the Year – Sacramento Chapter, American Public Works Association
 - 2020 – \$150,000 for the Channel Aeration Blower Project – SMUD
 - 2020 – California—Public Works Project Achievement Award: Effluent System Reliability Project – The Construction Management Association of America—Northern
 - 2020 – Outstanding Small Project of the Year: Effluent System Reliability Project – American Society of Civil Engineers – Sacramento Chapter
 - 2019 – **Sacramento Area Section President's** Award – California Water Environment Association
 - 2019 – Utility of the Future Today – National Association of Clean Water Agencies
 - 2019 – Peak Performance Gold Award – National Association of Clean Water Agencies
 - 2019 – Project of the Year – Sacramento Chapter, American Public Works Association
 - 2019 – Award for Publication Excellence: Campaigns, Programs & Plans – Awards for Publication Excellence
 - 2019 – Award of Distinction – Academy of Interactive and Visual Arts
 - 2019 – Award of Distinction – California Public Information Officials
 - 2018 – Peak Performance Gold Award – National Association of Clean Water Agencies
 - 2017 – Cultural Sustainability Award – **Business Environmental Resource Center's Sacramento** Area Sustainable Business Program
 - 2017 – Peak Performance Silver Award – National Association of Clean Water Agencies
 - 2016 – Peak Performance Silver Award – National Association of Clean Water Agencies
 - 2016 – Utility of the Future Today – National Association of Clean Water Agencies
 - 2016 – MarCom Gold Award – MarCom Awards
 - 2016 – APEX Award of Excellence – Awards for Publication Excellence
 - 2016 – Outstanding Environmental Analysis Document – Association for Environmental Professionals

- *Describe ongoing training and personnel policies*

Regional San provides in-house training, vendor-supplied training, and certification training. Employees participate in monthly staff meetings, safety trainings, and departmental meetings that focus on training. All training is scheduled, tracked, and recorded through coordination between the training staff and management at all levels and is stored in the Meridian Learning Management System. Training covers a broad range of topics, including safety, career management, leadership, operations and maintenance, software, and other specialized training for individuals, teams, and workgroups.

- *Describe financial reporting and auditing practices*

Regional San provides the following reports to its Board of Directors:

1. Quarterly: Section 6505.5(e) of the Government Code and the terms of the Joint Exercise of Powers Agreement between Regional San and the Sacramento Area Sewer District (SASD), which created the Financing Authority, requires a quarterly report in writing. This report is presented to

the Boards of Directors of the Financing Authority, Regional San, and SASD and describes the amount of money held by the Treasurer of the Financing Authority, and the amount of receipts and payout since the last report.

2. Semi-Annual: Per the Master Derivative Policy Statement as of June 12, 2013, and to include additional transparency and accountability provisions of the 2010 Dodd-Frank legislation, a semi-annual report of swap agreements is presented to the Board of Directors. The reporting requirements include highlights of all material changes to swap agreements since the last report, market value of the interest rate swap agreements, the credit rating of each swap counterparty, a 25 basis point movement (up or down) with the appropriate swap index, and summary of each swap agreement.
3. Annual: The Financing Authority, Regional San, and SASD individually prepare Comprehensive Annual Financial Reports (CAFR), which are audited by an independent Certified Public Accounting firm. The CAFR is prepared for presentation to governing boards and to meet statutory reporting requirements, and certain bond covenant requirements. Also, a report is prepared on each District's Internal Control over Financing Reporting, an Independent Auditor's Report, Basic Financial Statements, and Required Supplementary Information. The Auditor prepares a separate report on each District's compliance with Bond covenants, to ensure that there are no deficiencies in compliance with terms, covenants, provisions, or conditions of the Trust Agreement and the Master Installment Purchase Contracts.

Regional San has an independent auditor to provide an independent audit of Regional San's financial statements which is designed to be part of a broader, federally mandated "single audit" at the level that meets the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements but also on Regional San's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Per the existing Master Interagency Agreement between the County of Sacramento and Regional San, various services are provided, of which one is Auditing Services. The County of Sacramento has a contract with an independent Auditor, which Regional San also utilizes. The County uses a competitive request for proposal process to select auditors. The Auditor reports to the Board of Directors.

Regional San makes copies of budget summary information, financial audit reports, and other financial information available for public review on its website and District office.

- *Are salaries and pay scales comparable/competitive with regional and industry standards?*

Regional San salaries and pay scales are comparable with regional and industry standards.

Regional San through Sacramento County offers a package of employee benefits that are comparable to and competitive with other wastewater utilities and public agencies in the region. These include Sacramento County **Employees' Retirement System** pension benefits; health, dental and vision insurance; life insurance; short-term and long-term disability insurance; paid vacation leave, sick leave, and holidays; education assistance programs and others.

- *Describe the pension system and practices*

Employees of Regional San participate in the County of Sacramento's cost-sharing multiple-employer defined benefit retirement plan (the Plan) administered by the Sacramento County Employees Retirement System (SCERS). The Plan is governed by the Sacramento Board of Retirement under the California County Employees' Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the County of Sacramento Board of Supervisors and/or the SCERS Board.

SCERS provides service retirement, disability, death, and survivor benefits to eligible employees. All permanent full-time or part-time employees of the County of Sacramento or contracting districts become members of SCERS upon employment. **Regional San's employees are classified as Miscellaneous** members. There are five tiers applicable to Miscellaneous members. Those hired before September 27, 1981, are included in Tier 1. Those hired after that date but before January 1, 2012, are included in Tier 2 or Tier 3 depending on the date of hire and bargaining unit. County members hired after that date but before January 1, 2013, are included in Tier 4. New members hired on or after January 1, 2013, are designated as PEPRA Miscellaneous (Tier 5) and are subject to the provisions of California Government Code 7522 et seq. and AB 197.

The retirement benefits the member will receive is based upon their age at retirement, final average compensation, years of retirement service credit, retirement plan, and tier. See the 2019 Comprehensive Financial Report for additional information (Exhibit D).

- *Is organization structure similar with like service providers?*

Regional San has a similar and comparable organizational structure to agencies within the Sacramento region. See Exhibit B for Regional San Organizational structure

Municipal Service Review Information and Determinations

1. **Growth and Population Projections (This provides the public with a “snapshot” of your community.)**

- *What is the current level of demand for services?*

Existing Wastewater Service

The SRWTP is currently a secondary wastewater plant that receives an average influent flow of approximately 155 MGD and discharges an average of 124 MGD of treated wastewater (effluent). The SRWTP is permitted to discharge up to 181 MGD of average dry weather flow to the Sacramento River. Average dry weather flow is determined annually based on the average daily flow over the three lowest consecutive dry weather months. Annual average wastewater flows for the SRWTP from 2015-2019 are presented in Table 1.

Table 1: SRWTP Average Annual Influent and Effluent Flows, 2015-2019

Year	Annual Average Influent Flow (MGD) ¹	Average Dry Weather Influent Flow (MGD) ²	Annual Average Effluent Flow (MGD) ³	Average Dry Weather Effluent Flow (MGD) ⁴
2015	127	119	106	99
2016	134	124	115	105
2017	155	126	132	109
2018	142	137	116	107
2019	155	141	124	106

Existing Recycled Water Service

A portion of the **SRWTP's secondary**-treated flow is sent to a Water Reclamation Facility, located at SRWTP. Regional San, in cooperation with SCWA, operates an existing recycled water program that distributes up to 3.5 MGD of tertiary treated water from the Water Reclamation Facility. Recycled water is used to irrigate street medians, commercial landscaping, parks, and school sites in the Laguna West, Lakeside, and Stone Lakes communities in the City of Elk Grove.

In cooperation with SPA and staff from the Sacramento Municipal Utility District (SMUD), Regional San has recently completed the construction of recycled water facilities to serve up to 1 MGD (1,000 acre-feet per year (AFY)) of recycled water to the SPA Cogeneration Plant's cooling tower. Recycled water service to SPA started in July 2020.

