



2X2 COMMITTEE MEETING

FEBRUARY 14, 2023

FURTHER ANALYSIS OF COMBINING
DEL PASO MANOR WATER DISTRICT AND
SACRAMENTO SUBURBAN WATER DISTRICT

DRAFT ANALYSIS REPORT

- Purpose of a Draft Analysis Report is to provide the DPMWD and SSWD Board of Directors adequate information to allow them to make a decision to combine the districts, or not.
- Information will address customers, rates, operations, finance, condition of systems, benefits, salaries, etc.

EXECUTIVE SUMMARY

- Perceived benefits of a Combination
- Overview of the process for further analysis
- Report findings
- Recommendations

COMMUNICATION AND OUTREACH APPROACH

- Meetings, identification of stakeholders and outreach strategy
- Retention of Communication Firm
- Summary of concerns, opinions and findings from outreach

DISTRICTS – CURRENT STRUCTURE

DPMWD and SSWD

- Facts, figures, personnel, organizational structure and chart, budget, communities served
- Policies and procedures
- Rate structure
- History, water rights, contracts for water, well inventory
- Wholesale responsibility and service area
- Retail responsibility and service area, rate structure
- Human Resources
- Finances, revenues/expenses
- Facilities, equipment, etc.
- Retirement plans
- Assessment of systems

MODEL MERGED DISTRICT

- How the combined district will be created:
Reorganization?
- Statistics and demographics: population, customers, registered voters, geographic service area/communities, assessed valuation, combined water resources/water availability
- New Board of Directors: Interim and long-term

MODEL MERGED DISTRICT

- What it will be: discuss advantages/disadvantages of combined agency
- Reductions in accounting and reporting
- Organizational structure and chart
- General Manager and Executive Staff
- Budget and cost to implement combined district
- Statistics and demographics: population, customers, registered voters, geographic service area/communities, assessed valuation, combined water resources/water availability

HOW REORGANIZATION WILL AFFECT CUSTOMERS, EMPLOYEES AND OTHER STAKEHOLDERS

- Water reliability: use of all water, both surface and groundwater, conjunctive use plan, perfection of water rights and groundwater
- Residential and business customers, local governments, rates and debt
- Impacts of reorganization on other agencies – not a hostile takeover of other districts
- Employees, suggested HR principles (job status, salaries and benefits, other)

BOARD OF DIRECTORS

- How will a transition from 10 Directors to 5 occur
- Election boundaries for each phase
- Final election boundaries
- Options for Advisory Committees

DEL PASO MANOR WATER DISTRICT

- Financial Statements – 5 Year History
- Customer Rates – 5 Year History
- Staffing Levels – 5 Year History
- Operations Data – 5 Year History
- Infrastructure – Condition Assessments
- Capital Investments – 5 Year History
- Debt Structure

SACRAMENTO SUBURBAN WATER DISTRICT

- Financial Statements – 5 Year History
- Customer Rates – 5 Year History
- Staffing Levels – 5 Year History
- Operations Data – 5 Year History
- Infrastructure – Condition Assessments
- Capital Investments – 5 Year History
- Debt Structure

BENEFIT COMPARISON

Water Assurances:

- more efficient water management. Through seasonal and/or condition-dependent conjunctive use, move surface water from SSWD to DPMWD during “wet years” or pump ground water during dry/drought years.
- groundwater banking and conjunctive use program

FURTHER ANALYSIS FINDINGS AND RECOMMENDATIONS

- 2x2 recommendation to Joint Boards
- Joint Board meeting and approval by each board
- If approved, proceed to LAFCo and Division of Drinking Water process

LAFCO PROCESS

Step 1: District Boards of Directors adopt resolutions of applications to initiate reorganization and submit to LAFCo completed packet with supporting documents; updated Municipal Services Review, analysis and reorganization plan, and additional information requested by LAFCo during its review.

Step 2: LAFCo executive officer review, analysis, report and recommendation.

Step 3: Commission hearing(s) – opportunity for the public and agencies to comment on the proposed combination; support or oppose.

Step 4: At the conclusion of the hearing process LAFCo adopts resolution making determinations approving proposal, adopt CEQA exemption, and sets terms and conditions of approval.

LESSONS LEARNED FROM ARCADE/NORTHRIDGE CONSOLIDATION

- A Consolidation Evaluation was conducted in 2001 by a consultant for purpose of consolidating the former Arcade and Northridge Water Districts. The purpose of the Consolidation Evaluation was to evaluate practices, policies, procedures, rates, financial status, and other factors that would be important to the policy makers to consider the benefits, and risks, of a consolidation.
- The Consolidation Evaluation report identified areas that were dissimilar for both agencies and should have been analyzed upon consolidation.
- Following the consolidation, effective February 1, 2002, the new Board of Directors and management refrained from conducting an analysis on all areas that were noted in the Consolidation Evaluation report.
- This report will identify examples of areas that should have been analyzed in that consolidation.

DIRECTION

Staff is requesting direction from the 2x2 Committee for the following items:

- Initiate further analysis by developing the Draft Report Outline
- Implement/initiate communications and public outreach
- Schedule a Joint Board meeting between DPMWD and SSWD



QUESTIONS?