



## **Agenda**

### **Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meeting**

3701 Marconi Avenue  
Sacramento, CA 95821

Tuesday, January 10, 2023  
2:00 p.m.

**This meeting will be conducted both in-person in the Sacramento Suburban Water District's Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call. If a member of the public chooses to participate in this public meeting via videoconference and/or teleconference, please see the instructions below.**

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**Please mute your line.**

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Committee less than 72 hours before the meeting are available for public inspection at each Agency's Administrative Offices.

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to either one of the General Managers. The Chairperson will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

### **Call to Order**

### **Roll Call**

### **Public Comment**

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

### **Consent Items**

The Committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. **Minutes of the December 6, 2022, DPMWD/SSWD 2x2 Committee Meeting**  
*Recommendation: Approve subject minutes.*

### **Items for Discussion and/or Action**

2. **Municipal Services Review Update**  
*Recommendation: No action. Receive Del Paso Manor Water District's Municipal Services Review and update on Sacramento Suburban Water District's Municipal Services Review.*
3. **Condition Assessment – Groundwater Production Wells**  
*Recommendation: No action. Receive staff presentation on Del Paso Manor Water District's groundwater wells.*
4. **Condition Assessment – Infrastructure Replacement Options**  
*Recommendation: No action. Information only.*
5. **Combination Discussion Communications Plan Status Update**  
*Recommendation: Receive staff presentation and direct staff as appropriate.*

- 6. **Combination Discussion– Next Phase/Activity**  
*Recommendation: Receive presentation and direct staff as appropriate.*
- 7. **Next Meeting Date and Time**
- 8. **Public Comment**

**Adjournment**

\* \* \* \* \*

I certify that the foregoing agenda for the January 10, 2023, meeting of the Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee was posted by January 6, 2023, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Sacramento, CA 95821, and at the Del Paso Manor Water District office, 1817 Maryal Drive, Suite 300, Sacramento, CA 95864, and was made available to the public during normal business hours.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

## Agenda Item: 1

**Date:** January 10, 2023

**Subject:** Minutes of the December 6, 2022, DPMWD/SSWD 2x2 Committee Meeting

**Staff Contact:** Dan York, SSWD General Manager  
Alan Gardner, DPMWD General Manager

**Recommended Committee Action:**

Approve the draft minutes of the December 6, 2022, DPMWD/SSWD 2x2 Committee Meeting.

**Attachment:**

1 – Draft Minutes



## Minutes

### Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meeting Tuesday, December 6, 2022

#### Location:

3701 Marconi Avenue, Suite 100, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting Id #872 3237 7415

#### Call to Order – Videoconference/Audioconference Meeting

SSWD Director Wichert (Chair Wichert) called the meeting to order at 2:01 p.m.

#### Roll Call

SSWD Directors

Present: Jay Boatwright and Robert Wichert.

SSWD Directors

Absent: None.

DPMWD Directors

Present: Carl Dolk and Ryan Saunders.

DPMWD Directors

Absent: None.

SSWD Staff Present: General Manager Dan York (SSWD GM York), Assistant General Manager Matt Underwood, Jeff Ott, Heather Hernandez-Fort, Dana Dean, Lynn Pham, and Tommy Moulton.

DPMWD Staff Present:

General Manager Alan Gardner (DPMWD GM Gardner).

Public Present: Alan Driscoll, Trish Harrington, Roy Wilson, Jose Henriquez, Desirae Fox, Brian Gach, and Kevin Thomas.

#### Announcements

None.

#### Public Comment

None.

## Consent Items

### 1. Minutes of the October 18, 2022, DPMWD/SSWD 2x2 Committee Meeting

DPMWD Director Saunders moved to approve the Consent Item; SSWD Director Boatwright seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Dolk, Saunders, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

## Items for Discussion and/or Action

### 2. Condition Assessment of Del Paso Manor Water District Infrastructure

DPMWD GM Gardner introduced Alan Driscoll (Mr. Driscoll), with Forsgren Associates, who presented the staff report and answered clarifying questions.

Brian Gach (Mr. Gach) with Forsgren answered clarifying questions about the Risk of Failure Ranking section of the report.

SSWD Director Boatwright inquired about the difference in hydrants.

Mr. Gach answered that Attachment A-10 and A-12 listed the different hydrants and provided additional clarification.

Mr. Gach answered additional clarifying questions.

Roy Wilson (Mr. Wilson) inquired about the well status.

DPMWD GM Gardner answered that the well status would be reviewed during the Prop 218 process.

Mr. Wilson clarified that he would like to see a comparison of the well condition between SSWD and DPMWD and where the water comes from.

SSWD GM York stated that Item 7 would address some of his questions.

### 3. Municipal Services Review Update

DPMWD GM Gardner presented the staff report and answered clarifying questions.

Chair Wichert inquired when the Committee would receive a final draft of the DPMWD Municipal Services Review (MSR).

Jose Henriquez (Mr. Henriquez), Executive Officer with Sacramento LAFCo, expressed that the DPMWD MSR was scheduled for adoption at the LAFCo Board meeting on December 7, 2022.

Chair Wichert requested for the DPMWD MSR to be presented at the next meeting of the DPMWD/SSWD 2x2 Committee.

SSWD GM York stated that the last SSWD MSR was conducted in 2010, and then recently adopted by LAFCo in 2021. He expressed that the MSR submitted and approved in 2021 was only a questionnaire, as that is what was acceptable for the former Executive Officer of LAFCo. SSWD GM York further expressed that the new Executive Officer of LAFCo has requested a more thorough MSR due to SSWD being in the process of Combination discussions with DPMWD and Carmichael Water District.

Mr. Henriquez concurred with SSWD GM York by stating that although the report was very thorough, a slightly more comprehensive report would need to be submitted from SSWD.

SSWD GM York expressed that Mr. Henriquez was working on obtaining a consultant to conduct the more comprehensive report, and that he would keep the Committee apprised of the status.

DPMWD Director Saunders inquired what role the Boards played in reviewing and/or approving the district's MSR.

Mr. Henriquez answered that the typical process is LAFCo collects the information and questionnaire, then the report is drafted and an administrative draft is provided to district staff to allow for comments. Once comments are received, the Commission would review the document for adoption. He noted that the districts do not need to make the document public, or adopt their MSR, however they are welcome to do so if desired. He expressed there was no standard process for a district's Board to review, comment, or adopt an MSR.

SSWD Director Boatwright inquired how the two district's MSRs factor into a combination discussion.

Mr. Henriquez answered that all Commission actions have to be consistent with the sphere of influence of an agency, and in order to do a sphere of influence update, there needs to be an MSR conducted.

Mr. Henriquez and DPMWD GM Gardner answered clarifying questions from Mr. Wilson.

4. **Del Paso Manor Water District Board Direction on Combination and Proposition 218 Process**

DPMWD Director Saunders presented the staff report, expressing that there was a robust discussion amongst the DPMWD Board about the status of the 2x2 Committee discussions. He noted that the majority of their Board voted that it was worth continuing having discussions and gathering information.

5. **Combination Benefits – Rates, Costs, Operations**

SSWD GM York presented the staff report, and introduced Jeff Ott (Mr. Ott), who provided further details of the staff report.

Mr. Ott provided a deeper explanation of revenues and assets, expenditures and liabilities.

DPMWD GM Gardner expressed he would inquire how much remaining steel in Area 1 needed to be replaced, and get that information back to Mr. Ott.

Mr. Ott answered several clarifying questions on gaining financial parity.

Chair Wichert inquired about the differences in OPEB plans and how that would be addressed.

Mr. Ott expressed that would be reviewed as discussions continue between the districts.

SSWD Assistant General Manager Matt Underwood (Mr. Underwood) provided a deeper explanation of operational benefits and answered clarifying questions.

Chair Wichert inquired about how fluoridation would be addressed, requesting staff reach out to First 5 to see if there were other options to consider in place of the fluoridation contract, such as providing customers with fluoride pills.

SSWD GM York expressed there were options to review and that staff would look into them.

Mr. Wilson reminded the Committee to communicate with the rate payers of each district, to ensure customers are aware of all of the discussions taking place.

6. **Combination Communications Plan**

SSWD GM York presented the staff report.

DPMWD Saunders expressed he was in favor of moving forward with customer outreach.

Chair Wichert expressed the focus should be on educating the ratepayers on the current discussions, and solicit public input.

SSWD Director Boatwright expressed he felt the sooner the better.

SSWD GM York stated he can place it on the SSWD Regular Board Meeting agenda in December.

The Committee considered holding a Joint Board Meeting to discuss the topic.

Trish Harrington inquired about the postcard SSWD sent out, and recommended not sending anything out to customers until after the first of the New Year.



Carol Rose disagreed with the Committee on the idea of holding a Joint Board Meeting, expressing that would give the impression that the two agencies have already come to a decision without allowing each agencies' rate payers an opportunity to provide feedback.

Chair Wichert recommended for each staff to agendize an MOU for a Communication Plan separately with their respective Boards.

Mr. Wilson recommended DPMWD announce to their ratepayers independently that the Prop 218 and combinations discussions were taking place.

DPMWD Director Saunders pointed out the importance of informing their customers of all of the options that their Board is considering.

SSWD GM York expressed that the two agencies should work together on communicating combination discussions, but that SSWD would not be included in assisting DPMWD with their Prop 218 communications to their customers.

The Committee agreed to have one communication consultant crafting messages for both agencies to ensure consistent messaging with regards to combination discussions.

Chair Wichert summarized that the Committee would like the General Managers to work together on an MOU for a Communications Plan and bring that to both Boards individually for approval.

7. **Combination – Process, Milestones, and Timelines**

SSWD GM York presented the staff report and PowerPoint presentation.

Chair Wichert requested for SSWD GM York to include the Condition Assessment of the wells somewhere in the PowerPoint presentation.

DPMWD Director Saunders inquired when they should do further and deeper research on the details.

SSWD GM York expressed Phase 2 would be when they would dig further into the details, noting that staff will continue to bring information to the Committee for approval to continue to move forward.

Mr. Wilson urged the Committee to continue discussions as there are benefits to both agencies.

8. **Next Meeting Date and Time**

The Committee agreed to hold the next meeting of the DPMWD/SSWD 2x2 Committee on Tuesday, January 10, 2023.

9. **Public Comment**

None.

**Adjournment**

Chair Wichert adjourned the meeting at 4:11 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

DRAFT

## **Agenda Item: 2**

**Date:** January 10, 2023

**Subject:** Municipal Service Review Update

**Staff Contact:** Dan York, SSWD General Manager  
Alan Gardner, DPMWD General Manager

**Recommended Committee Action:**

No action. Receive Del Paso Manor Water District’s (DPMWD) Municipal Service Review and update on the status of Sacramento Suburban Water District’s (SSWD) Municipal Service Review.

**Discussion:**

DPMWD General Manager Gardner will present an update on DPMWD’s Municipal Service Review (MSR) approved by the LAFCo Commission on December 7, 2022.

In regards to SSWD’s Draft MSR, the LAFCo has broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. MSRs are typically conducted every ten years, with SSWD having completed a MSR in 2021. LAFCo also requires a MSR during Combination Discussions. Therefore, the LAFCo Executive Director has requested that SSWD complete an up-to-date MSR. The District provided LAFCo with an amended MSR in September 2022. However, staff has been informed by the LAFCo Executive Director that the MSR adopted by the LAFCo Commission, by resolution in March 2021, was not at the level he prefers when it pertains to Combination Discussions. The LAFCo Executive Director is in the process of obtaining a proposal for one of their consultants to conduct SSWD’s MSR.

**Attachment:**

- 1) Municipal Services Review Report for Del Paso Manor Water District



SACRAMENTO LOCAL AGENCY FORMATION COMMISSION  
1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458  
[www.saclafco.org](http://www.saclafco.org)

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## ***AGENDA OF DECEMBER 7, 2022***

### ***REGULAR MEETING***

**TO: Gay Jones, Chair, and  
Members of the Sacramento Local Agency Formation Commission**

**FROM: José C. Henríquez, Executive Officer**

**AGENDA ITEM V-7: Continued Public Hearing to Consider and Approve the Draft Municipal Service Review Report for Del Paso Manor Water District (LAFCO Project #2022-01)**

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#### **RECOMMENDATION**

Staff recommends that the Commission:

1. Receive staff report and presentation on the Draft Del Paso Manor Water District Municipal Service Review; and
2. Open the Public Hearing (continued from November 2, 2022) for comments and discussion; and
3. Move to adopt the Del Paso Manor Water District Municipal Service Review.

#### **REASON FOR RECOMMENDED ACTION**

The Del Paso Manor Water District (DPMWD) Municipal Service Review (MSR) Update provides a current snapshot of service delivery for the District, and also addresses some of the areas of concern expressed by the Sacramento County Grand Jury regarding governance, finances and services. State Law requires that an MSR be performed before the Commission can update an agency's SOI.

#### **BACKGROUND**

Per Government Code §56425(g) and §56430, the Cortese-Knox-Hertzberg Local Government Reorganization Act directs Local Agency Formation Commissions (LAFCos) to regularly prepare municipal service reviews (MSRs) in conjunction with establishing and updating each local agency's sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services prior to making SOI determinations. MSRs may also lead LAFCos to take other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies in addition to any related sphere changes.

In response to a formal complaint made regarding DPMWD in January 2021, the Sacramento County Grand Jury conducted an investigation of the District that culminated in a report released

on November 5, 2021. The report concluded that there were “serious concerns with the DPMWD’s operational safety and management practices” and provided a series of findings and recommendations. One of the recommendations included in the report was for completion of an updated MSR by June 2022. However, at the request of Sacramento LAFCO, this deadline was extended so that a Public Review Draft would be completed by December 2022.

Del Paso Manor Water District is a single-purpose special district, formed in 1956 to provide municipal water services to the community located in the greater Arden/Arcade area, generally bounded by Marconi Avenue, Cottage Way, Eastern Avenue, and Watt Avenue. Del Paso Manor WD’s service area is largely residential, but it also includes the commercial areas of Country Club Plaza and other shopping centers. DPMWD encompasses 672 acres or 1,790 parcels. The District is primarily financed by water rates and currently supports a staff of three.

DPMWD relies on groundwater from the Sacramento County North American Groundwater Subbasin (5-21.64). This subbasin provides water to numerous water suppliers in close proximity to DPMWD including Carmichael Water District, Sacramento County Water Agency, Golden State Water Company, and Sacramento Suburban Water District (SSWD). SSWD almost entirely surrounds DPMWD with Golden State Water Company touching the southwest corner of DPMWD. Unfortunately, the groundwater basin is subject to widespread contamination from various commercial and industrial practices. Within the District, wells have contamination from both PCE and TPC. Due to this, two of the District’s eight wells have limited to no use.

Water is pumped from numerous wells throughout the District and chlorinated minimally before being sent directly into the distribution system. There are over 20 miles of pipelines that supply water to residential, commercial, and institutional customers throughout the District. Based on the current analysis, the District has enough water supply to meet demand. However there is currently not enough capacity to meet fire flow demands. Once the District completes upgrades to its three interties with SSWD, there may be enough capacity to meet emergency fire flow requirements, but the system will have to be tested before total emergency capacity can be verified.