- *What is the projected demand for services?*

¹ Annual Average Influent Flow is based on Total Influent Flows from January-December each year. Total Influent flows include water received from the collections systems, recycled water flows, return flows from plant processes, and return water from the emergency storage basins that may have been used during a diversion.

² Average Daily Dry Weather Influent Flow is the average of the 3 lowest flow consecutive months between May – October. The influent flow lowest three consecutive months do not always correlate with the effluent flow lowest three consecutive months. For example in 2015, the lowest influent flows occurred from May, June, and July, whereas the average dry weather effluent flow was calculated using June, July, and August flows.

³ Annual Average Effluent Flow is based on Final Effluent Flow to the Sacramento River from January-December each year.

⁴ Average Daily Dry Weather Effluent Flow is the average of the three lowest consecutive flows that occurred between May – October.

Projected Demand for Wastewater Service

Since the early 2000s, SRWTP flows have been substantially reduced through water conservation, closure of water-intensive industries, and other factors. Although the SRWTP is permitted to discharge up to 181 MGD of average dry weather flow, it currently receives an average influent flow of 155 MGD, and discharges an average of 124 MGD of treated effluent. In planning for the EchoWater Project upgrades, Regional San has concluded that 181 MGD in average dry weather flow capacity will provide sufficient treatment capacity for the next 40 years. No increased hydraulic capacity for the SRWTP was determined to be needed; the EchoWater Project will only improve current treatment processes.

Projected Demands for Recycled Water Service

Harvest Water Program

Utilizing the disinfected tertiary recycled water produced as a result of the EchoWater Project at SRWTP, Regional San is undertaking the Harvest Water Project (formerly known as the South Sacramento County Agriculture & Habitat Lands Recycled Water Program). Harvest Water will facilitate the beneficial reuse of highly treated recycled water that would otherwise be discharged to the Sacramento River. Regional San will provide up to 45 MGD or 50,000 AFY of Title 22 disinfected treated tertiary recycled water from the SRWTP to 16,000 acres of currently irrigated agricultural lands in the Harvest Water service area and 400 acres of managed wetlands at the Stone Lakes National Wildlife Refuge. Regional San will continue to support existing and future recycled water demands with the implementation of the EchoWater Project.

Initially, an average of 32,500 AFY of recycled water will be provided for growing season (April through October) irrigation to landowners who have voluntarily agreed to receive recycled water from Harvest Water. Recycled water use for irrigation will offset groundwater pumping and will result in in-lieu groundwater recharge in the area. Regional San also proposes wintertime application (November through March) of recycled water on irrigated lands of 12,000 to 17,500 AFY for environmental and wildlife enhancement. In the future, Regional San proposes to provide up to 500 AFY of recycled water, mostly delivered during the spring and fall, to 400 acres of wetlands at Stone Lakes National Wildlife Refuge, also for fish and wildlife enhancement purposes. Implementation of Harvest Water will **necessitate expansion of the Regional San's current** recycled water service area boundaries. A proposed Harvest Water Service Area map is attached as Exhibit E

Other Recycled Water Projects

City of Elk Grove Phase II Expansion Project

Regional San in cooperation with SCWA is planning to serve the Phase II area located in the City of Elk Grove with a maximum daily demand of 5-6 MGD.

City of Sacramento Recycled Water Expansion Project

The existing recycled water transmission pipeline serving SPA was designed with sufficient capacity to serve future customers in the City of Sacramento with a maximum daily demand of 3.3 MGD.

City of Elk Grove's Proposed Southeast Policy Area (SEPA)

Regional San is working with the City of Elk Grove and SCWA to evaluate the feasibility of providing recycled water service to the proposed (SEPA) Area. The proposed SEPA is estimated to have a daily recycled water demand of up to 2.6 MGD.

- *Please provide growth rate and population projections.*

Regional San has concluded that 181 MGD in average dry weather flow capacity at the SRWTP will provide sufficient treatment capacity for its service area for the next 40 years. With a target of annual average daily demand of 45 MGD (50,000 AFY) for Harvest Water, the SRWTP will be able to provide an adequate recycled water supply to the Harvest Water service area and the other areas described in the previous section. Harvest Water will not directly induce population growth in the proposed Harvest Water service area, municipal wastewater conveyance and treatment services will not be provided to the Harvest Water service area, no new residential or commercial development projects would be served by the proposed Program area, and the project will not require new permanent employees who will generate a demand for new housing.

Sacramento County population estimates from the California Department of Finance are presented in Table 2. Regional San serves the vast majority of Sacramento county residents.

Table 2: Sacramento County Population Projections

Year	Population Estimate	Calculated % Change from Prior 5-Years	Calculated % Change from the Year 2020
2020	1,567,975		
2025	1,637,045	4.41%	4.41%
2030	1,697,555	3.70%	8.26%
2035	1,751,526	3.18%	11.71%
2040	1,799,258	2.73%	14.75%
2045	1,840,419	2.29%	17.38%
2050	1,876,422	1.96%	19.67%
2055	1,908,557	1.71%	21.72%
2060	1,939,608	1.63%	23.70%

Source: State of California, Department of Finance, P-1 State Population Projections (2010-2060), Total Population by County

- *Please provide any other information relevant to planning for further growth or changing demographics.*

The Project will not directly induce population growth in the proposed Harvest Water service area, as no new residential or commercial development projects would be served by the proposed project and the project will not require new permanent employees who will generate a demand for new housing. The extension of service to this project area by Regional San will be for recycled water service only. Our water right stipulates the use of the recycled water shall be for agricultural and habitat enhancement exclusively. Extension of wastewater collection or treatment or other recycled water projects is not included in this project. The project will extend recycled water service to South Sacramento County and will conserve existing groundwater and potable supplies in the project area.

LAFCo MSR Determination

LAFCo to complete...

2. Facilities and Programs

A. Facilities

Summary of Facilities

Existing Regional San facilities include, 111 miles of gravity sewer, 58 miles of force mains or pressurized pipes), 11 pump stations, the SRWTP located in Elk Grove, and the Main Administrative Office (Goethe Office) located in Sacramento. A summary of existing Regional San Facilities is presented in Table 3.

The SRWTP currently provides secondary treatment of wastewater through the operation of a combined system consisting of bar screens, grit tanks, primary tanks, carbonaceous oxidation tanks using high purity oxygen, secondary sedimentation tanks, disinfection using sodium hypochlorite, and dechlorination using sodium bisulfite. In addition to the treatment process facilities, auxiliary systems at the SRWTP include the cogeneration facility, biogas enhancement facility, odor control systems, corrective action program to address groundwater contamination, a water reclamation facility, and a closed grit and screenings landfill. The EchoWater Project is constructing new secondary and tertiary processes at the SRWTP for biological nutrient removal, filtration, and enhanced disinfection to produce disinfected tertiary Title 22 equivalent treated recycled water. In September 2020, Regional San began the operation of three of the eight basins in the new biological nutrient removal treatment process.

Table 3: Existing Regional San Facilities

Name	Location	Size	Description
Goethe Office	10060 Goethe Road, Sacramento, CA 95827	24.33 acres	Regional San/Sacramento Area Sewer District Headquarters and Main Administrative Office.
SRWTP	8521 Laguna Station Road, Elk Grove, CA 95758	3,200 acres	Wastewater Treatment Plant Total Acreage
Process Area	SRWTP	1050 acres	Wastewater Treatment Plant Process Area
Bufferlands	Surrounding SRWTP	2150 acres	Regional San established the Bufferlands to minimize odor impacts on the surrounding community through an open space that also serves as a wildlife habitat.
Interceptor Pipeline	Service Area	111 miles	Wastewater collection system gravity pipeline
Force main Pipeline	Service Area	58 miles	Wastewater collection system pressurized pipeline
Wastewater Pump Stations	Service Area		Eleven wastewater pump stations

A Regional San facilities map is attached as Exhibit F.

