



**WE'RE IN THIS TOGETHER:  
BUILDING A SUSTAINABLE WATER SYSTEM FOR THE FUTURE.**

Get the Facts About Dixon Water Utility • [www.DixonWaterFacts.org](http://www.DixonWaterFacts.org)



The City of Dixon has been receiving questions from the community about the management of its water system. The following questions and answers have been prepared for our customers.

**Q. The majority of ratepayers want the city water system to be properly operated and maintained. What has been done so far to demonstrate that City Council or City Staff is interested in competently doing so?**

A. The city of Dixon completed a Water System Master Plan in 2017, a high-level planning document that examined the water system from a big picture perspective, analyzed the useful life of water system components and prioritized rehabilitation and replacement projects based on maintaining the integrity of the water system over a multi-year period. A detailed analysis of each vulnerable component is not the purpose of the Master Plan. Its purpose is to create a foundation for examining and planning improvements to infrastructure based on life cycle vulnerability of water system components.

Additionally, City management has successfully transitioned from contract water operators to full-time, State-licensed professional city staff.

**Q. What has been done to examine in detail the condition of the water system and its components to determine the actual condition and establish whether repairs or replacement efforts are needed?**

A. The Water System Master Plan has Chapter 9 titled, "Strategic Asset Management Plan." This chapter describes the process to evaluate the water system and a variety of components within the infrastructure based upon the level of impact to the system should one of the components fail. As detailed starting in Section 9.4 Condition Assessment, the Master Plan consultant West Yost Associates "... conducted site visits of each well, booster pump and storage tank facility on August 23, 2016 in order to verify and gather equipment information and to assess the condition of the facilities." Furthermore, the report states, "The results of this condition assessment for each facility are included in detail in the Facility Inspection Forms, which are located in Appendix D." Appendix D is not included online due to Homeland Security concerns but is available for viewing in person at the city upon request.

Once the condition assessment was completed, West Yost utilized an industry-accepted methodology to assess the risk of failure of the water system. This evaluation process yielded Table 9-17 that provides guidance on which components needed to be replaced and when in order maintain the reliability of the system to deliver water.

**Q. Why did the city not hire consultants from companies in the well drilling or well maintenance industry to verify their consultant's contentions?**

A. The Water System Master Plan is a high-level planning document. Consultants who specialize in the water well industry are consulted when capital improvement programs are being developed specific to wells. The City has utilized well drilling contractors to provide a variety of services since August 2014, including video inspection and well column cleaning and rehabilitation.

**Q. Has the City explored solar energy options to determine if there could be a reduction in energy costs?**

A. Yes. On September 1, 2020, the City Council accepted a report from Climatec, one of the leading providers of building technologies and energy solutions in the nation. The result of the report was Council's direction to staff to develop a Request for Qualifications (RFQ) for qualified companies to provide detailed analysis, engineering, financing, procurement and implementation of energy saving projects. Development of photovoltaic systems at the water facilities will be part of the scope.

**Q. What is the City's response to a multi-million-dollar discrepancy in the Water System Master Plan?**

A. There was an error made in the Water System Master Plan that was updated in the adopted Rate Study. The amount in error was not reflected in the Rate Study. An explanation may be found [here](#).

**Q. Has the city's management of the water system been audited or peer reviewed?**

A. Yes. The financial operation of the water system as a business (A.K.A. enterprise fund) is included in the annual audit of all City funds. The City is required to submit audit findings to City Council.

Along with daily, weekly, monthly, quarterly, annually and triennial water quality reporting to the State, the physical operation of the water system is the subject of a triennial sanitary survey conducted by the State Water Resources Control Board, Division of Drinking Water. The most recent survey was conducted in February 2020, to which the State's Sanitary Engineer wrote, "... I must say it's the City of Dixon staff who deserve all the praise. Everyone's hard work is completely evident. I appreciate your transparency and thoughtfulness in operating the water system."

**Q. There have been comments made by City Council that the water system is in imminent danger of catastrophic failure. Where is there evidence of this in the Water System Master Plan?**

A. Chapter 9 of the Water System Master Plan describes the risk assessment that was performed. The systematic analysis identifies the need to replace the Watson Ranch well and related facilities as a priority due the likelihood of component failure that would have a catastrophic impact on the overall operation should it fail.

However, in the big picture, the key is to not have the water system reach "catastrophic failure", which is why a Water System Master Plan was developed to analyze the system and create a roadmap for ongoing maintenance, rehabilitation, and when needed, replacement of system components. This approach is what keeps the system out of "catastrophic failure" territory. Should revenues not be sufficient, then the water system is placed in jeopardy.

**Q. Will there be additional analysis made to determine the legitimacy of project costs as identified in the Water System Master Plan?**

A. The Master Plan is a planning document that identified projects solely based on life cycle vulnerability for the purpose of securing financing. The next step to implementing projects is more detailed engineering and evaluation of viable and sustainable solutions for identified projects.

Table 9.17 in the Water System Master Plan was used as the basis of the rate study but updated in Appendix B: Ten-Year Capital Improvement Program (CIP). The rate structure is designed to finance the implementation of this CIP. Should project-level engineering and analysis yield more cost-effective

ways to rehabilitate specific components/systems/facilities to ensure long-term sustainable delivery of water, then those solutions could be implemented, saving rate payers long-term financing obligations.