Much of the District’s water mains are in a state of disrepair and need to be repaired and/or replaced. Near term projects that have been approved to be included as part of the District’s Proposition 218 process total over \$9 million and cover well rehabilitation, hydraulic modeling, and pipeline replacement. It is estimated that the District needs a total of approximately \$52 million in well rehabilitation and water main replacements.

## **Municipal Service Review Determinations**

The MSR provides analysis for the statutory criteria set forth within the CKH Act, as well as additional locally adopted requirements. These criteria are listed as follows:

- Growth and Population Projections
- Disadvantaged Unincorporated Communities
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies
- Financial Ability to Provide Services
- Status of, and Opportunities for, Shared Facilities
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

Throughout the analysis portions of the report, Planwest Partners identified substantial progress by the District in correcting the problems identified by the Grand Jury. Despite the progress, DPMWD still faces some substantial challenges, including infrastructure replacement, replacement of equipment as a result of years of deferred maintenance, finances, potential supply contamination and recruiting and retaining qualified staff. Based on the analysis provided in the study, the following determinations can be made:

### **(1) Growth and population projections for the affected area**

- a) The 2020 population of DPMWD was estimated to be 4,854 based on decennial census data. As the District is substantially built-out, the population is not anticipated to increase substantially over the next five to ten years.

### **(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

- a) The Arden-Arcade CDP, which encompasses the District, can be considered a DUC with a reported 2020 MHI of \$78,672 which is 67% of the statewide MHI. Areas surrounding the District are adequately provided water service by SSWD and are unlikely to request service from DPMWD.
- b) Based on available block group income data for DPMWD, the MHI is estimate to be \$81,437 which is 103% of the statewide MHI. As such, the District does not qualify as a DUC.

### **(3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

- a) The Average Day Demand is calculated at 698 gpm or 1.0 MGD and the Maximum Day Demand (MDD) has been calculated to be 1,396 gpm. Using the District's firm capacity of 3,773 gpm, it can be estimated that the District is utilizing roughly 37% of its capacity during maximum daily demand. This indicates there is adequate water supply to meet demand.
- b) Since the District does not have water storage, current regulations require that there be enough capacity to provide for maximum daily demand and maximum fire flow demand. Currently, the District does not meet this requirement. However, once the emergency

interties with SSWD are upgraded, there should be enough total capacity to meet fire flows. It is anticipated the fire department will test the system after upgrades are completed to ensure adequate fire flows are available.

- c) The District's system is aging and several miles of water mains need to be replaced. Most notably, there is approximately 3,000 feet of mains that need to be upgraded to a minimum of 4" diameter, and approximately 2.9 miles of steel pipe that are prone to rapid erosion and leaks.
- d) There are known and unknown groundwater contamination sites surrounding the District. This contamination is currently affecting two of the District's wells. The District is looking into potential carbon filtration in order to bring these wells back online. It is recommended that the District stay up to date on groundwater contamination in the area and investigate the possibility of additional well filtration systems to ensure adequate water quality for customers.

#### **(4) Financing ability of agencies to provide services**

- a) The District currently adopts an annual budget and conducts annual audits in accordance with water district law.
- b) Over the last six fiscal years reviewed, the District saw a net loss of funds for two of the six years. Over the last three fiscal years reviewed (FY2018-19 to FY 2020-21) the District saw a net increase of approximately \$500,000 per year. This can be attributed to the rate increase implemented in 2018.
- c) While the District has seen a net increase over the last three fiscal years reviewed, during that time little funding was provided for system repairs and replacements. As of March 2022, it was estimated that the District needs approximately \$52 million for well rehabilitation and water main replacements.
- d) Based on the amount of system repairs that are needed, the District currently does not have enough revenues to support their capital improvement program. However, the District has started a Proposition 218 process that, if successful, will provide additional funding to support capital improvements.
- e) Additional funding from grants and state loan programs will likely be needed to complete system improvements and help prevent major water main breaks or other system failures.

#### **(5) Status of and, opportunities for, shared facilities**

- a) DPMWD has a current agreement with SSWD for part-time operation and maintenance assistance and on-call/standby staff.
- b) DPMWD has three interties with SSWD that are in the process of being upgraded to allow automatic connection when water pressure drops substantially. These interties will provide the necessary capacity to meet fire flow requirements for DPMWD.
- c) DPMWD and SSWD are currently holding 2x2 meetings to assess the potential for reorganization into a single District. This may provide several benefits to the DPMWD such as additional staff to support day to day operations, larger customer based for recruiting Board members, and increased source capacity. The Districts are encouraged to continue these discussions and keep LAFCO informed.

**(6) Accountability for community service needs, including governmental structure and operational efficiencies**

- a) In 2021 the District Board participated in ethics training (AB1234) and sexual harassment prevention training (AB1825). The Board has also participated in Brown Act trainings to help ensure transparency and accessibility while conducting District business.
- b) The District currently maintains a website in compliance with SB 929. This includes access to District budgets and audits, District contact information, and Board meeting information, agendas, and minutes.
- c) The District previously responded to the Grand Jury Report and has taken steps to correct identified deficiencies and implement recommendations.

**(7) Any other matter related to effective or efficient service delivery**

- a) Based on the current status of the District, an abbreviated MSR will be conducted in three years that focuses on system repairs and upgrades, financial status, and governance standing.

**Sphere of Influence Recommendations**

DPMWD's service area has not changed since formation, nor has its sphere of influence, which is concurrent with the District's boundaries. DPMWD's sphere was last updated in 2005. Based upon the information contained in this report the District's sphere could be reaffirmed. However, based on current discussions with SSWD, it is recommended that the Commission defer sphere determinations until a later date. Planwest Partners and LAFCo staff will return with SOI recommendations in 2023.

**Staff Outreach and Public Comment Period**

LAFCo's consultant reached out to DPMWD staff for information about District operations and financial documents. They also contacted Sacramento Suburban Water District staff and other stakeholders. DPMWD's General Manager reviewed an administrative draft of the report and provided comments to the consultant. Those comments were incorporated into the report as appropriate. LAFCo staff also provided a copy of the draft report to the Sacramento Grand Jury. No comments have been received so far.

The DPMWD Board, affected landowners, and the general public were made aware of the availability of the draft document and were given until the end of the public comment period on December 7, 2022 to submit comments for the Final MSR and SOI Update. SSWD provided comments on the public draft document pertaining to the emergency interties and staffing which were incorporated into the current draft. No other comments were received.

**Attachments:**

Attachment A: Revised Draft Del Paso Manor Water District Municipal Service Review (LAFCO Project #2022-01)

Attachment B: Del Paso Manor Water District Boundary and SOI Map



MUNICIPAL SERVICES

REVIEW for

# DEL PASO MANOR WATER DISTRICT

PUBLIC REVIEW DRAFT – OCTOBER 2022



# SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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Gay Jones, Chair, Special District Member

Linda Budge, Vice-Chair, City of Rancho Cordova Member

Rich Desmond, County Member

Sue Frost, County Member

Lindsey Liebig, Special District Member

Chris Little, Public Member

Sean Lolee, City of Sacramento Member

## ALTERNATE COMMISSIONERS

Charlea Moore, Special District Member

Phil Serna, County Member

Timothy Murphy, Public Member

Katie Valenzuela, City of Sacramento

## STAFF

José C. Henriquez, Executive Officer

DeeAnne Gillick, Commission Counsel

Nancy Miller, Commission Counsel

Diane Thorpe, Commission Clerk

Desirae N. Fox, Policy Analyst

## PREPARED BY



# TABLE OF CONTENTS

- 1.0 Introduction .....1**
  - 1.1 Role and Responsibility of LAFCO ..... 1
  - 1.2 Purpose of Municipal Service Reviews ..... 1
  - 1.3 Purpose of Spheres of Influence..... 2
  - 1.4 Environmental Review..... 2
  - 1.5 Environmental Justice..... 3
  - 1.6 Methodology and Data Sources ..... 3
- 2.0 District Background.....5**
  - 2.1 Agency Overview ..... 5
  - 2.2 District Principal Act ..... 5
  - 2.3 Formation and Development ..... 5
  - 2.4 Boundary and Sphere of Influence ..... 5
  - 2.5 Land Use and Zoning ..... 8
  - 2.6 Growth and Population ..... 8
  - 2.7 Disadvantaged Unincorporated Communities ..... 9
  - 2.8 Grand Jury Report..... 11
- 3.0 Municipal Services .....12**
  - 3.1 Water Services..... 12
  - 3.2 Other Service Providers..... 18
- 4.0 GOVERNANCE & Finance .....21**
  - 4.1 Governance ..... 21
  - 4.2 Financial Overview..... 22
- 5.0 Del Paso Manor MSR Determinations.....26**

## List of Tables

- Table 1: Contact Information .....5
- Table 2: DPMWD Groundwater Wells..... 13
- Table 3: Proposition 218 Recommended Projects ..... 17
- Table 4: Board of Directors ..... 21
- Table 5: Annual Budget Summary..... 23
- Table 6: Audit Summary..... 24
- Table 7: Total Net Position Summary..... 24

**List of Figures**

Figure 1: Del Paso Manor Aerial (May 1993) .....4  
Figure 2: DPMWD Boundary .....6  
Figure 3: DPMWD Land Use.....7  
Figure 4: Decennial Population Counts of Arden-Arcade CDP .....8  
Figure 5: Arden-Arcade Area DACs ..... 10  
Figure 6: Known Contamination Sites near DPMWD ..... 14  
Figure 7: Regional Water Purveyors..... 19

**List of Appendices**

Appendix A – DPMWD Current Water Rates (established June 2018)

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## 1.0 INTRODUCTION

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### 1.1 Role and Responsibility of LAFCO

Local Agency Formation Commissions (LAFCOs) are independent regulatory commissions established by the State legislature in 1963 to encourage the orderly growth and development of local governmental agencies including cities and special districts. Today, there is a LAFCO in each of California's 58 counties. Sacramento LAFCO is a seven-member commission comprised of two members of the Sacramento County Board of Supervisors, two City Council members, two Special District representatives, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

LAFCO is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") (California Government Code Section 56000 et seq.) for purposes of facilitating changes in local governmental structure and boundaries that fosters orderly growth and development, promotes the efficient delivery of services, and encourages the preservation of open space and agricultural lands. Some of LAFCO's duties include regulating jurisdictional boundary changes and the extension of municipal services. This includes city and special district annexations, incorporations/formations, consolidations, and other changes of organization. LAFCO seeks to be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs, and actions.

The CKH Act outlines requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCO to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances" (§56301). CKH Act Section 56301 further establishes that "one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." SOIs therefore guide both the near-term and long-term physical and economic growth and development of local agencies, and MSRs provide the relevant data to inform LAFCO's SOI determinations.

### 1.2 Purpose of Municipal Service Reviews

As described above, MSRs are designed to equip LAFCO with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCO broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of a MSR in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. While LAFCOs have no direct regulatory authority over cities and special districts, MSR's provide information concerning the governance structures and efficiencies of service providers – and may also serve as the basis for subsequent LAFCO decisions. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study's determinations must be made in the following areas:

1. Growth and population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities within or continuous to the sphere of influence
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of the agency to provide services.
5. Status of and opportunities for shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by Commission policy.

This MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

### 1.3 Purpose of Spheres of Influence

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, “‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (§56076). All boundary changes, such as annexations, must be consistent with an agency’s sphere of influence with limited exceptions. The municipal service review process is intended to inform the Commission as to the availability, capacity, and efficiency of local governmental services prior to making sphere of influence determinations.

LAFCO is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Service reviews may also contain recommendations for sphere of influence or government structure changes needed to implement positive service changes. Where more detailed analysis of service options is necessary, service reviews may contain recommendations for special studies where there is the potential to reduce service gaps and improve service levels. This MSR Update will provide the necessary background information to make SOI determinations at a later date.

### 1.4 Environmental Review

The California Environmental Quality Act (CEQA, Public Resources Code §21000 et seq.) requires public agencies to evaluate the potential environmental effects of their actions. Municipal service reviews are intended to support sphere of influence updates, including the creation and amendment of SOI boundaries, as well as other government reorganization proposals. Such activities could influence future growth patterns, and, as such, are considered

discretionary projects under CEQA. LAFCO has the principal responsibility for carrying out and approving this service review and, therefore, the principal responsibility for preparing CEQA documents as lead agency.

This service review and accompanying sphere of influence determinations qualify for a statutory exemption as outlined in Public Resources Code §15061(b)(3). These activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The MSR and sphere of influence update have no possibility for causing a significant effect on the environment. Any future projects that make use of this service review and the information contained herein will be subject to separate environmental review under CEQA.

## 1.5 Environmental Justice

State law defines environmental justice as “the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies” (Government Code §65040.12(e)). The Governor’s Office of Planning and Research (OPR) explains that “as the primary agency with responsibility for approving changes in boundaries, LAFCOs play an important role in coordinating growth and ensuring that proposed changes are consistent with environmental justice obligations.” Changes of organization must be consistent with spheres of influence, and the information contained in this service review will guide future updates to agency spheres of influence.

OPR identifies several uses for data obtained in the service review process:

1. Improving the community participation process.
2. Identifying low-income/minority neighborhoods under-served by public facilities and services that enhance the quality of life.
3. Considering the equitable distribution of public facilities and services.
4. Considering infrastructure and housing needs.
5. Identifying low-income/minority neighborhoods where facilities and uses that pose a significant hazard to human health and safety may be overconcentrated.
6. Screening of issues for potential environmental justice implications.

Consideration of the issues listed above will assist LAFCO and other public agencies in identifying, preventing, and reversing historical problems of procedural and geographic inequity. In undertaking this service review and making determinations, LAFCO used an open public participation process to screen for and identify environmental justice issues.

## 1.6 Methodology and Data Sources

Key tasks and activities in the completion of this MSR include data collection, interviews, district profile development, determination analysis, public review of MSR, and the adoption of the final MSR. The MSR began with a complete and thorough review of available data and documents. In collecting data, adopted budgets, comprehensive financial reports, capital improvement plans, strategic plans, and general plans were assessed to develop a comprehensive overview of the agency. Following data collection and interviews, the agency profile was developed based on the information collected and as required for the completion of the MSR per the CKH Act. This includes key characteristics such as municipal services offered, staffing levels, population and growth, service providers, infrastructure, financial condition, and boundary areas and maps.



Figure 1: Del Paso Manor Aerial (May 1993)



## 2.0 DISTRICT BACKGROUND

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### 2.1 Agency Overview

The Del Paso Manor Water District (DPMWD) provides water services to the community of Arden/Arcade located in the area generally bounded by Marconi Avenue, Cottage Way, Eastern Avenue, and Watt Avenue. Del Paso Manor is largely a residential area but also includes Country Club Plaza and other shopping centers on its western edge in addition to AT&T corporate offices located on Kings Way. The majority of homes in the area were constructed in the early 1950s, which led to the establishment of DPMWD in 1956.