Present and Planned Capacity of Public Facilities

- *What is the current and projected service capacity?*

SRWTP has a permitted capacity of 181 MGD average dry weather flow. The SRWTP is being upgraded to comply with a new National Pollutant Discharge Elimination System (NPDES) permit issued by the Central Valley Regional Water Quality Water Board (Regional Board) in December 2010 which requires treatment equivalent to disinfected tertiary treated recycled water produced for discharge to the Sacramento River. As a result of new permit requirements, Regional San is currently constructing facilities to improve treated effluent water quality. These improvements are

part of the EchoWater Project and include new secondary and tertiary treatment processes for nitrification-denitrification, filtration, and enhanced disinfection. EchoWater Project construction began in May 2015 and is anticipated to conclude in late 2023. In 2023, with the completion of the **EchoWater Project construction, the SRWTP will produce “disinfected tertiary recycled water,”** meeting California Code of Regulations Title 22, Division 4, Chapter 3, Article 7 (Title 22) standards.

- *What is the level of adequacy of services and facilities to serve the current and future population?*

The EchoWater Project, currently under construction, will address NPDES permit requirements for improved treated effluent water quality and will include secondary and tertiary treatment upgrades. Regional San has concluded that 181 MGD in average dry weather flow capacity at the SRWTP will provide sufficient treatment capacity for its service area for the next 40 years. With a target of 45 MGD (50,000 AFY), the SRWTP will be able to provide an adequate recycled water supply to the Harvest Water service area. **Regional San’s** level of services and facilities are adequate to serve current and future wastewater treatment and recycled water demands.

- Describe service interruptions and emergency plans

Recycled Water Service Interruptions: Harvest Water will provide approximately two-thirds of peak season irrigation demands in the service area while relying on farmer wells to meet the balance of peak demand. The farmers will continue to maintain and utilize their groundwater wells and in case of recycled water service interruptions will switch to groundwater wells.

Recycled Water Communications Plan: Regional San has a Communication Plan for the Sacramento Power Authority Recycled Water Facility. In addition, Regional San, in collaboration with the Sacramento County Water Agency (SCWA), has Recycled Water Leak Response Procedures for the Phased 1 Area in the City of Elk Grove. For the proposed Harvest Water service area, Regional San plans to develop similar plans (including a Crisis Management Plan) and procedures.

Crisis Management Plan for the Harvest Water Program: The plan will use procedures and communications to help resolve the crisis at hand while at the same time minimizing the amount of impacts to the Project and other related parties and preventing interruptions to Harvest Water’s day-to-day operations. The crisis management plan will ensure that crises are handled in a manner **that reflects the District’s mission, values, and commitment to the environment.**

- *What Performance Measures are used by the District to determine service adequacy?*

Regional San determines service adequacy by performance in seven “service level” categories Current service level targets and 2019 performance are summarized in Table 4.

Table 4: Service Levels Summary

Service Level	Definition	Purpose	Target	2019 Performance Summary	
				Performance	Target Met?
Water Quality Violations	Violations occur when the quality of water discharged from the treatment plant to the Sacramento River does not meet regulatory requirements.	This service level reflects wastewater discharge impacts to the Sacramento River and the treatment plant's overall performance, including capacity, operations, and maintenance practices.	No more than 5 water quality violations per year. Five water quality violations per year correspond with the requirements for the Silver Award issued by the National Association of Clean Water Agencies.	0	Yes
Major Sanitary Sewer Overflows	A major sanitary sewer overflow occurs when sewage overflows the wastewater conveyance system (interceptor pipelines) in an amount greater than 1,000 gallons and/or reaches creeks, rivers, or other surface waters.	This service level reflects proper capacity, operation, and maintenance of major wastewater conveyance (interceptor pipeline) facilities.	No more than 1 major sanitary sewer overflow per year.	0	Yes
Major Wastewater Treatment Spills	A major wastewater treatment plant spill occurs when wastewater that is not fully treated leaves the treatment plant property, gets into a stream or river, endangers public health, and/or creates a nuisance.	This service level reflects the proper capacity, operation, and maintenance of facilities at the wastewater treatment plant.	A target of zero (0) has been set for this service level.	0	Yes
Interceptor Odor Events	An interceptor odor event occurs when odors released from the interceptor pipelines and pump stations are easily recognized by the average person and reported to Regional San staff.	This service level reflects the effectiveness of odor control equipment and practices in the interceptor pipeline system.	No more than 6 interceptor odor events per year.	13 ¹	No
Wastewater Treatment Plant Odor Events	A wastewater treatment plant odor event occurs when odors released from the wastewater treatment plant site are easily recognized by the average person and reported to Regional San staff.	This service level reflects the effectiveness of odor control equipment and practices at the wastewater treatment plant.	No more than 8 wastewater treatment plant odor events per year.	1 ²	Yes

Service Level	Definition	Purpose	Target	2019 Performance Summary	
				Performance	Target Met?
Biosolids Recycled	During the wastewater treatment process, organic matter is removed from the water, treated, disinfected, and converted to a fertilizer product called biosolids. This service level reflects the amount of biosolids recycled as fertilizer.	This service level reflects biosolids recycling efforts and, commitment to environmental stewardship.	Recycle enough biosolids to fertilize between 3,000 and 3,650 acres.	3,830 ³	Yes
Water Recycled	This service level reflects the amount of tertiary-treated wastewater that is used for beneficial purposes, such as irrigation, instead of being discharged to the Sacramento River.	This service level represents a commitment to environmental stewardship and enhancing the water supply through water recycling.	Recycle enough water to irrigate between 200 and 300 acres per year.	0 ²	N/A

1. Regional San exceeded the service level target for annual interceptor odor events due to unexpected equipment failures, construction-related activities, and other operational problems.
2. **In July 2018, Regional San's** Board of Directors approved the temporary suspension of the Water Recycling and Wastewater Treatment Plant Odor Event service levels due to the EchoWater Effluent System Reliability Project (ESRP). The ESRP required frequent plant diversions, which did not allow for the seasonal operation of the Water Recycling Facility and increased the risk of nuisance odors around the Plant. The ESRP was completed in October 2019, and the Service Levels for Water Recycling may continue to be suspended due to Biological Nutrient Removal Project startup activities.
3. To ensure that targets are met, Synagro typically produces more product than required at no additional cost, with the difference carrying over to the following contract year.

Infrastructure Needs or Deficiencies/Capital Improvement Program

- *Describe the District's Capital Improvement Program, as applicable.*

Regional San maintains a 10-year Capital Funding Projection which accounts for capital projects already in progress and projects that are expected to begin within the ten-year timeframe. Approximately \$1.363 billion in capital project costs are anticipated between Fiscal Years 2020-2021 and 2029-30. At approximately \$537 million, the remaining cost to complete the EchoWater Project represents about 39.4 percent of all capital costs projected over this ten-year period. Before the EchoWater Project, Regional San invested approximately \$1.4 billion in expanding and improving its interceptor system.

The Capital Funding Projection is included as part of the Long Term Financial Plan (LTFP), which **is a tool to help focus resources on the issues influencing Regional San's financial position over the next 10 years** and better align its financial capacity with its mission. The LTFP identifies financial risks and opportunities and identifies strategies for meeting those challenges while providing the **most value for the District's ratepayers**. The LTFP is updated and is brought forth for Board approval, at least once per year. The 2019 update to the LTFP is included as Exhibit G.

- *Describe the deferred maintenance strategy.*

It is a Regional San policy that required annual maintenance and scheduled asset replacement should not be deferred to minimize current rates and fees at the expense of higher future rates and fees.

- *Describe policies and practices for depreciation and replacement of infrastructure.*

Regional San's policy is to capitalize all land and permanent easements; computer hardware and light vehicles with a value equal to or greater than \$20,000; other equipment with a value equal to or greater than \$35,000; and computer software, structures, and improvements with a value equal to or greater than \$100,000, and a useful life of more than one year.