**Q. There has been a lot of debate about wells, from wanting proper justification for replacing some of the city’s relatively young wells to questioning the city’s well construction standards. Can the City of Dixon provide the requested justification?**

A. The evaluation to replace wells is based upon risk assessment models. The likelihood of failure and the associated analysis is detailed in Chapter 9 of the Water System Master Plan. While some of the wells may be categorized as “relatively young”, based upon inspections performed in August 2016 and review of available maintenance logs, the risk model determined that the likelihood of failure and catastrophic impact to the system warranted replacement of certain wells. It should be noted that the wells constructed most recently (e.g. Park Lane and Valley Glen) are not on the replacement list, which is attributed to the quality of construction/inspection, numerous component and system upgrades over the last two years, and routine preventative maintenance.

Additionally, when the City issues a Request for Proposals for engineering firms to develop water supply solutions for Industrial, School and Watson Ranch wells, detailed evaluation of the existing well columns will be part of the scope to determine if the existing column is viable and sustainable.

Should detailed analysis and investigation of the Watson Ranch well yield an alternative that provides a beneficial return on the capital investment and is less expensive than developing a new well, staff will review that alternative. Any possible solution will be carefully weighed against the life cycle costs and return on investment of a proposed rehabilitation solution versus that of new well construction.

**Q. Why had the water system gone so long without maintenance prior to the City’s purchase from Dixon-Solano Water Authority? Was the lack of maintenance discovered before or after the purchase?**

A. Beyond conjecture, it is unclear why the Dixon-Solano Municipal Water System Joint Exercise of Powers Authority board (comprised of Solano Irrigation District board members and the City Council members) and then Dixon-Solano Water Authority Joint Powers Authority, elected not to incorporate either rates or financing to ensure the wells and water system in general were upgraded to municipal standards. The discovery of issues began to service while the City had a contract water operator but were illuminated in more detail when Cal Water provided transitional operator services. The depth of the maintenance shortfall was illuminated fully when full-time City staff were employed to operate the system.

**Q. Why do new homeowners have to pay for deferred maintenance and water system rehabilitation in older parts of town?**

A. Rates for services are established and applied across the board for utilities, among other services that come with property ownership. Deferred maintenance is only one part of how rates are established. Ultimately the “new” homeowners are reliant on the whole water system working together, not just “new” development pipes and other infrastructure.

**Q. Water customers are not necessarily refusing to pay for water, however, is the City operating, maintaining and delivering water in the cheapest, most efficient manner?**

A. No one wants to pay more for any utility. In 2018, the city of Dixon completed a cost of service study for its water system. Results showed that current incoming revenue was insufficient to operate a regulatory-compliant and reliable water service. Revenue from current rates and new connections did not

balance needed funds to operate the water system and projected capital improvements over the next five years. Additionally, over the course of the last two years, City staff have performed system upgrades to ensure that system hydraulics are balanced so that pumps and motors are operating as efficiently as possible

**Q. It appears that one of the primary reasons the rate increase was so drastic is because it allows the issuance of bonds to pay for projects. Is it more reasonable to pay cash or pay up to three times the cost by financing projects with bonds or a loan?**

A. Bonds allow the utility to secure debt to pay for costly projects. If bonds are not pursued, rates would be significantly higher in order for the utility to pay “cash” for projects. Instead, rates are set to build reserves to pay for incurred and anticipated bond service. It should be noted that if more cost-effective solutions are implemented than what was depicted in the Master Plan or Rate Study, the result would be less financing and long-term debt payments.

**Q. Does the City Council direct staff or does City Staff investigate project alternatives as suggested by the public to possibly reduce projected costs or are the suggestions merely documented and filed?**

A. The City Council and staff value community participation and feedback. At times, resources do not allow for all suggestions to be considered if experts in the field do not see the suggestions as viable for exploration, or not timely based on other project needs. If every suggestion was explored on any given topic, the city would ultimately pay more in tax/rate payer dollars on these evaluations than the projects themselves.

Additionally, the timing of such detailed analysis of alternatives takes place during the engineering phase to design and develop bid documents. A Request for Proposals (RFP) for qualified consulting engineering firms is issued to select a firm to complete an engineering design and present options with associated costs. Once a preliminary solution has been determined and preliminary costs developed, financing is then determined, which could include a variety of alternatives including bonds, loans, and grants.

**Q. There have been comments made at previous City Council meetings that the State of California may take over the City of Dixon’s water system. Is this a reality?**

A. All of City staff’s experiences and communication with the Division of Drinking Water suggests that the State does not want to be in the “local water purveyor” business. Their mandate is to ensure the water system is operated in compliance with water quality standards and a rate structure in place that will ensure adherence to water quality standards. Conversely, should the City fail to provide regulatory compliant water and jeopardize the public health and safety, the State Water Resources Control Board has numerous enforcement options at their disposal.

**Q. What would happen if the rates implemented in April 2019 are repealed?**

A. This topic was addressed at the City Council meeting on June 16, 2020 in a staff report and presentation by the Finance Director and City Engineer/Public Works Director (<http://bit.ly/DixonStaffReport>). The short-term impacts are detailed in the report and are summarized below.

Should a water system become insolvent by not generating enough revenue to cover operating costs (even after all capital projects were suspended) and repay interfund loans or accounts payable, then operating expenses would need to be reduced. This could only be done by reducing staff, which would result in a reduction of services (e.g. timely maintenance checks, return to bi-monthly billing and no

availability for leak detection services), and if deemed necessary, turn off various wells at certain times of day to further reduce operating costs.

This would result in a domino effect, ultimately jeopardizing the integrity of the water system and fire-fighting flow/pressure availability, which could result in a higher Insurance Services Office (ISO) community fire rating, directly impacting homeowners' insurance rates. Finally, if the State determines the operation of water system may jeopardize public health and safety, the State could impose fines for not being compliant.

**Q. Can Cal Water join an informational campaign against Measure S?**

A. That is at the discretion of Cal Water decision makers.