**Table 1: Contact Information**

<b>Primary Contact</b>	Alan Gardner, General Manager
<b>E-mail</b>	<a href="mailto:generalmanager@delpasomanorwd.org">generalmanager@delpasomanorwd.org</a>
<b>Address</b>	1817 Maryal Drive, Suite 200, Sacramento, CA 95864
<b>Phone</b>	(916) 487-8534
<b>Website</b>	<a href="http://www.delpasomanorwd.org">www.delpasomanorwd.org</a>

### 2.2 District Principal Act

County Water District (CWD) Law (Water Code §30000, et seq.) serves as the principal act for the District and authorizes CWDs to provide water, wastewater, hydroelectric power, solid waste, and fire protection services within their boundaries. DPMWD is authorized to provide water services only. Other services, facilities, functions, or powers enumerated in the District’s principal act but not identified in the formation resolution are considered “latent,” meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCO authorization as indicated in Government Code §31001.

### 2.3 Formation and Development

The Del Paso Manor housing development was established in the late 1940’s and early 1950’s and initially served by a private water system. The development consists of primarily residential suburban streets and can be considered part of the large post-WWII housing boom. In order to provide a reliable public water system, the Del Paso Manor County Water District formed in 1956. Later, a law passed allowing water agencies to drop “County or Irrigation” from their name but required agencies to continue operations under the water code from which they were formed. Since its formation, the District has not annexed any additional service territory.

### 2.4 Boundary and Sphere of Influence

DPMWD encompasses 672 acres in the greater Arden-Arcade area off of Watt Avenue. It is approximately 1.5 miles south of Highway 80 and 2.6 miles north of the American River. Within the District there are 1,790 parcels of which the majority are residential. The current Sphere of Influence (SOI) for DPMWD is coterminous with the District boundary.

Figure 2: DPMWD Boundary

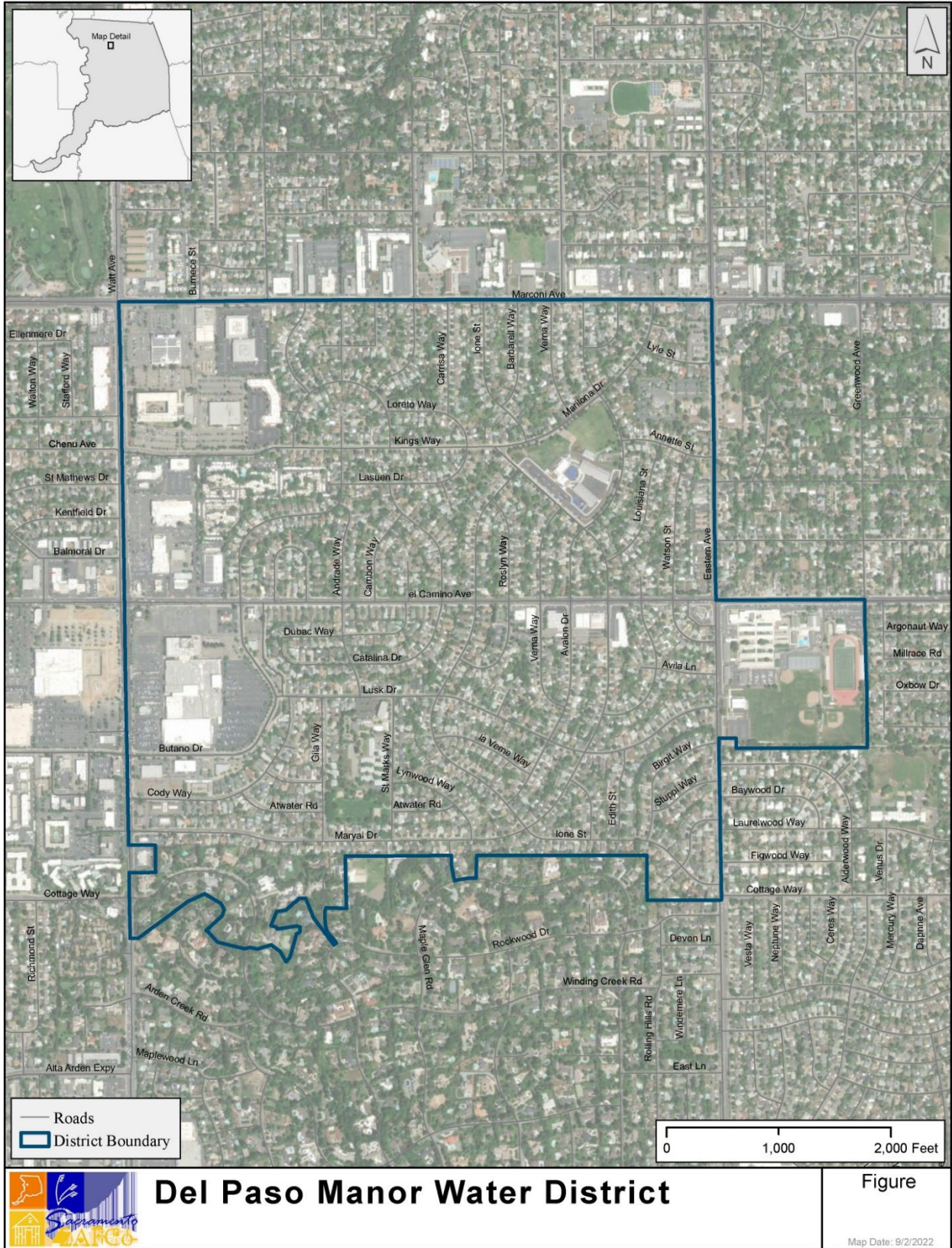
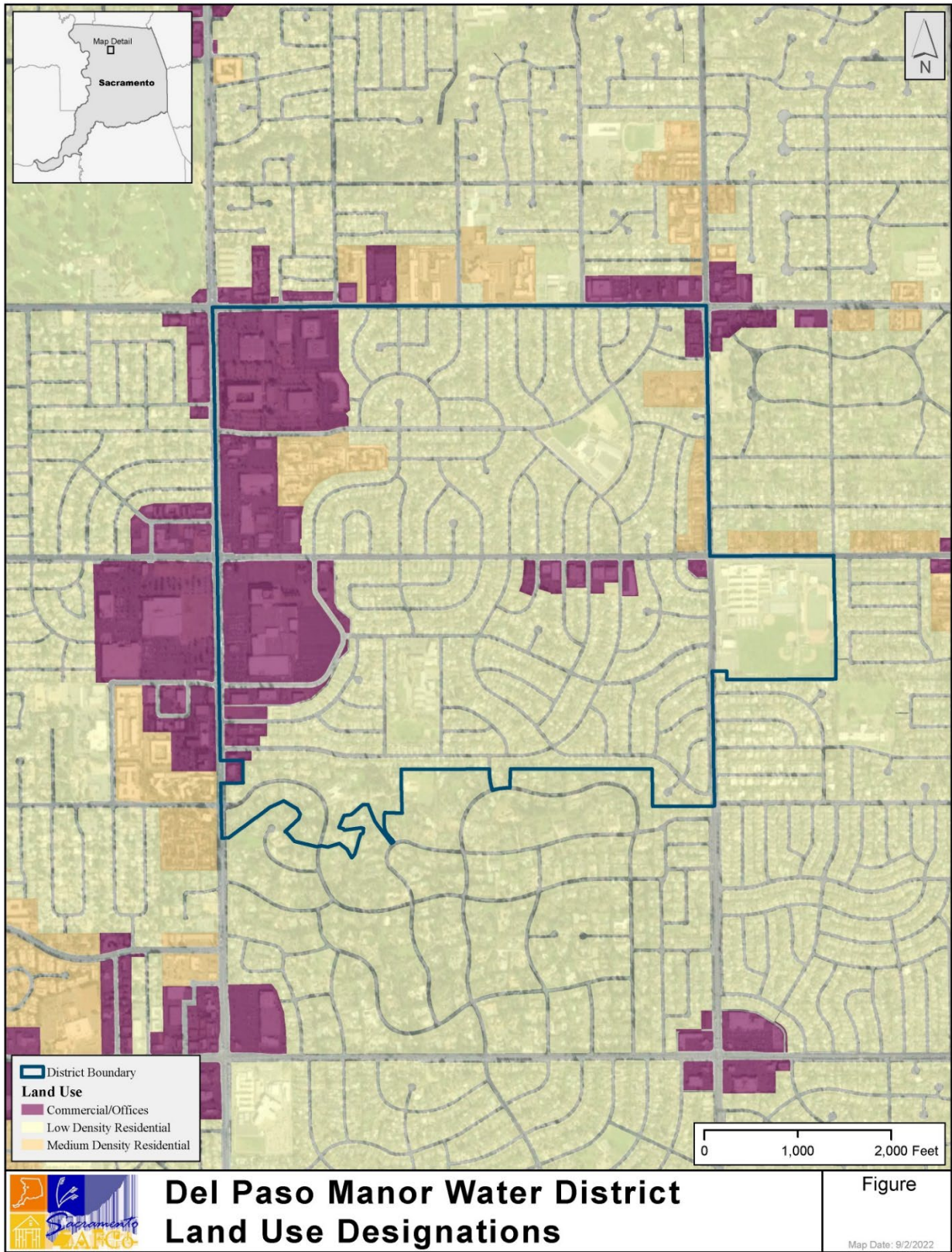


Figure 3: DPMWD Land Use



## 2.5 Land Use and Zoning

The District's land use is subject to the Sacramento County General Plan and Arden-Arcade Community Plan. Under the Sacramento County Code, the District's land use designations are Shopping Center (SC), Residential Density 5 (RD-5), Business and Professional (BP), Limited Commercial (LC), Residential Density 30 (RD-30), Recreation (O), Residential Density 10 (RD-10), Residential Public Quasi-Public (RD-5 (PQP)), Residential Density 20 (RD-20), Residential Density 2 (RD-2)<sup>1</sup>. Low density residential uses account for approximately 76% of the land area which has almost reached full buildout. There are few buildable parcels left for development. However, there is some opportunity for infill in the area on parcels where former retail uses existed but have since been abandoned.

Under Sacramento County Zoning Regulations, the District's zones are Residential (RD-5), Business and Professional Office (BP), Shopping Center (SC), Light Commercial (LC), Multiple Family Residential (RD-30), Multiple Family Residential (RD-20), Recreation (O)<sup>2</sup>.

## 2.6 Growth and Population

The Del Paso Manor neighborhood is a sub-area of the larger Arden-Arcade Census Designated Place. The Arden-Arcade area saw substantial growth from 1960 to 2000 as shown in Figure 4 below. Between 2000 and 2010, there was a notable decline in population from 96,004 to 92,186. The 2013-2021 Sacramento County Housing Element noted that many unincorporated areas in the County experienced limited to no growth or a decline from 2000 to 2007<sup>3</sup>. The most recent Housing Element adopted on March 8, 2022 noted that there was a 2.6% increase in population from 2015 to 2019 in unincorporated areas. As of 2020, the Arden Arcade CDP had a population of 94,659. This accounts for annual growth rate of 0.26% from the 2010 population of 92,186<sup>4</sup>.

The DPMWD population can be estimated by pulling population counts from each census block within the District. This results in an estimated 2020 population of 4,854 which accounts for an annual growth rate of 0.16% from the 2010 population of 4,778<sup>5</sup>. This is slightly less from the population growth seen in the greater Arden-Arcade area and likely attributed to build-out of the district. As the District has reached full build-out, it is anticipated that this growth rate will persist for the foreseeable future and the overall population of the District is unlikely to change substantially over the next five to ten years.

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<sup>1</sup> County of Sacramento, Arden-Arcade Community Plan. Adopted November 6, 1980 by Resolution No. 80-1357.

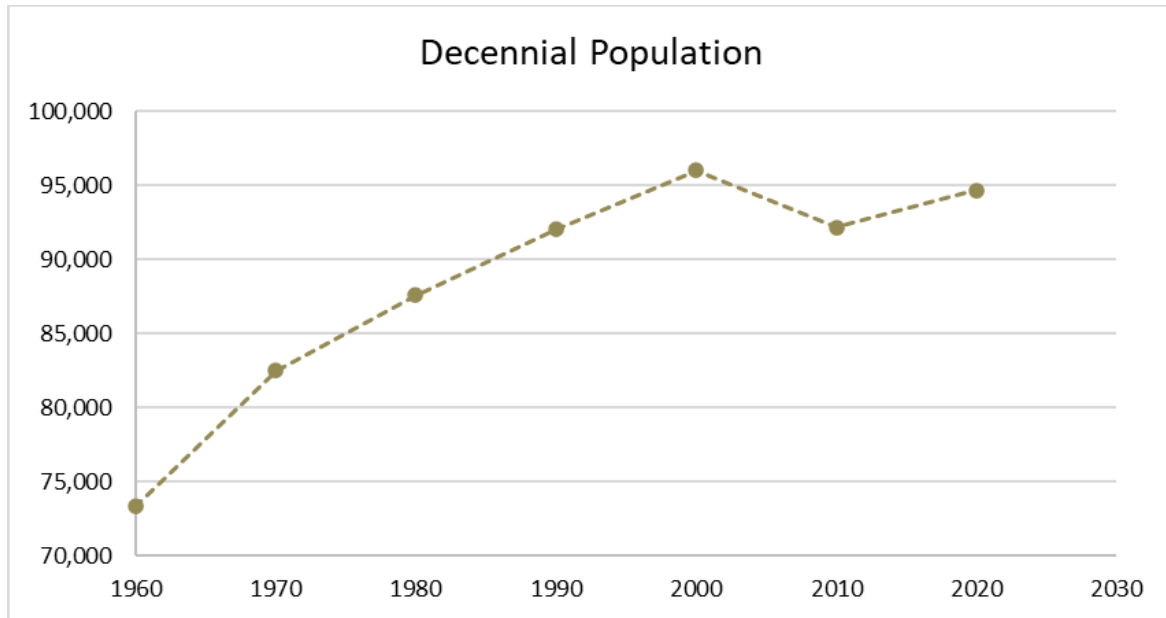
<sup>2</sup> County of Sacramento, Office of Planning and Environmental Review, Sacramento County Zoning Code effective September 25, 2015 and amended February 25, 2021.

<sup>3</sup> County of Sacramento, Housing Element of 2013-2021: Section 5-2 Population and Housing Characteristics. Adopted October 8, 2013.

<sup>4</sup> US Census Bureau, 2020 & 2010 Decennial Census, Table P1 – Race for the Arden-Arcade CDP.

<sup>5</sup> US Census Bureau, 2020 & 2010 Decennial Census, Table P1-Race for selected blocks from Census Tract 60.02 and Census Tract 57.01.