Depreciation and amortization are provided on each asset using the straight-line method over the following estimated useful lives:

- Software – 10 years
- Equipment – 5 to 40 years
- Structures and improvements – 15 to 100 years

Maintenance and repairs are charged to expense as incurred. Significant renewals or betterments are capitalized and depreciated or amortized over their estimated useful lives. Costs incurred for major improvements or construction of capital assets are carried in construction in progress until the project is completed at which time costs related to the project are capitalized as treatment plant and equipment.

- *How will new or upgraded infrastructure and deferred maintenance be financed?*

EchoWater Project

EchoWater Project capital costs are estimated at \$1.734 billion. The Clean Water State Revolving Fund (CWSRF) loan program will finance approximately \$1.4 billion of EchoWater capital costs. -

Series 2014A, fixed-rate bonds, issued in July 2014 financed \$150 million in capital costs and the Series 2020A, [rate type], issued in July 2020 financed another \$150 million in capital costs.

Harvest Water

Capital costs to implement Harvest Water are currently estimated at \$441 million. The California Water Commission has awarded Regional San \$280.5 million in Proposition 1 grant funding through the Water Storage Investment Program (WSIP). Also, the U.S. Bureau of Reclamation has awarded Regional San \$4.2 million in grant funding through the Water Infrastructure Improvements for the Nation program. It is anticipated that the balance of capital costs and costs ineligible for grant funding will be financed through tax-exempt revenue bonds issued by Regional San.

Reserves

Future expansion, equipment and infrastructure replacement, and other capital costs are funded via reserves, summarized in Table 5.

Table 5: Reserves Summary

Reserve	Fiscal Year 2020-21 Available	Description
General Reserve	\$36,941,415	Covers emergency costs and other unexpected expenditures or to offset temporary fluctuations in revenues.
Facilities Closure Reserve	\$12,605,122	A Facilities Closure Reserve is mandated by the State of California to finance closure and post-closure costs of the solids storage basins and the dedicated lined disposal sites at the SRWTP. This reserve is increased as needed to ensure sufficient funding will be available at the time of closure of the facilities as mandated by State law.
Equipment Replacement	\$1,159,693	This reserve was created to replace existing heavy equipment (i.e., tractors, cranes) thereby eliminating the need for debt financing in years when heavy equipment is replaced. This reserve is increased by 2.5% each year to reflect inflation.
Confluence Program Reserve	\$10,000,000	This reserve supports programs for economic incentives, educational programs, the Sewer Lifeline Rate Assistance Program, and other community partnership programs. These programs are supported by non-rate/non-fee revenues and are now combined under one umbrella known as the Confluence Program.
Expansion Reserve	\$20,908,124	This reserve was created to fund facility expansions required by customer growth. It is designed to be used when expansion projects are under construction, but impact fees decline due to a sudden slowdown in growth. No changes to this reserve are envisioned for the forecast period.
Replacement Reserve	\$88,036,359	This reserve funds future rehabilitation and replacement of existing facilities and major components when they reach the end of their useful lives. This reserve will be increased by 2.5% each year during the forecast period to offset the impacts of inflation. Also, this reserve will increase by an additional \$1.1 million each fiscal year from 2020-21 through 2023-24 for the added components of the EchoWater Project that will need to be replaced in the future. This reserve helps avoid issuing debt to replace existing assets.
Rate Stabilization Reserve	\$23,200,000	This reserve is available to ensure minimum debt coverage ratios as required by bond agreements are met when revenues decline or operating expenses increase unexpectedly, without requiring an immediate increase in rates.
CWSRF & SPA Loan Reserve	\$11,949,369	This reserve is required by the terms of the CWSRF loan that will finance the EchoWater Project and the Proposition 1 loan that financed a portion of the SPA water recycling project. The reserve will be equal to the annual debt service required under the loan agreements beginning at \$2,011,632 in 2017-18 and reaching an estimated maximum of approximately \$60 million in fiscal year 2024-25.

Reserve	Fiscal Year 2020-21 Available	Description
Unreserved Cash	\$287,987,639	This is defined as all of the cash reserves not specifically designated by the Board of Directors, loan agreements, or laws and regulations. Unreserved cash provides a flexible source of funding to take advantage of opportunities to maximize long-term economic benefits for ratepayers, provide an additional cushion for unexpected expenses or revenue loss, and mitigate any negatives that might be noted by rating agencies. Unreserved cash also provides policymakers with the opportunity to consider the early repayment or restructuring of debt for savings, or financing of future capital project expenditures without the need for additional debt. In this long-term plan, unreserved cash is built up by incremental rate increases and used to fund a portion of the capital cost of the EchoWater Project and pay off older high-cost debt early.

- *List infrastructure deficiencies, if any; indicate if deficiencies have resulted in permit or other regulatory violations; if necessary, explain how deficiencies will be addressed.*

In December 2010, the Central Valley Regional Board issued a new NPDES permit (Order No. R5-2010-0114) for the SRWTP. To meet the terms of the permit and several subsequent amendments, Regional San is required to reduce total nitrogen and ammonia levels in its effluent substantially below existing concentrations. The new NPDES permit requires ammonia levels to be significantly reduced and the average month nitrate nitrogen to be below the California Department of Public **Health's Maximum Contaminant Level for nitrate nitrogen in drinking water**. Regional San is also required to install tertiary filtration treatment for pathogen removal consistent with recycled water requirements under Title 22 of the California Code of Regulations.

The EchoWater Project is addressing these needed upgrades by constructing new secondary treatment facilities for ammonia and nitrate reduction and new tertiary facilities including filtration and enhanced disinfection to meet Title 22 equivalent standards. The permit required secondary and tertiary upgrades to be in service by May 2021 and May 2023, respectively. The secondary upgrades are substantially complete and have started operating. When completed, the EchoWater Project will keep Regional San in compliance with its regulatory permits and improve water quality by resulting in a 99 percent reduction in ammonia discharged to the Sacramento-San Joaquin River Delta.

Regional San has not had any recycled water quality permit violations that were attributed to recycled water distribution infrastructure deficiencies.

In June 2016, there was an on-site spill of approximately 139,000 gallons of recycled water due to failure in a section of non-potable water piping that supplies the fire suppression system in the buildings. Note that this spill was due to a failure in the SRWTP non-potable water piping system, which was being supplied with recycled water at that time. The piping section that failed was not **part of the recycled water system infrastructure and did not affect the plant's external recycled water distribution system**. There was also no impact to waterways, as the spill was captured in the **plant's stormwater system that is returned to the headworks**. The piping section that failed was subsequently replaced.

- *Provide evidence of compliance with applicable regulatory standards (for example, CA R-39-97 (Certified Playground Safety Standards) for Recreation and Parks Districts).*

Regional San complies with all regulatory requirements for the discharge of treated municipal wastewater and delivery of recycled water. Regional San maintains permits with Sacramento County, the Central Valley Regional Board, State Water Resources Control Board, and Sacramento Metropolitan Air Quality Management District. The following reports are submitted in various frequencies in compliance with respective regulations:

- NPDES Discharge Self-Monitoring Reports (Frequency – Monthly, Quarterly, Semi-Annually, Annually)
- NPDES Annual Operations Report
- Whole Effluent Toxicity Reports (Frequency – Monthly)
- Industrial Waste Pretreatment Program Reports (Semi-Annually, Annually)
- Master Water Reclamation Permit Order No. 97-146 Effluent and Site Monitoring Reports (Quarterly)
- SRWTP Emissions of Air Criteria Pollutants and HAPS Reports (Quarterly, Annually)

- Solids Waste Discharge Requirements (WDRs) Order No. R5-2015-0133 Solids Disposal Operations Site Monitoring (Semi-Annually)
- Statewide General WDRs for Sanitary Sewer Systems Order No. WQ-2013-0058-EXEC, Sewer System Overflow Reporting including No-Spill Certifications (Monthly and As-Needed)

B. Programs

A summary of Regional San programs is presented in Table 6. Regional San also participates in several regional programs as presented in Table 7.