Figure 4: Decennial Population Counts of Arden-Arcade CDP



## 2.7 Disadvantaged Unincorporated Communities

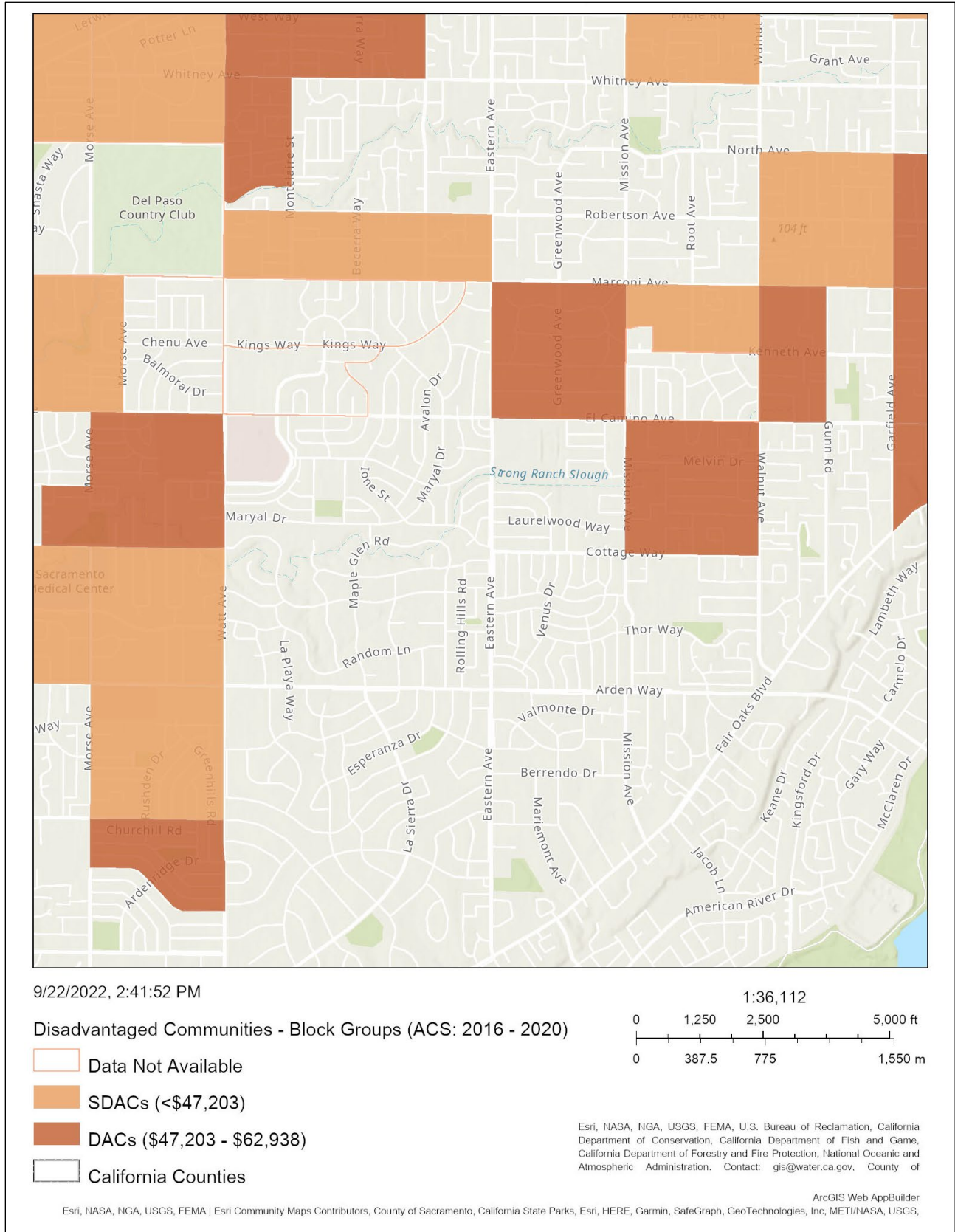
The Arden-Arcade CDP, which includes the DPMWD, had an estimated 2020 MHI of \$52,694 which is 67% of the statewide MHI of \$78,672. This means that the area, as a whole, can be considered a Disadvantaged Unincorporated Community (DUC)<sup>6</sup>. However, based on available census block group data, the District's MHI is estimated to be closer to \$81,437. This is 103% of the statewide MHI and does not qualify the District as a DUC. Income data is unavailable at the block level, so a subset of block groups was utilized to determine the MHI of the District. However, of the five block groups considered, there was no data available for two of them and the boundaries of census block groups do not align exactly with the boundary of the District. As such, the estimated MHI may not accurately reflect the MHI of all residents in the District. A District-wide income survey would provide a more accurate depiction of income levels solely within the District boundary.

While the District may not be considered disadvantaged, there are block groups surrounding the District that can be considered disadvantaged. According to the California Department of Water Resources online Disadvantaged Community (DAC) mapping tool<sup>7</sup>, shown below, there are both disadvantaged and severely disadvantaged communities within and adjacent to the District boundary. However, these areas are already served by Sacramento Suburban Water District and will likely not seek service from DPMWD.

<sup>6</sup> A DUC is an inhabited incorporated area that has a MHI less than 80% of the State MHI.

<sup>7</sup> California Department of Water Resources, DAC Mapping Tool. Accessed September 20, 2022. <https://gis.water.ca.gov/app/dacs/>

Figure 5: Arden-Arcade Area DACs



## 2.8 Grand Jury Report

In response to a formal complaint made regarding DPMWD in January 2021, the Sacramento County Grand Jury conducted an investigation of the District that culminated in a report released on November 5, 2021. The report concluded that there were “serious concerns with the DPMWD’s operational safety and management practices” and provided a series of findings which are included below:

- F1. The DPMWD has abdicated its mission to “provide safe drinking water in accordance with California and federal regulations and to maintain a reliable water supply for water consumption and fire protection.”
- F2. The DPMWD has deferred action on the District’s 2009 Water Master Plan, the 2011 LAFCO Municipal Service Review, the 2021 HydroScience Strategic Water Solutions Technical Memorandum, and the July 2021 General Manager Final Recommendations Report, all of which outline the urgent need to address the District’s critical infrastructure needs for repair or replacement.
- F3. The DPMWD Board of Directors awarded a \$56,830.00 contract to HydroScience Strategic Water Solutions, to complete a Water District Master Plan Update, without officially taking a public vote at its December 2020 board meeting to authorize the contract as required by the Sacramento County District Attorney.
- F4. During its October 20, 2020 general meeting, the DPMWD Board of Directors failed to provide all of the meeting documents in its board packets to the public. Upon request from the public for the materials, the Board president denied their release to the public as required by both the Brown Act and the Public Records Act.
- F5. The DPMWD failed to follow the California State Water Resources Control Board, Division of Drinking Water guidance in publicly reporting notable Maximum Contamination Level violations in the required timeframe. Additionally, the DPMWD did not follow the prescribed reporting requirements in the Consumer Confidence Reports (2018, 2019).
- F6. The agendas for the public meetings of the DPMWD Board of Directors have provided inadequate and vague descriptions of the items to be discussed or acted upon at its General and Special meetings.
- F7. The ambiguous agenda item descriptions of the DPMWD Board of Directors meetings violate the intent of the Ralph M. Brown Act, which is designed to properly inform the public of the business to be undertaken at public meetings by public officials and to encourage their participation.

The report also included numerous recommendations meant to help correct some of the deficiencies found with the District. One of the recommendations was that a MSR should be completed by June 2022. However, at the request of Sacramento LAFCO this deadline was extended so that a Public Review Draft would be completed by December 2022. This document has been prepared in response to this recommendation.

### District Response

DPMWD provided a response to the Grand Jury report in February 2022. In the response, the District explains that a grassroots campaign led by residents of the District was responsible for the failure of a proposed rate increase in 2017. Without the revenue from this proposed rate increase, the District was

unable to fund necessary infrastructure upgrades. Additionally, members of the Board from 2019 to mid-2020 focused more on providing low rates than high quality and reliable water service. The response further states that the current leadership is focused on improving governance and providing safe drinking water to customers.

In the same response, the District disagreed with Findings 1, 3 but agreed or partially agreed with all other findings and stated that all recommendations were either already implemented or would be implemented. A full explanation for each Finding and Recommendation is provided in the response along with supporting documentation. According to the District's current General Manager, as of October 2022, all deficiencies have been remediated and recommendations completed<sup>8</sup>.

## 3.0 MUNICIPAL SERVICES

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### 3.1 Water Services

The District has been providing water services to the Del Paso Manor neighborhood since its formation in 1956. While this District primarily serves residential units, it also has multiple commercial and institutional accounts. A summary of the District's water sources and distribution system is provided in the following sections.

#### Water Source

The District obtains water from the Sacramento County North American Groundwater Subbasin (5-21.64). This subbasin is subject to the requirements of the State Groundwater Management Act (SGMA) and is overseen by the Sacramento Groundwater Authority (SGA). In the area of DPMWD, groundwater generally flows from the south to the north towards a groundwater depression located just south of Sacramento-McClellan Airport<sup>9</sup>.

The most recent annual report for the subbasin, which covers Water Year 2021, indicated that a total of 381,300 acre-feet was water extracted from the subbasin and there was a change in water storage of -134,200 acre-feet. This is the highest amount of water that has been extracted since 2009 and can likely be attributed to limited availability of surface water. It also indicates that water conservation and system maintenance to reduce overall water use is vital to the continued sustainability of the subbasin.

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<sup>8</sup> DPMWD, General Manager, Personal Communication – Email. October 13, 2022.

<sup>9</sup> GEI, Annual Report for North American Subbasin Water Year 2021, Figure 4-1: Spring 2021 Groundwater Elevation Contour Map. March 2022.



Table 2: DPMWD Groundwater Wells<sup>10</sup>

Well No.	Year Built	Age in Years	Active Pumping Capacity <sup>11</sup>	Well Status/ Comments
2	1948	72	398 gpm	Video inspection schedule for 2021
3	1949	71	580 gpm	Permitted Use is Standby: 1,2,3 TCP MCL Exceeded
4	1951	69	457 gpm	Video inspection scheduled for 2021
5	1955	67	513 gpm	
6B	2014	6	1,100 gpm	Primary well with standby generator. Used during low winter demands (down to 100 gpm)
7	1956	64	675 gpm	District minimizes operation of this well due to site constraints.
8	1977	43	--	PCE detected. Well offline. Expected complete loss.
9	2011	9	1,500 gpm	Primary well. New Generator schedule for 2021 installation.
Total Capacity			5,223 gpm	PHD = 2,513 gpm
Firm Capacity			3,723 gpm	MDD = 1,396 gpm; MDD+FF = 4,896 gpm

PHD = Peak Hour Demand      MDD = Max Day Demand      FF = Fire Flow

The District owns and operates eight wells that have a total pumping capacity of 5,223 gpm. These wells are scattered throughout the District and were established over several decades. A complete list of all District wells is provided in Table 2. Some of the District wells utilize fixed speed pumps. This means that when they are switched on, they will run at a constant speed regardless of demand. Wells No. 1, 6B, 7, 8, and 9 were outfitted with Variable Frequency Drives (VFD) that allow the pump to operate at different speeds based on demand. Well No. 1 was destroyed and replaced by Well No. 9. Well No. 6 was also destroyed and replaced by Well No. 6B. There is currently perchlorethylene (PCE) contamination in Well No. 8 due to the migration of a contamination plume coming from an unknown source. Potential locations include along Watt Avenue at either El Camino Avenue or Marconi Avenue where several cleaners were previously located (see Figure 6) or another source located within 500 feet of the well. Additionally, Well No. 3 is only permitted for standby use, up to 15 days a year, due to 1,2,3 Trichloropropane (TPC) that exceeds allowable levels for regular use.

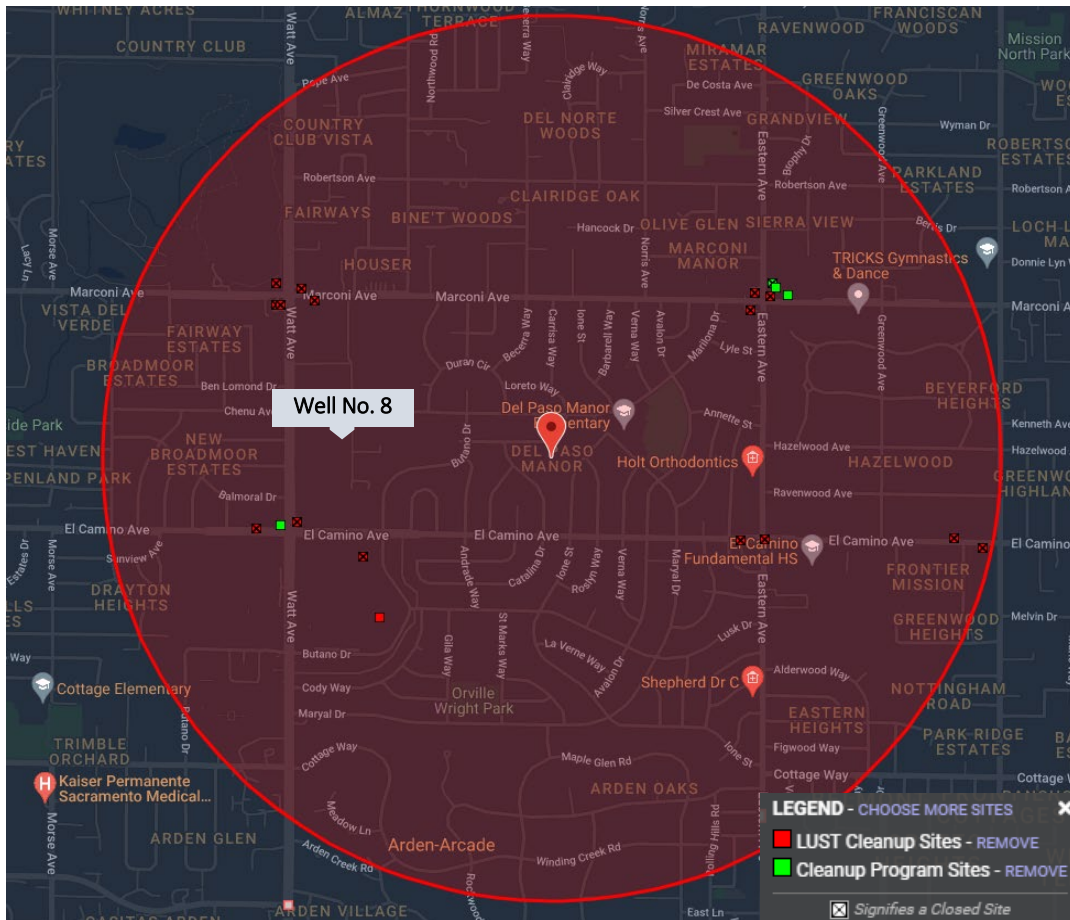
The District and City of Sacramento have an existing agreement from 1968 for the City to transfer up to 6.8 cubic feet per second, or 2,460 acre-feet annually, of surface water to the District. However, there is currently no infrastructure in place for delivery of this water to the District. The District currently has three emergency interties with Sacramento Suburban Water District (SSWD) that are manually operated. These are in the process of being upgraded to automatic interties that will be activated if there is a drop in pressure in the DPMWD system. This will greatly reduce the time to open them and when completed the manufacturer stated they will add up to a total of 11,100 gpm to DPMWD total available water capacity.

<sup>10</sup> HydroScience, Technical Memorandum (TM) for Del Paso Manor Water District – Table 4-1: Groundwater Supply and Active Pumping Capacity. May 26, 2021.

<sup>11</sup> DPMWD, General Manager, Personal Communication – Email. October 13, 2022.

However, in practice the amount of available water will vary depending on the circumstances at the time. Given the District’s fire flow requirements, even at one third of the listed operating capacity, the emergency interties coupled with the operational wells should exceed the required fire flow capacity. Should water

Figure 6: Known Contamination Sites near DPMWD



Source: SWRCB GeoTracker Web Map for LUST and Cleanup Program Sites

need to flow from DPMWD to SSWD, the flow would be considerably less based on the design of the interties<sup>12</sup>. The District also has Mutual Aid Agreements with SSWD and the Carmichael Water District to provide technical and emergency support in order to provide redundancy in District resources for addressing unforeseen events.

**Treatment**

Currently the District does not treat groundwater that is pumped from the active wells. A small amount of chlorine is added to the system as a disinfectant and to prevent any potential contamination from transportation through the system.

**Distribution**

Water pumped from the District’s wells is processed through a chlorination system and then is sent directly to the distribution system. Currently, the District does not have any water storage tanks and relies solely on active pumping to meet demands and maintain water pressure in the system. The distribution system

<sup>12</sup> DPMWD, General Manager, Personal Communication – Email. October 13, 2022.

is made up of approximately 20.7 miles of pipeline varying in size from less than three inches to 12 inches. There is estimated to be approximately 3,000 linear feet of pipeline that is less than three-inch diameter which does not meet current regulations for water distribution mains (Title 22 of the California Code of Regulations) which specifies that water mains must be at least four inches in diameter<sup>13</sup>.

In 2020, there were four main water line breaks and/or leaks. These were due to corrosion, age, tree roots, and contract damage. There were also four water system pressure failures during the same year<sup>14</sup>. In 2022 the District reports there were also four watermain leaks of which two were caused by corrosion of 2" galvanized steel pipes and two were caused by tree roots. According to the SWRCB inspection conducted in 2021, the District historically had more breaks and water outages than other nearby water suppliers of similar size that use groundwater. This indicates that the system is in need of more frequent staff inspection and maintenance along with system upgrades. However, the District has stated a dramatic decrease in total leaks by lowering operating pressure and coordinating well operation to prevent pressure spikes<sup>15</sup>. At this time it is not known what type of long-term impact this will have on the system and provision of services.

Within the District there are currently 1,798 residential and 100 commercial connections<sup>16</sup>. While the majority of connections are residential, water demand is split fairly evenly between residential and commercial customers. This is largely due to high water intensity commercial uses that exist within the District, including the AT&T customer service center that utilizes a large amount of water for its cooling towers.

DPMWD remains largely unmetered since there are under 3,000 connections and is considered a small water supplier. Commercial and multi-family residential connections are metered while single-family residential services remain unmetered. Since the connections are not metered it is impossible to know whether there are leaks in the distribution mains and how much water is lost during transmission. The 2021 Amendment to the DPMWD 2009 Water Master Plan utilized a 10% loss in the hydrologic model. However, without meter data to compare against well production, it is difficult to assess the actual amount of system loss. The District is encouraged to conduct a comprehensive assessment of distribution pipes in order to identify any major leaks or deteriorating mains in order to reduce the potential for system loss. It is also recommended that the District pursue funding for installation of meters at all connections so that water demand can be tracked more accurately.

## Demand

Water demand can vary based on monthly weather conditions, drought conditions, and various other factors including the recent pandemic. Typically, water demand increases in summer months when more cooling and landscape irrigation is utilized. However, when there are multiple dry years and warmer weather conditions for more of the year, year-round demand can increase and last well into winter months.

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<sup>13</sup> HydroScience TM – Section 5.1: Water Main and Hydrant Existing Condition and Capacities. May 26, 2021.

<sup>14</sup> SWRCB, DPMWD 2021 Inspection Report. July 14, 2021.

<sup>15</sup> DPMWD, General Manager, Personal Communication – Email. October 13, 2022.

<sup>16</sup> HydroScience, TM - Section 1.2: Water Demands and Planning Criteria. May 26, 2021.

Since the District is largely unmetered, well production is used in place of metered delivery amounts. From 2014 to 2020, the annual demand has been fluctuating between 941 acre feet per year (AFY) and 1,447 AFY with an overall average of 1,125 AFY. Of this, approximately 49% is utilized by residential customers and 51% is utilized by commercial customers. The Average Day Demand is calculated at 698 gpm or 1.0 MGD and the Maximum Day Demand (MDD) has been calculated to be 1,396 gpm. Using the District's firm capacity of 3,773 gpm<sup>17</sup>, it can be estimated that the District is utilizing roughly 37% of its capacity during maximum daily demand. However, this does not account for fire flow requirements.

Since the District does not have any water storage, current regulations require that there be enough capacity to provide for MDD and the maximum fire flow demand for the area, which for DPMWD is the AT&T customer service center and WinCo Foods which are both estimated to require 3,500 gpm. Based on the District's firm yield and MDD plus fire flow requirements, there is a water supply shortage of approximately 1,821 gpm<sup>18</sup>. Once the emergency interties with SSWD are completed, this will likely provide enough capacity to meet fire flow requirements in the event of an emergency. However, this will need to be tested once construction is completed.

### Rates

The District charges a monthly flat fee for residential connections based on lot size that ranges from \$26.90 for lots 5,000 square feet and under, up to \$60.05 for lots between 17,001 – 20,000 square feet. Residential lots larger than 20,000 square feet are charged an additional \$2.07 per 1,000 square feet on top of the \$60.05. In addition to the fee for water service, the District also charges a System Maintenance Charge for each connection that helps cover the cost of repaying loans and funds capital improvement projects. This fee varies from \$23.05 to \$461.00 per month based on connection type and size. The District also charges fees for various services including inspections, meter installations and testing, service restoration, and enforcement actions. A full list of current District rates and fees is provided in Appendix A.

### System Needs

Much of the District's water system was installed in the 1950's making some of it more than 70 years old. While regular inspections and maintenance can extend the life of many system components, there are parts of the system that naturally wear out overtime and need to be replaced in order to ensure safe and reliable drinking water for the community. This includes, but is not limited to, pumps, chlorination systems, and aging water mains. The following is a summary of system improvements that have been recommended by the SWRCB, staff, and private consultants over the last few years.

- Raise pedestals at Wells 2, 3, and 5 to meet current standards (*Well No. 2 in progress*)
- Repair backflow prevention device at Well 6B (*Completed*)
- Address fire flow requirements (either additional water storage or upgrade interties)
- Establish pump to waste before pressure tank to help prevent tank contamination (Wells 2, 3, 4, and 5)
- Install water meters for all connections (by 2032 per SB 552)
- Install 16 new fire hydrants (being completed as part of water main replacements)
- Install automated valves at SSWD interconnections (in progress)
- Install carbon filters on Well 3 to allow full operation (*planning phase in progress*)

<sup>17</sup> This is the District's maximum pumping capacity with its highest producing well (No.9) offline. This is done to ensure that there is enough water to meet demand in the event of well failure.

<sup>18</sup> HydroScience TM – Section 4.1: Groundwater Supply. May 26, 2021.

- Pipe replacements:
  - Replace asbestos cement mains with larger PVC pipe at nine locations to increase fire flow
  - Replace water mains that are less than 4 inches (approximately 3,000 linear feet)
  - Replace approximately 2.9 miles of steel pipe (prone to rapid erosion and leaks)
  - Enact a regular pipe replacement program in order to keep system in good working order

Due to the rapidly increasing costs for goods and services, it is estimated that the cost of replacement per mile for pipelines, as of May 2022, is approximately \$3.5 million<sup>19</sup>. Since there are over 20 miles of pipeline in the system, it could cost upwards of \$70 million dollars to replace. As such, it is important to conduct regular system inspections and maintenance to help extend the life of the lines, prevent water outages, and prioritize replacement projects. Implementation of a regular pipe replacement program will help spread the costs over time and reduce the need for large infrastructure loans that may create a burden for rate payers.

### ***Proposition 218 Recommendations***

As of September 2022, the District has contracted with a private consultant to prepare a rate study. This rate study will utilize a shorter list of capital projects and be used to support a proposed rate increase through the Proposition 218 process. The projects currently authorized by the District's Board to be included in the study are those listed in Table 3. This rate increase would be designed to not overburden rate payers while still providing funding for necessary system upgrades.

**Table 3: Proposition 218 Recommended Projects**

<b>Project Name</b>	<b>Project Description</b>	<b>Cost</b>
Well 7 Rehabilitation	Well and site improvements. Determine best option for sand mitigation to protect screen integrity. Pull well pump and down-hole video inspection of well casing. Integrate well controls with District SCADA system	\$2,986,000
Well 4 Rehabilitation	Pull and replace pump, down-hole video of well casing. Site improvements. Remove hydro-pneumatic tank and install VFD and flush to waste line. Integrate well controls with District SCADA system.	\$958,000
Hydraulic Model	Update and recalibrate hydraulic model with new completed projects.	\$40,000
2D-3 Pipeline Replacement	Install (N) 7,824 linear feet of 8" pipeline, (N) 100 linear feet of 6" pipelines and appurtenances; Retrofit 189 water service connections to front yards and install meter setters.	\$5,250,000
<b>Total</b>		<b>\$9,234,000</b>

Two tiers of alternate projects have also been developed in the event the priority projects cannot be completed but these will not be considered in the Proposition 218 process and are therefore not anticipated to be covered by the proposed rate increase. If the District wishes to pursue these projects in the future, they will either need to be completed after the priority projects or by obtaining outside funding.

<sup>19</sup> DPMWD, General Manager Personal Communication. May 6, 2022.

## 3.2 Other Service Providers

### Water

#### *Sacramento Suburban Water District*

The Sacramento Suburban Water District (SSWD) serves water to a large suburban area, with much of it being in unincorporated Sacramento County. The service area consists of parts of the Arden/Arcade and Foothill Farms communities, Carmichael, Fair Oaks, North Highlands, and Antelope areas. Smaller parts of SSWD lie within the Cities of Citrus Heights and Sacramento. The District also serves the McClellan Business Park which is the former location of the McCellan Air Force Base. SSWD serves residential (single-family and multi-family) and non-residential (commercial, industrial, institutional) customers. Their water supply comes from the local groundwater basin and surface water when it is made available by the United States Bureau of Reclamation (USBR), Placer County Water Agency (PCWA), City of Sacramento, and San Juan Water District (SJWD).

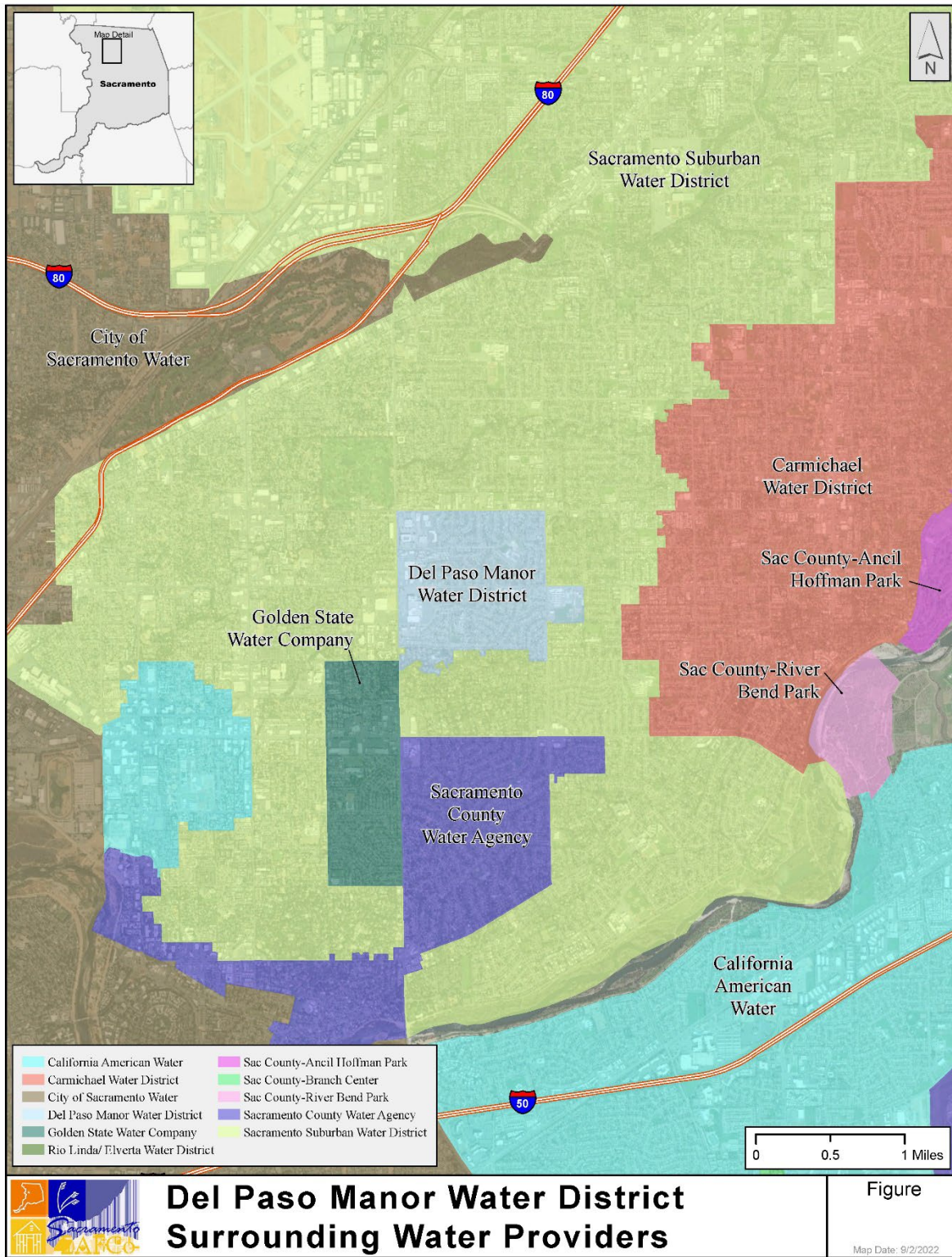
#### *Golden State Water Company*

The Golden State Water Company serves water to communities across California, including Artesia, Barstow, Bay Point, Bell-Bell Gardens, Claremont, Cordova, Culver City, Florence Graham, Norwalk, Orcutt, Placentia, San Dimas, Simi Valley, South Arcadia, South San Gabriel, Southwest, and West Orange. The area of Cordova covers a portion of the City of Rancho Cordova and the unincorporated community of Gold River, as well as the Nimbus Aquatic Center and the commercial area between Highway 50 and Nimbus Dam. The area has eight active groundwater wells, a connection to surface water supplies from the Folsom South Canal, an intertie to Carmichael Water District to Receive “replacement water,” two treatment plants, storage facilities, and a distribution network of 187 miles of pipelines divided into two pressure zones.

#### *Sacramento County Water Agency*

The Sacramento County Water Agency (SCWA) provides planning, development, facilities design, operations and management, and groundwater management services to Laguna Vineyard, Mather-Sunrise, Arden Park-Sierra Oaks, Hood, Northgate, and Southwest Tract. The planning services are responsible for identifying and developing long-term water supplies based on growth in the area. The development services include the review of civil and landscape improvement plans for negotiations with developers in relation to constructing water transmission mains. The staff is responsible for securing sites for wells, treatment plants, and storage facilities in line with the water supply master plan, improvement standards, and entitlement conditions, and to provide cost effective and efficient facilities. The Water Supply Design Section is in charge of design and construction of surface and groundwater production, treatment, storage, and delivery systems for SCWA and other County-owned systems to maintain adequate system reliability in order to ensure the health and safety of their water customers. The Water Supply Engineering and Regulatory is responsible for regulatory compliance of the groundwater system and some components of the surface water system, engineering support to provide safe and reliable water delivery to customers of SCWA and County-owned water systems, and asset management determining long-term maintenance and financial health of its public water systems. SCWA participates with other local entities in groundwater management efforts in the four groundwater sub-basins in Sacramento County.