Table 6: Summary of Regional San Programs

Program Name	Location	Description
Environmental Protection		
Don't Flush Your Meds	Service Area	Educates the community on prescription drug disposal options. These options will prevent misuse and keep medications out of waterways
Be Mercury Free	Service Area	Collaborates with the Sacramento Stormwater Quality Partnership to educate Sacramento residents and businesses about the sources and effects of mercury. Also provides information on how to reduce the amount of mercury entering the Sacramento River watershed.
Dental Office Amalgam Wastewater Compliance Program	Service Area	Dentists that place or remove amalgam are required to install amalgam separators and follow two Best Management Practices to eliminate waste amalgam discharge to the sewer.
Delta Regional Monitoring Program		The program is a stakeholder directed project formed to develop water quality data necessary for improving our understanding of Delta water quality issues.
Science Program		Provides scientific support to a wide range of research evaluations, studies, and collaborations, with the goal of better understanding the current and future effects of effluent discharge on the Sacramento-San Joaquin Delta.
Sustainability & Innovation		
Water Recycling Program	SRWTP	Regional San's Water Recycling Facility produces up to 3.5 MGD of recycled water for use at neighboring parks, landscaped street medians, and commercial and school sites in the Phase I service area in the City of Elk Grove, which includes the Laguna West, Lakeside, and Stone Lakes communities. The program is in partnership with SCWA, which distributes recycled water to customers and monitors recycled water use. Other program projects include the SPA Cogen project, which will provide up to 1 MGD of recycled water for use in SPA cooling towers, and a recycled water fill station for residential and commercial use. Regional San is currently working with SCWA and the City of Sacramento to expand recycled water service into the Phase II service area (East Franklin and Laguna Ridge communities in Elk Grove) and the southwest portion of the City of Sacramento, respectively.
Biogas Recycling Program	SRWTP	Methane gas or "biogas," created as a by-product of wastewater solids digestion is recycled at the Carson Ice-Gen cogeneration facility owned by SMUD. The electrical power produced with the

Program Name	Location	Description
		SRWTP digester gas is enough to provide energy for approximately 5,800 households annually.
Biosolids Recycling Program	SRWTP	The SRWTP produces approximately 26,000 dry tons of biosolids annually. Approximately 70 percent of the biosolids are treated and injected into on-site land disposal units. In partnership with Synagro, the remainder is beneficially recycled into fertilizer and soil enhancer. The program also includes conducting outreach to educate the public, farmers, and community leaders about the significant benefits of biosolids recycling.
Solar Energy Project	SRWTP	Regional San constructed a solar energy array at the SRWTP. The array will increase and diversify its green energy portfolio, provide a clean and sustainable energy source, and reduce energy costs. Regional San entered into a power purchase agreement with Tesla who will finance, own, and operate the array. The estimated savings to Regional San over the 25 years is about \$10 million.
Project AWE	County	In collaboration with the Elk Grove Unified School District and other community partners, this program will provide educational programs at the Nicolaus Dairy for K-12 students. The focus will be in the areas of agriculture, water, energy, and the environment.
Confluence Regional Partnership Program	County	In collaboration with Sacramento Area Sewer District, this program funds projects that advance environmental, educational, and economic vitality in the Sacramento region.
Residential Programs		
Rate Assistance Program	Service Area	Regional San offers eligible low-income customers a savings of \$90 to \$150 per year on the conveyance and treatment portion of their sewer bill, depending on the type of dwelling.
Septic Tank Conversion Loan Program	Service Area	Regional San provides low-interest loans, up to \$25,000, for property owners currently on septic systems who want to connect to the public sewer system.
Water Efficient Toilet Rebate Program	Service Area	In partnership with the Regional Water Authority, provide rebates for replacing high water consumption fixtures with more water-efficient fixtures. Water customers may be eligible to receive a rebate of up to \$175 for the installation of a high-efficiency toilet.

Table 7: **Summary of Regional San's Participation in Regional Programs**

Program Name	Location	Description
Economic Development		
Business Environmental Resource Center (BERC)	County-wide	BERC provides multi-agency, non-regulatory compliance and permitting assistance. Regional San provides financial and technical resources along with sitting on its steering committee.
Environmental Protection		
Central Valley Clean Water Association	Regional	CVCWA was primarily formed to concentrate resources to effect reasonable local, state, and federal regulations impacting entities operating municipal wastewater treatment plants and wastewater and storm drain collections systems in the Central Valley.
WaterReuse Association	State & National	The WaterReuse Association is the nation's only trade association solely dedicated to advancing laws, policy, funding, and public acceptance of recycled water.
Sacramento Central Groundwater Authority	County	SCGA is a joint powers authority that sustainably manages the groundwater basin south of the American River and north of the Cosumnes River in Sacramento County.
Sacramento Groundwater Authority	County	SGA is a joint powers authority that sustainably manages the groundwater basin north of the American River in Sacramento County.
Sacramento Area Creeks Council	Regional	The Sacramento Area Creeks Council preserves, protects, restores, and maintains the natural streams in our urban communities through education, advocacy, financial support, and technical expertise
Regional Water Management		
Regional Water Authority	Regional	The Regional Water Authority (RWA) is a joint powers authority representing two dozen water providers and affiliates/associates in the greater Sacramento region. Regional San is an associate member of RWA. RWA is recognized as a leader for its integrated and collaborative approach in assisting its members' effective management of the region's water resources in support of a sustainable environment, healthy communities, a vibrant economy, and water supply reliability and resilience under future climate conditions.

LAFCo MSR Determination

LAFCo to complete...

3. Financial Information

Budget

Regional San's fiscal year 2020-2021 budget is attached as Exhibit H.

Revenue

- Describe all revenue sources (i.e. property taxes, special taxes, service charge, fees, rentals, assessments, grants, etc.)

Revenue sources include sewer service fees, sewer impact fees, and non-operating revenue, mainly consisting of interest income on invested cash balances. There is also a relatively small amount of revenue from recycled water service fees.

Rates, Fees, Charges, and Assessments

- Describe rate-setting methodology

Sewer Service Rates

Sewer service rates **are set based on Regional San's expected** costs as laid out in the pro-Forma found in the Long Term Financial Plan, Exhibit G.

All users of the Regional San sewer system are required to pay sewer use charges to Regional San. Rates are based on the wastewater characteristics of the user. User categories include:

- Residential users
- Commercial users
- City of West Sacramento Metered Commercial Users
- Industrial Users, Groundwater Remediation Dischargers, and Temporary Discharge Permit Users
- Liquid Waste Haulers
- **Users Outside the District's Service Area**

Starting in 2011, the Board of Directors approved annual rate increases totaling \$17 per month, per equivalent single-family dwelling (ESD), mainly to fund the EchoWater Project. The monthly rate increased from \$20 per ESD in 2011 to \$37 per ESD on July 1, 2018. In April of 2017, the Board approved the final set of rate increases needed to support the EchoWater Project that took the monthly rate per ESD up to \$37. In May of 2019, the Board approved an ordinance amendment that will freeze the monthly service rate per ESD at \$37 through the fiscal year 2020-21. A combination of increasing revenue from growth, operating cost containment, reduced capital spending projections, and low-cost financing for the EchoWater Project have resulted in no need for increasing monthly service rates beyond the current \$37 level over the next few years.

Sewer Impact Fees

Sewer impact fees include the capital and financing cost necessary to add new connections to the system and the estimated cost for Regional San to review and process the reports and plans required to connect to the sewer system.

All users discharging directly or indirectly into the **Regional San's sewer system** are required to pay for a portion of the capital investment of the system. These amounts are included in the Sewer Impact Fee, the Incremental Sewer Impact Fee, or such other fees as are required. Sewer Impact Fees are reviewed periodically and adjusted as necessary to account for items such as Regional San costs, inflation, etc. **A Sewer Impact Fee must be paid for all parcels served by the Regional San's sewer system** and are based on the connection occurring within infill or a new community.

All Sewer Impact Fees and credits are specific to individual Assessor Parcel Numbers (APNs). When new parcels are created, uses are reassessed for the calculation of Sewer Impact Fees and impact credits. In the event a change or expansion in use occurs on a property that has been connected to **Regional San's sewer system, or the sewer system of one of its contributing agencies, Sewer Impact Fees** are reassessed to determine if Incremental Sewer Impact Fees are required.

In 2013, sewer impact fees were restructured which resulted in decreases from \$2,800 to \$2,396 per ESD for infill, and from \$7,450 to \$4,032 per ESD for new communities. Under the new structure, impact fee levels will adjust each year by an inflation factor and estimated changes in capital spending. The impact fees in effect as of July 1, 2019, are \$3,602 per ESD for infill areas, and \$6,479 per ESD for new communities. Impact fees are assumed to increase at an inflationary rate of 2.5% per year. The level of impact fee revenue is difficult to predict because it can vary significantly even when net growth is estimated to be constant at 0.40%. Factors that can affect impact fee revenues include fee increases, the proportion of growth in infill versus new communities, new construction levels, level of impact fee credits used, proportion of commercial development versus residential development, and levels of redevelopment.

Recycled Water Service Fees

Recycled water service fees are set as a percentage of the local water purveyor's potable water rate.

Regional San wholesales recycled water to the Sacramento County Water Agency at 60% of the potable water rate set by the Sacramento County Water Agency. Regional San retails water to SPA based on 90 percent of **the City of Sacramento's potable water rate**. This higher rate also compensates Regional San for the recycled water transmission pipeline that they build to the SPA facility.

- *Explain constraints associated with the **agency's ability to generate revenue**. What options are available – special assessments/special taxes/increases in sales tax/impact fees/grants, etc.?*

Proposition 218 requires that agencies notify the owner of record of a parcel or parcels subject to a proposed rate increase. The owner of record may file a written protest before the public hearing. Written protests must be received prior to the public hearing date. If, by the close of the public hearing, written protests against the proposed rate increase are not presented by a majority of property owners,

Regional San's Board of Directors may adopt an ordinance to increase the rates.

Regional San applies for grants for specific capital project costs that may be eligible for reimbursement under various State, Federal, or other public or private agency grant programs. Reimbursements are limited to eligible costs approved by awarding agencies up to approved limits of each award.

- *Please provide a comparison of rates and charges with similar service providers (favorable or less so).*

Table 8: Sewer Rate Comparison

Agency	SFR Wastewater Monthly Flat Rates for FY 2020
Regional San	\$56.85
City of Roseville	\$42.18
City of Stockton	\$46.75

Table 9: Recycled Water Rate Comparison

Agency	Recycled Water Rates for FY 2020
Regional San	
City of Sacramento (SPA) ¹	\$ 1755.12 / MG
Harvest Water (Agriculture Irrigation) ²	TBD
SCWA (City of Elk Grove) ³	\$ 938.5/MG
City of Roseville	
6-inch	\$483.81+ (\$0.65 * cubic foot of recycled water used)
EID	
6-inch	\$747.10 + (\$.0073 x cubic foot of recycled water used)

1. SPA is an industrial* customer and is served by a 6-inch connection
2. Recycled Water Rates for Harvest Water will be comparable to groundwater rates in the area.
3. In the City of Elk Grove, Regional San wholesales recycled water to SCWA.

- *Describe revenue constraints*

Regional San generates approximately 85% of its annual revenue through monthly service rates, the remainder of the revenue is generated via sewer impact fees, interest revenue, and other revenue. See Exhibit D 2019 Comprehensive Financial Report for additional information.

Expenditures

- *Describe the agency's Service Levels compared to industry standards and measurements*

See Table 4 of this document.

- Describe the Cost of Service compared to industry standards and measurements

Table 10: Operating Margin Ratio (%)

Description	2019
Operating Revenues	\$298,377,000
Operating Expenditures	\$180,201,000
Depreciation	\$50,899,000
Operating Income (net of depreciation)	\$169,075,000
Percentage	57%
Industry Standards and Measurements = Fitch Ratings 2019 Water and Sewer Medians	
Regional Medians (Far West)	32%
Large Customers Medians (500,000+)	48%
Annual Sector-wide Medians	42%
Medians Relative to Rating Category (AA Rating)	42%

Assets, Liabilities, Debt, Equity, and Reserves

- Provide the Book Value of Assets

As of June 30, 2019, the book value of Regional San's capital assets was approximately \$2.9 billion. See the 2019 Comprehensive Financial Report for additional information (Exhibit F).

- Provide a list of equipment, land, and other fixed assets

See Exhibit I for a list of Regional San's equipment, land, and other fixed assets.

- Provide a summary of long-term debt and liabilities

As of June 30, 2019, long-term obligations totaled approximately \$2.1 billion. These amounts were comprised of Regional San's revenue bonds, State Revolving Fund, loans with a contributing agency, capital leases, landfill closure and post-closure liability, compensated absences, derivative borrowing, and the Financing Authority's long-term obligations. See the 2019 Comprehensive Financial Report for information on long-term liabilities and debt (Exhibit F). Additional information on long-term debt obligations can be found on Page 37, Note 5 of the notes to the basic financial statements.

- Explain the agency's bond rating; discuss the reason for the rating. Discuss the amount and use of existing debt. Describe the proposed financing and debt requirements.

Regional San's unsecured bond ratings are Aa2, AA, and AA- by Moody's, Standard & Poor's (S&P), and Fitch, respectively, all with stable outlooks.

- Describe policies and procedures for investment practices.

Information on investment policies, procedures, and practices can be found on Page 21 of the 2019 Comprehensive Financial Report (Exhibit D).

- Describe policies and procedures for establishing and maintaining reserves/retained earnings.

- What is the dollar limit of reserves/retained earnings?

See the description of designated reserves in Section 2, Table 5, earlier in this document.

- What is the ratio of undesignated, contingency, and emergency reserves to annual gross revenue?

A summary of reserves to annual gross revenue is presented in Table 11 below.

Table 11: Summary of Reserves and Annual Gross Revenue¹

Fiscal Year	2016-17	2017-18	2018-19	2019-2020
Gross Revenue	\$ 302,613,000	\$ 321,091,000	\$ 340,413,000	\$330,053,356
Contingency				
Rate Stabilization Reserve	\$ 23,200,000	\$ 23,200,000	\$ 23,200,000	\$23,200,000
Equipment Replacement	\$ 1,050,625	\$ 1,076,891	\$ 1,103,813	\$1,131,408
Expansion Reserve	\$ 20,908,124	\$ 20,908,124	\$ 20,908,124	\$20,908,124
Replacement & Rehabilitation	\$ 79,247,856	\$ 80,729,052	\$ 82,747,278	\$84,815,960
Debt Service Stabilization Reserve	\$ 5,864,554	\$ 4,000,000	\$ 4,000,000	\$4,000,000
Contingency Total	\$ 130,271,159	\$ 129,914,067	\$ 131,959,215	\$134,055,492
Ratio to Gross Revenue	43%	40%	39%	41%
Emergency				
General Reserve	\$ 28,200,000	\$ 29,248,256	\$ 29,792,557	\$33,752,778
Emergency Total	\$ 28,200,000	\$ 29,248,256	\$ 29,792,557	\$33,752,778
Ratio to Gross Revenue	9%	9%	9%	10%
Other				
CWSRF & SPA Loan Reserve	-	\$ 2,011,632	\$ 3,179,021	\$8,850,343
Facilities Closure Reserve	\$ 11,224,882	\$ 11,531,095	\$ 11,963,897	\$11,963,897
Confluence Program Reserve	-	-	\$ 10,000,000	\$10,000,000
Bufferlands Reserve ²	\$ 1,000,000	\$ 1,000,000	-	
Economic Incentive Reserve ²	\$ 3,500,000	\$ 3,500,000	-	
Rate Assistance Program Reserve ²	\$ 6,505,000	\$ 6,505,000		
Other Total	\$ 22,229,882	\$ 24,547,727	\$ 25,142,918	\$30,814,240
Ratio to Gross Revenue	7%	8%	7%	9%
Undesignated				
Unreserved Cash	\$ 210,397,176	\$ 244,931,925	\$ 252,406,389	\$287,987,639
Undesignated Total	\$ 210,397,176	\$ 244,931,925	\$ 252,406,389	\$287,987,639
Ratio to Gross Revenue	70%	76%	74%	87%

1. For a description of reserve funds, see Table 5.

2. Phased-out and consolidated in the Fiscal Year 2017-18 to form the Confluence Program Reserve.

Summary of Revenue Sources

A summary of revenue sources from the fiscal year 2016-17 to 2019-20 is presented in Error! Reference source not found.. In addition to the information provided below Table 3 from the 2019 Long Term Financial Plan (Exhibit G) has more information on projected revenues.