Figure 7: Regional Water Purveyors



*Carmichael Water District*

The Carmichael Water District serves the unincorporated community of Carmichael. It is located in the northern part of Sacramento County along the north bank of the American River. The District provides water for irrigation, municipal and commercial customers. As the District has grown, they have become predominantly an urban water supplier. They serve approximately 11,700 connections. Almost all of the water supply is a direct diversion from the American River. The District operates four groundwater wells and meet some local water needs with non-potable remediated water from a well in the Ancil Hoffman Golf Course.

### ***California American Water***

California American Water serves many small communities across California. The communities nearest the Del Paso Manor WD are Antelope, Arden, Dunnigan, Fruitridge, Lincoln Oaks, Parkway, Security Park, Rosemont, and West Placer. California American Water provides water and wastewater services to their customers.

### ***City of Sacramento***

The City of Sacramento offers water, wastewater, and drainage services. Most of the City's water supply comes from surface water including the Sacramento and American Rivers. A small portion comes from a system of approximately 28 groundwater wells. The City serves approximately 130,000 customers, providing approximately 46 billion gallons of water each year.

## **Fire Protection and Emergency Response**

### ***Sacramento Metropolitan Fire Department***

The Sacramento Metropolitan Fire District (Metro Fire) provides fire suppression, emergency medical, and other public safety and hazard mitigation services to Citrus Heights, Rancho Cordova, most of the unincorporated area of Sacramento County, and a part of Placer County. Metro Fire employs a Fire Chief, three Deputy Chiefs, and 717 authorized positions. Those positions include safety, prevention, and support personnel that provide all-hazard fire suppression and emergency medical services from 41 fire stations and 51 front line apparatus. They responded to 96,059 calls in 2019, with 68 percent being for medical aid. Metro Fire will routinely be deployed to local, state, and federal emergencies.

## **Wastewater**

### ***Sacramento Area Sewer District***

Residential and commercial properties within DMWD are provided wastewater services by the Sacramento Area Sewer District (SASD) which provides wastewater services to urbanized, unincorporated areas of Sacramento County, the cities of Citrus Heights, Elk Grove, and Rancho Cordova, parts of the cities of Sacramento and Folsom, and the delta communities of Freeport, Courtland, and Walnut Grove. SASD's main collection system includes over 3,100 miles of sewer pipelines ranging from 1.25 to 75 inches in diameter. Generally, sewer collectors get flow directly from individual homes and businesses. They are designed to carry less than one million gallons per day (gpd) of peak wet-weather flow (PWWF). The trunk sewers can carry 1 to 10 mgd of PWWF to the Regional San interceptor system. Although, some SASD's current pipes can carry more than 10 mgd.

## **Solid Waste Disposal**

Solid waste disposal is currently provided to residential and commercial customers by Sacramento Utilities.



## 4.0 GOVERNANCE & FINANCE

### 4.1 Governance

The District is an independent small district served by a five-member Board of Directors that is elected to four-year staggered terms. Board meetings are held every first and third Monday of the month at 6:00pm. Meetings are held at the District Office located at 1817 Maryal Drive, Suite 300, Sacramento. However, due to Covid-19, the board has been hosting meetings via Zoom video conference in compliance with Executive Orders N-08-21, N-29-20, N-25-20, and SB361 which is set to remain in effect until December 31, 2023 or until rescinded.

**Table 4: Board of Directors**

Board Member	Title	Term
Ryan Saunders	President	2022-2026
Osmar Macias	Vice President	2020-2022
Robert J Matteoli	Director	2020-2024
Carl Dolk	Director	2020-2024
Gwynne Pratt	Director	2022-2026

#### Staffing

The District currently employs a general manager, office manager, and a field manager. They also have a Mutual Aid and Assistance agreement with SSWD for ~~part-time~~ operation and maintenance assistance. The Districts previously maintained an Operational Services Agreement for and on-call/standby staff which is intended to stay in effect until the DPMWD can hire and train two additional field personnel. During the FY2022/23 budget process, funds were allocated for up to two additional operation and maintenance staff which if hired would reduce the need for assistance from SSWD. There is also an approved office assistance position, however, no funding was allocated for the position in the budget.

Additional field staff would allow the District to conduct more routine inspections and maintenance such as valve checks, meter inspections, pressure tank cleaning and repair, and other tasks. However, this does create additional expense for the District. A staffing analysis has been budgeted for FY2022/23 which can help inform the appropriate level of staffing to support services.

#### Accountability and Transparency

The District maintains a website in accordance with SB929 regulations ([www.delpasomanorwd.org](http://www.delpasomanorwd.org)). Board agendas and notices are posted at the District office and online at least 72 hours in advance of scheduled Board meetings. Board agendas dating back to 2017 are available on the District's website. Some of the past agendas and minutes do not provide adequate information to meet Brown Act requirements. However, current staff at the District has been working to increase transparency by providing more detailed agendas, complete minutes, and recordings of meetings. The District is encouraged to continue these efforts and attend regular Brown Act trainings to ensure that high transparency is maintained.

#### Alternative Governance Structures

It is becoming more and more difficult for small water districts to maintain adequate staffing levels and fund the regular maintenance required to keep systems in good working order. This is evidenced by

DPMWD's aging infrastructure and limited funding to support required upgrades. As such, the District may want to consider alternative governance structures.

The District currently operates as an independent special district with its own Board of Directors. However, the District may be able to join with another special district by way of reorganization. This would include dissolving the DPMWD and concurrent annexation of the area to another district. By joining two districts together there would be a larger customer base to support regular monitoring and maintenance of the system as a whole. It would also provide cost efficiencies with staffing and provide a wider resident base for potential director candidates.

DPMWD and SSWD have been in discussions about potential reorganization that would join the two districts. The two districts have set up a 2x2 committee in order to assess the pros and cons of reorganization including the cost to rate payers of both existing districts. Based on initial analysis by SSWD, residents of DPMWD would not see an increase in monthly rates based SSWD's current rate structure. However, residents of DPMWD would have to install metered connections to determine usage rates. This does not take into account required capital repairs and infrastructure upgrades to the DPMWD water system that may need to be factored in to water rates for DPMWD customers unless grants or other funding is secured. A successful Proposition 218 process would likely result in increased rates for DPMWD. However, system upgrades will likely qualify for funding assistance.

The SWRCB supports the reorganization of small water purveyors that join two or more purveyors together as small water systems are often less resilient to natural disasters, have more difficulty adjusting to regulatory changes, and may struggle to fund infrastructure maintenance and replacement. To support these consolidation projects, the state offers funding through the Division of Financial Assistance that supports planning and construction efforts. This source of funding does come with additional planning and engineering requirements that can make it a multiyear process<sup>20</sup>.

An additional option for reorganization is joining with another service provider in the area such as the Sacramento County Water Agency or the Golden State Water Company. However, since SSWD serves areas in between these providers as shown in Figure 7, joining with another district would be less viable.

## 4.2 Financial Overview

DPMWD regularly adopts an annual budget. Of the five fiscal years that were reviewed, each budget was presented in a different format but generally contained the same line items pertaining to anticipated revenues and expenditures. This allows for a direct comparison between budgets. The District's main source of revenue is the sale of water through both residential and commercial connections. The Capital Improvement Program (CIP) is funded through an additional System Maintenance Charge that is billed to each account based on connection type and size as detailed under Section 3.1 above.

As seen in Table 4, the District's largest expense is for payroll and employee benefits. This category generally increases overtime as the cost of living increases and employees earn higher rates of pay and benefit packages. The next largest expense for the District is system repairs and maintenance (R&M). Another large expense category is for power. This can be attributed to the power required to run the pumps at each of the District's wells. Over the last five fiscal years that were reviewed, the District has

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<sup>20</sup> SWRCB, Funding and Incentives for Consolidation and Regionalization Projects. Updated March 26, 2022.  
[https://www.waterboards.ca.gov/drinking\\_water/certlic/drinkingwater/fundingincentives.html](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/fundingincentives.html)

planned for a net surplus of funds except for the current year, FY 22-23. This is due to major upgrades planned for the system to address quality and delivery concerns that have been brought to the attention of the Board. The additional expenses for R&M and CIP planned for FY 22-23 will be covered by previously accrued cash balances. Future expenditures for system repairs are planned to be covered by future rate increases, grants, and/or loans so as not to further deplete District reserves.

**Table 5: Annual Budget Summary**

Category	FY 18-19	FY 19-20	FY 20-21 <sup>21</sup>	FY 21-22	FY 22-23
<i>Revenues</i>					
Water Revenue	\$1,342,700	\$1,194,096	-	\$1,076,903	\$1,358,848
Meter	-	-	-	\$312,662	-
CIP	\$595,778	\$595,474	-	\$595,035	\$595,035
<b>Total Revenues</b>	<b>\$1,938,478</b>	<b>\$1,789,570</b>	<b>Unknown</b>	<b>\$1,984,600</b>	<b>\$1,953,883</b>
<i>Expenditures</i>					
Payroll	\$412,447	\$335,000	\$353,000	\$361,475	\$515,420
Power	\$103,000	\$103,000	\$72,400	\$82,400	\$123,000
R & M	\$140,000	\$80,000	\$80,000	\$125,100	\$268,000
Insurance	\$15,000	\$15,000	\$18,850	\$18,850	\$47,000
Lab Testing	\$11,500	\$11,500	\$11,500	\$18,000	\$6,000
City Water	\$5,739	\$5,900	\$5,900	\$5,900	\$6,000
Office Expense	\$90,000	\$80,000	\$80,000	\$65,320	\$84,300
Audit/Legal	\$49,250	\$51,900	\$51,900	\$51,500	\$248,000
Employee Benefits <sup>22</sup>	\$196,750	\$261,500	\$241,000	\$282,632	\$300,500
Professional Mtgs/Dues	\$57,500	\$50,000	\$51,950	\$42,950	\$67,600
Professional Admin Fees	\$18,000	\$15,000	\$30,700	\$32,200	\$106,700
Professional Consultant	-	\$50,000	-	-	-
Engineering	\$40,000	\$40,000	\$90,000	-	\$80,000
Miscellaneous	\$25,800 <sup>23</sup>	\$4,300	\$9,300 <sup>24</sup>	\$3,300	\$18,000 <sup>25</sup>
Conservation	\$7,000	\$3,350	\$3,550	-	-
CIP	\$391,038	\$473,483	-	\$448,300	\$1,975,000
<b>Total Expenditures</b>	<b>\$1,563,024</b>	<b>\$1,579,933</b>	<b>\$1,100,000</b>	<b>\$1,537,927</b>	<b>\$3,845,520</b>
<b>Gain/ (Loss)</b>	<b>\$375,454</b>	<b>\$209,637</b>	<b>Unknown</b>	<b>\$446,673</b>	<b>(\$1,891,637)</b>
<i>Beginning Cash Balance</i>					\$3,145,166
<i>Ending Cash Balance</i>					\$1,253,529

In addition to the annual budgets, the District also prepares annual audits. Table 5 shows a summary of the last six years of audits for the District. From FY 15-16 to FY 17-18 the District saw minimal income or a net decrease, largely due to depreciation of assets. In June 2018 the District was able to successfully implement a rate increase which is reflected in the FY 18-19 audit. Since that time, the District has seen a net surplus of funds which has led to an overall increase in the District's net position as shown in Table 6.

<sup>21</sup> The records for the FY 20-21 budget are incomplete. It is unknown how much revenue was anticipated or if any CIP were scheduled. Utilizing the prior FY anticipated revenue and a limited CIP budget of \$200,000, the District may have planned for a surplus of approximately \$489,570.

<sup>22</sup> Employee Benefits includes the following categories: OPEB, Pers Retirement, Employee Healthcare, and Retiree Health Benefits.

<sup>23</sup> Includes \$7,000 in election related expenses.

<sup>24</sup> Includes \$5,000 in election related expenses.

<sup>25</sup> Includes \$3,000 in election related expenses.

Table 6: Audit Summary

Category	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<i>Operating Revenue</i>						
Water Sales	\$1,372,379	\$1,389,987	\$1,403,722	\$2,090,168	\$2,019,838	\$2,025,800
Other Revenue	\$0	\$0	\$0	\$0	\$131	\$13,374
<b>Total Operating Revenue</b>	<b>\$1,372,379</b>	<b>\$1,389,987</b>	<b>\$1,403,722</b>	<b>\$2,090,168</b>	<b>\$2,019,969</b>	<b>\$2,039,174</b>
<i>Operating Expenses</i>						
Source of Supply	\$91,233	\$103,605	\$101,814	\$0	\$0	\$0
Water Treatment	\$3,572	\$5,250	\$4,488	\$0	\$0	\$0
Transmission and Distribution	\$264,558	\$297,616	\$306,820	\$265,398	\$360,646	\$297,845
Administration and General	\$520,419	\$589,925	\$669,346	\$651,676	\$636,620	\$657,392
Depreciation	\$198,181	\$219,899	\$214,429	\$212,081	\$211,550	\$200,526
Pumping	\$0	\$0	\$0	\$111,090	\$76,051	\$103,935
Water Purchases	\$0	\$0	\$0	\$5,738	\$5,942	\$6,168
Pension Expense Adjustment	\$0	\$0	\$0	\$43,582	\$98,044	\$63,418
Other Post-Employment Benefits	\$0	\$0	\$0	\$24,016	\$101,824	\$21,849
<b>Total Operating Expenses</b>	<b>\$1,077,963</b>	<b>\$1,216,259</b>	<b>\$1,296,897</b>	<b>\$1,313,581</b>	<b>\$1,490,677</b>	<b>\$1,351,133</b>
<i>Nonoperating Revenue (Expenses)</i>						
Interest Income	\$2,718	\$4,762	\$9,693	\$16,410	\$24,122	\$11,624
Gain on Sale of Assets	\$857	\$1,111	\$0	\$4,946	\$0	\$0
Interest Expense	(\$269,963)	(\$266,713)	(\$263,038)	(\$286,640)	(\$280,418)	(\$176,583)
Debt Issuance Costs	\$0	\$0	\$0	\$0	(\$91,500)	\$0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(\$266,388)</b>	<b>(\$260,840)</b>	<b>(\$253,345)</b>	<b>(\$265,284)</b>	<b>(\$347,796)</b>	<b>(\$164,959)</b>
<b>Net Gain/(Loss)</b>	<b>\$28,028</b>	<b>(\$87,148)</b>	<b>(\$146,520)</b>	<b>\$511,303</b>	<b>\$181,496</b>	<b>\$523,082</b>

Table 7: Total Net Position Summary

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Total Assets	\$7,526,537	\$6,728,531	\$7,276,920	\$7,614,426	\$3,062,381
Total Liabilities	\$5,868,172	\$5,731,659	\$5,680,864	\$5,813,028	\$5,565,350
<b>Total Net Position</b>	<b>\$1,769,693</b>	<b>\$1,556,576</b>	<b>\$2,067,879</b>	<b>\$2,249,375</b>	<b>\$2,772,457</b>
<i>Change from Previous Year</i>	-	(\$213,117)	\$511,303	\$181,496	\$523,082

### Long Term Liabilities

Liabilities are financial obligations of the District that will become due at a future point in time. This includes capital improvement loans, pensions, accrued vacation time, bonds, and other such obligations. Long-term liabilities are financial obligations and/or debt that are ongoing and will not be due in full for a longer period of time, such as pensions or capital improvement loans for water main repairs/replacements and well upgrades.