Table 12: Summary of Revenue Sources

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-2021 (Projected)
Sewer Service Charges	\$ 261,073,000	\$ 271,617,000	\$ 282,338,000	\$280,223,946	\$280,000,000
Sewer Impact Fees	\$ 21,936,000	\$25,385,000	\$ 29,510,000	\$ 23,661,456	\$25,000,000
Non-Operating Revenue (interest, misc.)	\$ 19,604,000	\$ 22,373,000	\$ 26,901,000	\$ 26,167,954	\$ 24,433,000
Total	<u>\$ 302,613,000</u>	<u>\$ 319,376,000</u>	<u>\$ 338,749,000</u>	<u>\$330,053,356</u>	<u>\$ 329,433,000</u>

Summary of Expenditures

A summary of expenditures from the fiscal year 2016-17 to 2019-20 is presented in Error! Reference source not found..

Table 13: Summary of Expenditures

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-2021 (Projected)
Salaries & Benefits	\$ 62,772,000	\$ 66,015,000	\$ 68,754,000	\$ 74,160,660	\$ 75,382,300
Services & Supplies	\$ 48,812,000	\$ 53,850,000	\$ 62,195,000	\$ 61,401,453	\$ 67,371,499
Total Debt Service	\$83,770,000	\$ 90,444,000	\$ 88,848,000	\$ 97,291,000	\$ 100,331,053
Total	<u>\$195,354,000</u>	<u>\$210,309,000</u>	<u>\$219,797,000</u>	<u>\$232,853,113</u>	<u>\$243,084,852</u>

LAFCo MSR Determination

LAFCo to complete...

4. Status of Opportunities for Innovation and Shared Facilities

- a) Describe existing and/or potentially shared facilities, infrastructure, and staff. Describe any joint power agreements or other agreements for sharing resources with other agencies.

The Master Interagency Agreement (MIA) is the agreement between Regional San and the County of Sacramento, Sacramento County Sanitation District No.1 (now known as SASD), cities of Folsom and Sacramento, dated November 1, 1974, and as subsequently amended which defines the interrelationship of the District with the County of Sacramento, SASD, and cities of Folsom and Sacramento. The current MIA was executed in December 1996 and will remain in effect through June 30, 2024.

The scope of services provided by Regional San include the following:

- 1) Finance, construct, reconstruct, operate, and maintain all facilities for the treatment and disposal of sanitary sewage and industrial waste delivered to it and originating from within the local service area of each Contributing Agency;

- 2) Finance, construct, and reconstruct facilities for the storage, treatment, and discharge of combined flow originating within the combined system operated by Sacramento City;
- 3) Finance, construct, reconstruct, operate, and maintain all interceptor sewers for the conveyance of wastewater from a Contributing Agency or a major portion of a Contributing Agency to the SRWTP; and
- 4) Finance and construct interceptor sewers to convey combined flow from Sump No. 1 and Sump No. 2 to the Sacramento City Combined Wastewater Treatment Plant site, to storage or to point of discharge.

Contributing Agencies are those public entities, other than Sacramento County, who are parties to the MIA that contribute wastewater from their systems to the Regional San system. Each Contributing Agency is required to provide the following local services:

- 1) Finance, construct, reconstruct, operate, and maintain all collector and trunk sewers for wastewater originating within its local service area; and
- 2) Dispose of all wastewater originating within its local service area to Regional San facilities.

Effective July 1, 2020, the SASD Interceptor O&M team will be responsible for Regional San conveyance facilities, which includes eight pump stations and 169 miles of interceptor pipe. This change will provide a more efficient operation of the interceptor system. Twenty-three Regional San interceptor staff will be transferred to SASD. Regional San will reimburse SASD for maintenance and operations costs.

b) Describe existing and/or potential joint use planning.

Regional San is collaborating with both the U.S. Fish and Wildlife Service (USFWS) for recycled water services to Stone Lakes National Wildlife Refuge and the Bureau of Land Management for serving recycled water to the Cosumnes River Preserve.

c) Describe existing and/or potential duplication with existing or planned facilities or services with other agencies.

The MIA describes the roles and responsibilities of Regional San and the Contributing Agencies. Regional San is not aware of the existing potential duplication of facilities or services with other agencies.

d) Describe the availability of any excess capacity to serve customers or other agencies.

Wastewater Treatment Capacity

The SRWTP is currently receiving an average wastewater flow (influent) of approximately 155 MGD and is discharging an average treated flow (effluent) of approximately 124 MGD. The SRWTP is permitted to discharge up to 181 MGD of average dry weather flow (treated wastewater or effluent) to the Sacramento River. In planning for the EchoWater Project upgrades, Regional San has concluded that 181 MGD in average dry weather flow capacity will provide sufficient treatment capacity for the next 40 years. Excess wastewater treatment capacity is designated for future growth within the Regional San service area.

Recycled Water Service Capacity

In August 2016, Regional San filed a Wastewater Change Petition WW0092 with the State Water Resources Control Board (SWRCB), Division of Water Rights pursuant to Water Code section 1210 et seq. The Petition sought authorization **to reduce the quantity of Regional San's treated wastewater** discharged from the SRWTP into the Sacramento River and to direct that water (as recycled water) for

the proposed project. In September 2019, the SWRCB issued an Order approving Regional San's wastewater change petition WW0092 for changes in the place and purpose of use for 50,000 AFY (45 MGD) of treated wastewater.

- e) *Describe any economics of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.*

Regional San is working with SCWA and the City of Elk Grove to evaluate the feasibility of utilizing the Harvest Water transmission pipeline to connect the Elk Grove Phase II area. This could be cost-effective rather than SCWA building a separate recycled water pipeline to serve these areas.

- f) *Describe any duplication (overlap), or gaps in services or boundaries.*

Regional San is not aware of any duplication (overlap) or gaps in services or boundaries.

Regional San anticipates continuing its ongoing collaboration with the SCWA in both recycled water service to Elk Grove and supporting groundwater level restoration in the SCWA service area (in addition to the proposed Harvest Water service area).

- g) *Describe ongoing cost avoidance practices. (For example, if you hire contract vs. in-house employees, is the bidding process cost-effective and efficient?)*

Regional San completes an annual analysis as part of its budget process to maintain staffing and services costs that are cost-effective and efficient. Regional San makes use of contractual and vendor-provided services to supplement its workforce where it is cost-effective to do so. Examples of contractual services currently used by Regional San includes:

- Architectural design
- Building and Facilities Maintenance
- Construction
- Engineering design
- Financial advisory and investment
- Financial auditing
- Hauling and disposal
- Information technology
- Laboratory Services
- Legal counsel
- Public information and outreach

Through the effective use of contractual services, Regional San has been able to control its cost and limit the growth of its workforce. Regional San believes that its formal bidding process is both cost-effective and efficient and typically results in the specified level of goods and/ or services at a fair and competitive cost.