As of June 30, 2021 (the last available audit), the District had a total of \$5,342,439 in long-term liabilities. This includes \$4,524,000 in outstanding business-type debt for the June 2020 advance refund loan which paid off the prior 2018 advance refund loan that was used to pay off the 2010 Certificates of Participation that were issued to fund two well replacements, installation of new distribution mains, and upgrades to District electrical systems<sup>26</sup>.

In addition to the loan discussed above, the District also had \$989,260 in pension and other post-employment benefits (OPEB) liabilities as of June 30, 2021. All qualified employees are eligible to participate in the District's pension plan which is administered by the California Public Employees' Retirement System (CalPERS). Under CalPERS, the employee and the employer contribute a funds to the account on a regular basis. Upon retirement, employees will receive monthly payments that are a percentage of their eligible income prior to retirement (typically 1-2% based on length of employment). In recent years, the required employer contribution rate has gone up which has increased the annual liability for the District<sup>27</sup>. OPEB include continued health coverage for qualifying former employees and their spouses and/or dependents.

### Capital Improvement Funding

While the audits for the fiscal years reviewed show that the District is in a sound financial position, this did not account for the amount of infrastructure upgrades required to bring the system into good working order. As can be seen from the FY2022-23 budget, the District is anticipating a decrease in their cash balance of \$1.8 million. It is likely this decrease in cash reserves would continue over the next several years without additional sources of revenues as the District continues implementing necessary capital improvement projects including well rehabilitation and water main replacements. If this trend were to continue at the current rate, the District would deplete its reserves in the next one to two fiscal years. However, the District has chosen to proceed with a reduced capital improvement program. The current program is geared towards addressing immediate safety needs and is planned to be supported by a new rate increase. However, in order to address major system needs and achieve long-term financial stability, additional funding sources will have to be obtained by way of grants, loans, and/or special assessments.

According to the recent 2021 Amendment to the DPMWD 2009 Water Master Plan, the District needs approximately \$4.8 million in near term capital improvement projects. This accounted for 16 new fire hydrants, approximately 0.5 miles of pipe replacement, a new well, a new natural gas genset, and three automatic interties with SSWD<sup>28</sup>. As the District already has numerous wells, current management and the Board have decided that rehabilitation of the existing wells would be more cost effective than drilling a new one. Additionally, in order to address the amount of water main leaks and breaks that occur on an annual basis, it was determined that a more robust pipeline replacement program is needed. Well rehabilitation along with additional water main replacement projects has been estimated at roughly \$52 million as of March 2022. This would include replacement of 2.9 miles of steel pipeline and 11.8 miles of asbestos cement pipeline<sup>29</sup>.

Without grant assistance, the cost of system rehabilitation is likely to greatly increase customer rates over the next several years due to the District's small customer base. The District is currently initiating a

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<sup>26</sup> DPMWD, Audited Financial Statements for June 30, 2021 and 2019 – Note D: Long-Term Liabilities. Prepared by Richardson & Company, LLP – Certified Public Accountants.

<sup>27</sup> DPMWD, Audited Financial Statements for June 30, 2021 – Note E: Pension Plans.

<sup>28</sup> HydroScience TM – Section 5.4: Capital Improvement Recommendations. May 26, 2021.

<sup>29</sup> DPMWD, General Manager Personal Communication. May 6, 2022.

Proposition 218 process and has obtained a consultant to determine appropriate new water rates. This study will help inform the actual cost to rate payers of system rehabilitation.

## 5.0 DEL PASO MANOR MSR DETERMINATIONS

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As set forth in Section 56430(a) of the CKH Act- In order to prepare and to update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

**(1) Growth and population projections for the affected area**

- a) The 2020 population of DPMWD was estimated to be 4,854 based on decennial census data. As the District is substantially built-out, the population is not anticipated to increase substantially over the next five to ten years.

**(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

- a) The Arden-Arcade CDP, which encompasses the District, can be considered a DUC with a reported 2020 MHI of \$78,672 which is 67% of the statewide MHI. Areas surrounding the District are adequately provided water service by SSWD and are unlikely to request service from DPMWD.
- b) Based on available block group income data for DPMWD, the MHI is estimate to be \$81,437 which is 103% of the statewide MHI. As such, the District does not qualify as a DUC.

**(3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

- a) The Average Day Demand is calculated at 698 gpm or 1.0 MGD and the Maximum Day Demand (MDD) has been calculated to be 1,396 gpm. Using the District's firm capacity of 3,773 gpm, it can be estimated that the District is utilizing roughly 37% of its capacity during maximum daily demand. This indicates there is adequate water supply to meet demand.
- b) Since the District does not have water storage, current regulations require that there be enough capacity to provide for maximum daily demand and maximum fire flow demand. Currently, the District does not meet this requirement. However, once the emergency interties with SSWD are upgraded, there should be enough total capacity to meet fire flows. ~~will be met.~~ It is anticipated the fire department will test the system after upgrades are completed to ensure adequate fire flows are available.
- c) The District's system is aging and several miles of water mains need to be replaced. Most notably, there is approximately 3,000 feet of mains that need to be upgraded to a minimum of 4" diameter, and approximately 2.9 miles of steel pipe that are prone to rapid erosion and leaks.
- d) There are known and unknown groundwater contamination sites surrounding the District. This contamination is currently affecting two of the District's wells. The District is looking into potential carbon filtration in order to bring these wells back online. It is recommended that the District stay

up to date on groundwater contamination in the area and investigate the possibility of additional well filtration systems to ensure adequate water quality for customers.

**(4) Financing ability of agencies to provide services**

- a) The District currently adopts an annual budget and conducts annual audits in accordance with water district law.
- b) Over the last six fiscal years reviewed, the District saw a net loss of funds for two of the six years. Over the last three fiscal years reviewed (FY2018-19 to FY 2020-21) the District saw a net increase of approximately \$500,000 per year. This can be attributed to the rate increase implemented in 2018.
- c) While the District has seen a net increase over the last three fiscal years reviewed, during that time little funding was provided for system repairs and replacements. As of March 2022, it was estimated that the District needs approximately \$52 million for well rehabilitation and water main replacements.
- d) Based on the amount of system repairs that are needed, the District currently does not have enough revenues to support their capital improvement program. However, the District has started a Proposition 218 process that, if successful, will provide additional funding to support capital improvements.
- e) Additional funding from grants and state loan programs will likely be needed to complete system improvements and help prevent major water main breaks or other system failures.

**(5) Status of and, opportunities for, shared facilities**

- a) DPMWD has a current agreement with SSWD for part-time operation and maintenance assistance and on-call/standby staff.
- b) DPMWD has three interties with SSWD that are in the process of being upgraded to allow automatic connection when water pressure drops substantially. These interties will provide the necessary capacity to meet fire flow requirements for DPMWD.
- c) DPMWD and SSWD are currently holding 2x2 meetings to assess the potential for reorganization into a single District. This may provide several benefits to the DPMWD such as additional staff to support day to day operations, larger customer based for recruiting Board members, and increased source capacity. The Districts are encouraged to continue these discussions and keep LAFCO informed.

**(6) Accountability for community service needs, including governmental structure and operational efficiencies**

- a) In 2021 the District Board participated in ethics training (AB1234) and sexual harassment prevention training (AB1825). The Board has also participated in Brown Act trainings to help ensure transparency and accessibility while conducting District business.
- b) The District currently maintains a website in compliance with SB 929. This includes access to District budgets and audits, District contact information, and Board meeting information, agendas, and minutes.

c) The District previously responded to the Grand Jury Report and has taken steps to correct identified deficiencies and implement recommendations.

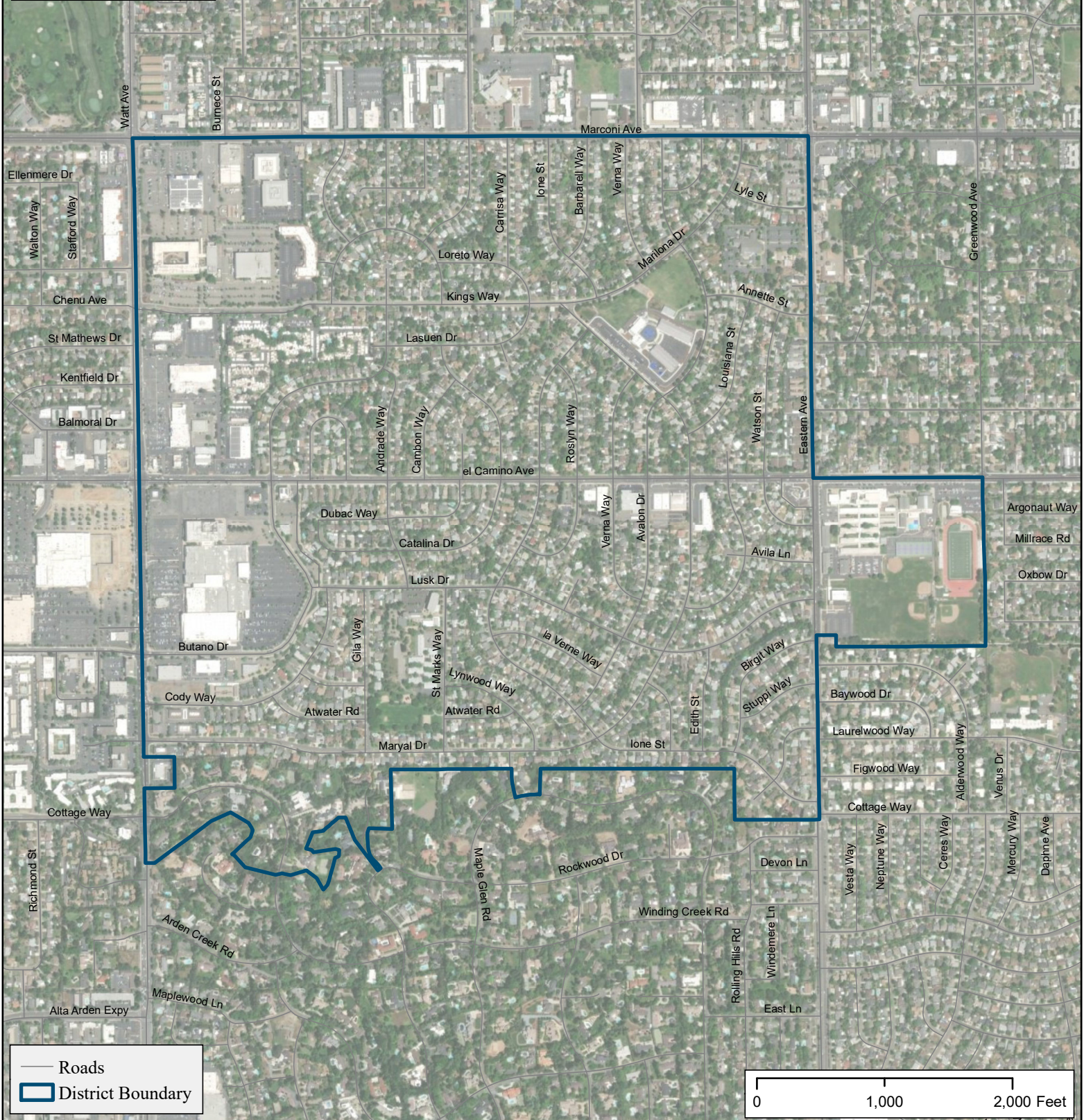
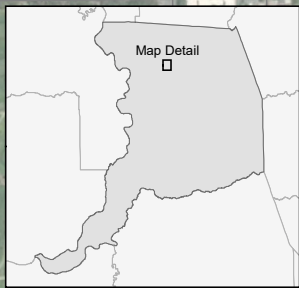
**(7) Any other matter related to effective or efficient service delivery**

a) Based on the current status of the District, an abbreviated MSR will be conducted in three years that focuses on system repairs and upgrades, financial status, and governance standing.

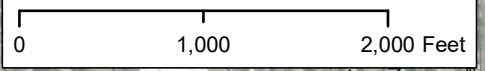


## APPENDIX A

# DEL PASO MANOR WATER DISTRICT CURRENT RATES AND FEES



— Roads  
 District Boundary



# Del Paso Manor Water District

## District Boundary and Coterminous SOI

Figure

Map Date: 9/2/2022

Sources: Boundaries, Roads, Parcels: Shasta County GIS.

## **Agenda Item: 3**

**Date:** January 10, 2023

**Subject:** Condition Assessment – Groundwater Production Wells

**Staff Contact:** Dan York, SSWD General Manager  
Alan Gardner, DPMWD General Manager

**Recommended Committee Action:**

No action. Receive staff presentation on Del Paso Manor Water District's (DPMWD) groundwater wells.

**Discussion:**

DPMWD General Manager Gardner will provide an update on a Condition Assessment of DPMWD's groundwater production wells.

**Attachment**

1. Del Paso Manor Water District Wells – December 2022

## Attachment 1

**Del Paso Manor Water District Groundwater Wells  
Condition Assessment**

Well No.	Year Built	Age in Years	Active Pumping Capacity <sup>11</sup>	Well Status/ Comments
2	1948 Direct Drive Off for Rehab	72	398 gpm  Est after rehab Over 600 gpm	Being completely rehabbed with new sleeve, VSD, pump and full SCADA, 2023 completion
3	1949 Direct Drive Off SCADA on/off only	71	580 gpm	Permitted Use is Standby: 1,2,3 TCP MCL Exceeded NOW OFF-NOT USED into system for at least 3 years. Can be rehabbed with filters.
4	1951 Direct Drive Active SCADA on/off only	69	457 gpm	Included in new 2018. Scheduled for full rehab with new pump, VSD, full SCADA
5	1955 Direct Drive Active SCADA on/off only	67	513 gpm	Used as needed
6B	2014 VSD Active SCADA active But needs adjustment e.g., can't turned off alarm	6	100-1,100 gpm	Primary well with standby generator. Used during low winter demands (down to 100 gpm)
7	1956/1973 VSD	64	675 gpm With no sand.	Included in new 218. Scheduled for rehab.

	OFF pending rehab Newest SCADA		After rehab, potential up to 1,200 gpm original design	Elevate, add chlorine tank, sleeve known 9' and 4' sand areas, new pump.
8	1977 VSD OFF due to PCE	43	(700—1,100 gpm)	Doing new point source test. If site specific possible rehab with filters. Otherwise, total loss.
9	2011 VSD Active	9	200--1,500 gpm	Primary well. New Generator and full SCADA in process.
Total Capacity		5,223 gpm *		PHD = 2,513 gpm
Firm Capacity		3,723 gpm *		MDD = 1,396 gpm; MDD+FF = 4,896 gpm

\*LAFCO MSR team--excludes Well 8

NOTE: The DPMWD and City of Sacramento have an existing agreement from 1968 for the City of Sacramento to transfer up to 2,460 acre-feet annually of surface water to DPMWD. However, there is currently no infrastructure in place for delivery of this water to DPMWD.