- h) *Describe opportunities to reduce overhead and operational costs.*

Vacant positions are reviewed by the Executive Management Team to determine if positions need to be filled. Labor is evaluated to determine if consultants/part-time labor can do the work more efficiently and cost-effectively. Evaluation is underway to determine if combining SASD and Regional San would be more efficient and cost-effective. Evaluation is underway to determine if services provided by the

County of Sacramento can be performed more efficiently and cost-effectively by Regional San. Finance is looking at the possibilities of restructuring debt. An onsite Biogas Cogeneration System Project at SRWTP is being evaluated to provide for lower electricity costs in the future.

i) *Describe any opportunities to reduce duplication of infrastructure.*

There is no duplication of infrastructure with other agencies.

j) *Identify any areas outside the agency boundary which could be efficiently served by existing or proposed agency facilities.*

Harvest Water would provide a safe and reliable supply of tertiary treated recycled water for agricultural uses, reduce groundwater pumping, and support habitat enhancement efforts. The service area is located within South Sacramento County. The approximate boundaries are Interstate 5 (I-5) to the west, Highway 99 and the Cosumnes River to the east, Bilby Road to the north, and the Cosumnes River Preserve to the south.

k) *Identify any areas within the agency boundary which could be more efficiently served by another agency.*

There is no other agency that provides recycled water service in the Harvest Water area.

l) *Are your service plans compatible with those of other local agencies?*

Regional San anticipates continuing its ongoing collaboration with the SCWA in both recycled water service to Elk Grove and supporting groundwater level restoration in the SCWA service area (in addition to the proposed Harvest Water service area). In the proposed Harvest Water service area, there is no other agency providing recycled water service.

The Sacramento Central Groundwater Authority (SCGA) is currently working on developing a groundwater sustainability plan (GSP) compliant with the Sustainable Groundwater Management Act (SGMA). Harvest Water will provide significant benefits to SCGA and its partners by restoring groundwater elevations in the proposed harvest water delivery area and beyond. Partners include the County of Sacramento, Northern Delta, Omochumne-Hartnell Water District, Reclamation District No. 551, and Sloughhouse Resource Conservation District.

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5. *Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies*

a) *Explain the composition of the agency's governing board.*

- *Number of Directors:* 17
- *Nature/Length of Terms:* Varies
(based on the jurisdictions' election cycle)
- *Is governing body landowner or population-based:* Population

- *Are Directors elected or appointed:* Elected to their City or County and appointed to the Regional San Board
- *Are elections or appointments at large or by District:* At large

b) *Explain compensation and benefits provided to the governing board including and benefits that continue after their term of service.*

The compensation for the members of the Board of Directors is \$100 per meeting attended including payroll taxes for each member of the Board and not to exceed \$200 per month. There are no benefits provided.

c) *Where and how frequently does the governing board meet?*

Board meetings are typically held on the second and fourth Wednesday of each month at 9:30 a.m. at **the Sacramento County Board of Supervisors' Chambers.**

d) *Describe rules, procedures, and programs for public notification of agency operations, meetings, programs, etc.*

- *How is public participation encouraged?*

Regional San supports and encourages public participation. During its board meetings, the public is encouraged to fill out a short speaker's form so that their concerns can be heard.

- *Are meetings accessible to the public, i.e., evening meetings, adequate meeting space, etc.?*

The public can attend board meetings in person at the Board of Directors' Offices located at 700 H Street, Sacramento, CA 95814. Board meeting schedules, agendas, videos, and action summaries are available online at <http://www.agendanet.saccounty.net/sirepub/meetresults.aspx?meettype=Sanitation%20District%20Meetings>

Also, meetings are videotaped and cablecast live on Metrocable 14 on the Comcast, Consolidated Communications, and AT&T U-Verse Systems. They are closed captioned for hearing impaired viewers and webcast live at <http://metro14live.saccounty.net>. Meetings are rebroadcast on Sundays at 6:00 pm. Meetings are also broadcast live on KUBU radio on 96.5 FM. DVD copies are available for checkout through the County Library System seven to ten days following the meeting.

Requests for accommodations under the Americans with Disabilities Act (ADA) can be made with the Clerk of the Board by telephone at (916) 874-5411 (voice) and CA Relay Services 711 (for the hearing impaired) or BoardClerk@saccounty.net before the meeting.

e) *Describe public education/outreach efforts, (i.e., newsletters, bill inserts, website, etc.)*

- Social Media
Regional San utilizes both the Facebook and Twitter platforms to communicate different messages to its followers.
- Public Tours

Regional San offers free behind-the-scenes tours of the region's wastewater treatment plant. Participants learn where their wastewater goes, how it's cleaned, and how Regional San is working every day to protect public health and the environment.

- Website
Regional San's website features a wide range of content, including Regional San's background, structure and governance, wastewater management process, project and program information, public outreach and educational programs, and so much more.
- Virtual Tour
Regional San produced a video that targets its online audience. This informative video educates the viewer about the importance of wastewater treatment, and how the wastewater process works in our region.
- Advertisement
Regional San coordinates the production and placement of an annual EchoWater Project print ad in Comstock's magazine.
- Bill Inserts
Regional San utilizes bill inserts as a way to communicate key messages with customers. Several bill inserts are annually produced and distributed in customers' bills.
- Service Levels
Regional San utilizes its service levels as an opportunity to measure its performance in various categories. Seven service levels help promote transparency and illustrate Regional San's commitment to public health and the environment. The service levels are tracked annually, and the results are posted on Regional San's website.

f) Describe the level of public participation, and ways that staff and Directors are accessible to the public.

Regional San supports and attends several community and educational events. These events offer staff the opportunity to present materials and educate a variety of external audiences. Also, Regional San set up "Contact Us" links on most of its webpages. With just a click of a link, the public can send an email to staff. Staff will typically respond within 24 – 48 hours.

g) Describe the ability of the public to access information and agency reports.

Regional San produces several annual reports. These reports inform our stakeholders and the public on Regional San's structure, performance, and finance activities. Information and reports are accessible at the Regional San website: <https://www.regionalsan.com/>. Educational materials, videos, partnerships, reports, policies, and planning documents can be found on the "Resources" page: <https://www.regionalsan.com/resources>.

h) Describe any opportunities to eliminate service islands, peninsulas, and other illogical service areas.

Not applicable

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6. Issues, Concerns, and Opportunities

Please provide information regarding any issues or concerns related to operations (financial, managerial, legal, organization, etc.)

- *Compliance with Environmental Justice¹ requirements*

Regional San complies with all environmental requirements and conforms to the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) requirements for projects that require review.

Regional San offers a Sewer Lifeline Rate Assistance Program which provides eligible low-income customers a savings of \$90 to \$150 per year on the conveyance and treatment portion of their sewer bill, depending on the type of dwelling.

- *Compliance with regulatory reporting requirements*

Regional San complies with all regulatory requirements for the discharge of treated municipal wastewater and delivery of recycled water. Regional San maintains permits with Sacramento County, the Central Valley Regional Board, State Water Resources Control Board, and Sacramento Metropolitan Air Quality Management District.

The following reports are submitted in various frequencies in compliance with respective regulations:

- NPDES Discharge Self-Monitoring Reports (Frequency – Monthly, Quarterly, Semi-Annually, Annually)
- NPDES Annual Operations Report
- Whole Effluent Toxicity Reports (Frequency – Monthly)
- Industrial Waste Pretreatment Program Reports (Semi-Annually, Annually)
- Master Water Reclamation Permit Order No. 97-146 Effluent and Site Monitoring Reports (Quarterly)
- SRWTP Emissions of Air Criteria Pollutants and HAPS Reports (Quarterly, Annually)
- Solids Waste Discharge Requirements (WDRs) Order No. R5-2015-0133 Solids Disposal Operations Site Monitoring (Semi-Annually)
- Statewide General WDRs for Sanitary Sewer Systems Order No. WQ-2013-0058-EXEC, Sewer System Overflow Reporting including No-Spill Certifications (Monthly and As-Needed)

- Compliance with regulatory agencies and public health and safety issues

Regional San complies with all local, state, and federal regulatory agencies and meets or exceeds the California Department of Public Health Water Quality Standards. Regional San is not aware of any issues, concerns, or opportunities related to compliance with regulatory agencies and public health and safety issues.

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¹ LAFCo definition of environmental justice means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provisions of public service.

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