The DPMWD and SSWD are constructing three automatic interties. The one on Eastern is operational. The one on Marconi is awaiting further work. The one on Watt will move forward after two valves are installed on DPMWD infrastructure which will avoid cutting into Watt, saving 600' of otherwise required repaving.

## Agenda Item: 4

**Date:** January 10, 2023

**Subject:** Condition Assessment – Infrastructure Replacement Options

**Staff Contact:** Jeff Ott, SSWD Director of Finance and Administration

**Recommended Committee Action:**

No action. Information only.

**Discussion:**

At the December 6, 2022 2X2 Committee (Committee) meeting, a report was presented detailing the results of a condition assessment that was performed on DPMWD's distribution system. The report findings indicated that approximately 27,735 feet of Outside Diameter Steel pipe ranked number 1 on the ranked priority schedule for replacement. In addition, DPMWD also needs to consider installing meters on all flat rate, non-metered connections. The Committee asked staff to prepare various options for the Committee to consider on how various infrastructure improvements could be funded.

There are several options that can be considered in financing the various infrastructure replacements necessary based on the results of condition assessments and meter mandates. The total cost estimate is between \$15.0 and \$20.0 million. Current revenue and rate analyses, which assume DPMWD is on SSWD rates, indicate approximately \$1.0 million of available DPMWD rate funds for CIP related projects after combining with SSWD. Below are examples of various options that could be considered:

Issue new debt:

SSWD issues \$15.0 million in new debt to fund Area 1 main replacement and install new meters that amortizes over 30 years. Current rates are yielding approximately 4.0% to 4.5%. Rates are expected to continue to rise in 2023. DPMWD ratepayers would be responsible for repayment of the outstanding debt through rates and or a separate service charge. If through rates, the new debt service could be covered by existing rate funds available for CIP, which are currently estimated around \$1.0 million per year. Debt service is estimated to be approximately \$900,000 per year for 30 years. This would leave approximately \$100,000 available for additional CIP spending for DPMWD each year and would increase as future rate increases are implemented. A separate service charge could be added to DPMWD bills to cover the debt service. The charge would be approximately \$42.00 per account per month for 30 years (the life of the bonds) that would leave the approximate \$1.0 million each year for other CIP projects at DPMWD.

DPMWD Pay Go Funding:

Utilize the approximate \$1.0 million in available funds each year to pay go fund the required improvements. This could require approximately 20 years to perform the required updates (due to inflation) with no other capital improvements able to be funded.

SSWD Funds:

In this scenario, SSWD would add the improvements to its annual CIP budgets over several years. DPMWD customers would reimburse through rates or a separate surcharge. This option could decrease CIP spending on SSWD infrastructure. As an example, SSWD could fund \$3.0 million per year for 5 years to fund \$15.0 million of improvements. DPMWD ratepayers would then reimburse SSWD over a period of perhaps 15 - 20 years by means of a surcharge to existing rates.

Grant Funding:

There may be available State grant funds to help with infrastructure improvements. However, these funds would only be available subsequent to a combination. The amount of such funding is not available at this time.

Hybrid Approach:

A combination of the above approaches could be used to fund the replacements.

There are several options available to fund the various infrastructure replacements needed to bring DPMWD transmission and distribution system assets up to a consistent level with SSWD transmission and distribution system assets. Capital markets are getting expensive and it is anticipated that capital will become more expensive in the coming year. Pay go funding may require too lengthy a period to complete the required improvements. SSWD funding with reimbursement or some hybrid approach may be the most efficient and cost effective method available. Any State grant funding that might be available would help with funding such improvements and reduce the costs to DPMWD ratepayers.

## Agenda Item: 5

**Date:** January 10, 2023

**Subject:** Combination Discussion Communications Plan Status Update

**Staff Contact:** Dan York, SSWD General Manager  
Alan Gardner, DPMWD General Manager

**Recommended Committee Action:**

Receive staff presentation and direct staff as appropriate.

**Discussion:**

At the December 6, 2022, Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District SSWD 2x2 Committee meeting, the Committee requested staff from each agency to present to their respective Boards a Memorandum of Understanding (MOU) to develop and implement a Communications Plan for customer/stakeholder outreach on the Combination Discussions between the two districts. SSWD has a public relations firm already under contract for the District's external customer outreach program. The subject contract can be amended to assist with the public outreach for the DPMWD/SSWD Combination Discussions.

At SSWD's December 19, 2022 regular Board meeting, the Directors approved a MOU with DPMWD for a Communications Plan for Public Outreach on the Combination Discussions and authorized the SSWD General Manager to sign the MOU, subject to final review and approval by SSWD legal counsel. SSWD's legal counsel has reviewed and finalized the MOU. DPMWD is tentatively approving a MOU for a Communications Plan for Public Outreach on the Combination Discussions at their January 17, 2023 regular Board meeting.

The SSWD Directors did state that the public outreach efforts are to only be related to the Combination Discussions. The DPMWD public outreach on their Proposition 218 process needs to be conducted and paid separately by DPMWD.

The estimated cost to conduct the subject outreach is estimated to not exceed \$20,000. Both DPMWD and SSWD will share the associated costs 50/50, with SSWD responsible for administering the agreement/invoices.



## Attachment 1

### Del Paso Manor Water District and Sacramento Suburban Water District DRAFT - Outreach Outline for Combination Discussions

#### OUTREACH PHASES AT A GLANCE

##### PHASE 1: Combination Discussions in progress (now)

- Educate audiences that SSWD and DPMWD are in the process of identifying collaboration opportunities.

##### PHASE 2: Once the Discussions have reached a Direction

- Educate audiences that the SSWD and DPMWD Board has decided on a direction to pursue.
- Educate audiences about the discussion findings, taking a neutral, fact-based perspective.

##### PHASE 3: Once the SSWD and DPMWD Boards have taken a position

- Educate audiences about the SSWD and DPMWD Board's position and, and next steps.
  - If the Board's position is to stop moving forward, then educate audiences about the reasons. Outreach concludes.
  - If the Board's position is to move forward with combination (note that vote must be unanimous), then outline next steps for Board action, including opportunities for audiences to learn more and provide input.
    - Recommend providing ample time, robust outreach and several opportunities for audiences to learn more and provide input.

#### OUTREACH PHASES AND ACTIVITIES

##### PHASE 1: Combination Discussions in progress (now)

- Educate audiences that SSWD and DPMWD are in the process of identifying collaboration opportunities.
  - The discussion considers: Economics (economies of scale), Efficiencies and effectiveness and Enhanced water resource management
  - Visit the SSWD and DPMWD websites to learn more and stay updated

#### **Target Audiences**

*Note that priority levels for target audiences will change depending upon the outreach phase.*

#### **Internal**

- SSWD and DPMWD employees
- SSWD and DPMWD Boards of Directors

## **External**

### Priority

- Customers
  - Parks departments within SSWD and DPMWD service areas
  - Civic and business organizations within the SSWD and DPMWD service areas
  - HOAs within the SSWD and DPMWD service areas
- Local elected officials that represent the SSWD and DPMWD service areas (County Board of Supervisors, CA Assembly and Senate, and Congressional)
- Taxpayer advocacy groups
- LAFCO (already engaged)

### Secondary

- Regional Water Authority/Sacramento Groundwater Authority
- Water Forum/Water Forum Environmental Caucus
- Vendors
- Regulators, especially the State Water Board Division of Drinking Water

## **EXTERNAL AUDIENCES**

### Outreach completed

- Regular updates at SSWD and DPMWD Board meetings and through the 2x2 Committee
- Website updated/on home page—central location for all audiences to find information
- Include in Bill Inserts, Newsletters and Social Media

### Outreach upcoming/in progress

- Foundational materials, including a fact sheet, FAQ and key messages for directors and CS/field staff (to be used by both SSWD and DPMWD)
- Direct mail postcard with QR code
- Advertising on Facebook
- Social media/Facebook
- Updated stakeholder list
- Staff report for next 2 x 2 meeting
- News release/media story
- CS Monitor
- Outreach to stakeholders on list
- Briefing for electeds
- “Official” update provided at an RWA / SGA Board meeting

**INTERNAL AUDIENCES**

Outreach completed

- Regular briefings/updates provided at staff meetings
- Website updated/on home page

Outreach upcoming/in progress

- Foundational materials, including a fact sheet, FAQ and key messages (to be used by both SSWD and DPMWD).
- Online hub with study information (fact sheet and FAQ) and documents for staff to access, learn more and provide questions and comments
- Add information/link to hub on the ADP home page.
- Employee Meeting/staff update

**PHASE 1: SSWD and DPMWD Combination Communications Plan Timeline**

**JANUARY/FEBRUARY**

<b>Ongoing</b>
Begin drafting Staff FAQ
Draft copy for customer postcard
Work with graphic designer on graphic for Facebook and postcard design
Begin drafting talking points for staff
Being drafting talking points for Board
<b>Ongoing</b>
Submit Staff FAQ to Combination Communications Committee (CCC) for review
Finalize copy for postcard
Finalize design of Facebook graphic
Finalize design of postcard
Submit draft talking points for staff to CCC
Submit draft talking points for Board to CCC
<b>Ongoing</b>
Submit updated communications plan timeline to 2x2 Committee
Submit FAQ, talking points, and postcard To GMs for review
Print postcard
Begin running Facebook graphic
Launch internal page for staff on combination
<b>Ongoing</b>
Update and finalize FAQ and talking points
Update SSWD and DPMWD website and Facebook page
Mail postcard

## **PHASE 2: Once the Discussions have reached a Direction**

- Educate audiences that the SSWD and DPMWD have reached a direction.

### **EXTERNAL AUDIENCES**

- Update foundational materials, including a fact sheet, FAQ and talking points for directors and CS/field staff (to be used by both SSWD and DPMWD)
- Update SSWD and DPMWD website
- Article in bill insert
- Advertising on Facebook
- Social media/Facebook
- CS Monitor
- Outreach to stakeholders on list, including local elected officials
- News release/media story
- Update to RWA Executive Committee/Board
- Update to partnering water providers
- Update to the Water Forum

### **INTERNAL AUDIENCES**

- Update foundational materials, including a fact sheet, FAQ and talking points for directors and CS/field staff (to be used by both SSWD and DPMWD)
- Update internal central location for staff to learn more and provide questions and comments
- Employee Meeting.

## **PHASE 3: Once the SSWD and DPMWD Boards have taken a position**

- Educate audiences about the SSWD and DPMWD Board's position and perspective on the study, and next steps.
  - If the Board's position is to stop moving forward, then educate audiences about the reasons. Outreach concludes.
  - If the Board's position is to move forward with combination (note that vote must be unanimous), then outline next steps for Board action, including opportunities for audiences to learn more and provide input.
    - Recommend providing ample time, robust outreach and several opportunities for audiences to learn more and provide input.

### **Outreach Activities**

Outreach Activities are TBD but will generally include those above, customized to the Board's decision and opportunities for public/staff input.

If the board moves forward, the expectation is that there will be a robust public outreach process, including another direct mail piece and a "Road Show" (i.e. Speaker's Bureau) by SSWD and DPMWD ambassadors to further discuss Board direction and gather audience input.

## Agenda Item: 6

**Date:** January 10, 2023

**Subject:** Combination Discussion – Next Phase/Activity

**Staff Contact:** Dan York, SSWD General Manager  
Alan Gardner, DPMWD General Manager

**Recommended Committee Action:**

Receive presentation and direct staff as appropriate.

**Discussion:**

Staff was directed by the 2x2 Committee to bring back a more thorough plan on what is to be conducted in the next phase(s). The intent of this staff report is to have the 2x2 Committee provide direction to staff on what is perceived to be the next phase, and what items will be analyzed in the next phase(s).

Typically in Combination Discussions the initial phase is to determine if there are any fatal flaws. If no fatal flaws are identified, then the next phase is to develop a scope of work to analyze such items as governance structure, water supplies, administrative, Human Resources, financial, operations, etc. Within each of those items are specific areas that need to be analyzed/compared for both Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD). If the second phase is determined to be positive, then there can potentially be a third phase, of which is typically near the end of a Combination Discussion where the Boards have enough information to make a decision to combine, or not.

The intent of Phase 1, of the Combination Discussions is to determine if there are fatal flaws/deterrents identified that would hinder the subject discussions.

The next option would be to move to the next phase, conducting a detailed analysis. One of the efforts of Phase 2 is the requirements of the Sacramento Local Agency Formation Commission (LAFCo) outlined for the Municipal Services Review (MSR). LAFCo has specific requirements for considering changing, adjusting or modifying service area boundaries. The MSR provides a written determination for the following factors:

- Infrastructure needs and deficiencies
- Growth and population projections for the affected areas
- Financial constraints and opportunities
- Cost avoidance opportunities
- Opportunities for rate restructuring
- Opportunities for shared facilities
- Government structure options including advantages and disadvantages of consolidation or reorganization of service providers
- Evaluation of management efficiencies
- Local accountability and governance

Other conditions could be, but not limited to:

- Requiring the districts to prepare a joint service plan and fiscal analysis for providing services to their customers. The service plan would address transition of staff, administration building, operations building, customer service center, and designation of a General Manager.
- Plan to reduce the Board down to 5 members.
- Plans and safeguards to ensure consistent and uniform service quality throughout the newly merged district.
- Policies/procedures and human resource issues.

In addition to the above, a Draft Scope of Work Table has been developed to assist in completion of multiple tasks that relate to water supply assurances, administration, human resource, financial, operations, etc. The subject document is attached to this report.

DRAFT  
DPMWD AND SSWD COMBINATION DISCUSSION  
SCOPE OF WORK TABLE

ITEMS	Phase 2	Phase 3
<b><u>Governance</u></b>		
Reorganization		X
<b><u>Water Supply Assurances</u></b>		
DPMWD GW/Surface water rights	X	
SSWD GW/Surface water contract rights	X	
<b><u>Board</u></b>		
Transition in size	X	
Election district boundaries	X	X
<b><u>Administration</u></b>		
District Transition	X	
General Manager		X
Legal Counsel		X
<b><u>Human Resources</u></b>		
Medical/Retirement Benefits	X	
Salaries/Compensation	X	
Staffing	X	
Organizational Chart		X
Office Locations		X
Fleet/Equipment	X	
<b><u>Financial</u></b>		
Timing of transition to one billing CI system	X	
Timing of transition to one financial system	X	
Rate Structures	X	X
Transfer of Assets	X	X
Capital Investments	X	X
Debt Service	X	X
<b><u>Operations</u></b>		
Integration of staffing	X	
Continuity of service	X	
DDW Permit Amendment		X
<b><u>Other</u></b>		
“No harm” to existing customers	X	
Lessons Learned – AWD/NWD	X	
<b><u>Cost Savings or Reduction in Increases</u></b>		
Reduction in future additional staffing	X	
Water Transfers	X	
Lost access to surface water	X	

DRAFT  
DPMWD AND SSWD COMBINATION DISCUSSION  
SCOPE OF WORK TABLE

<b>LAFCO Items</b>		
Infrastructure needs and deficiencies	x	
Growth and population projections for the affected areas		x
Financial constraints and opportunities	x	
Cost avoidance opportunities	x	x
Opportunities for rate restructuring	x	x
Opportunities for shared facilities	x	
Government structure options including advantages and disadvantages of consolidation or reorganization of service providers	x	
Evaluation of management efficiencies	x	
Local accountability and governance	x	
MSR/Sphere of Influence	x	x