



Agenda

Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting

3701 Marconi Avenue
Sacramento, CA 95821

October 23, 2024
6:00 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. If a member of the public chooses to participate in this public meeting via videoconference and/or teleconference, please see the instructions below.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet-enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/86577533691?pwd=8iIfef4r4gU4K7Uxvuc7U0AVbhKSKi.1>

Meeting ID: 865 7753 3691

Password: 106437

You can also dial in using your phone: 1 (669) 900-6833

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Zoom uses encryption of data during Zoom meetings. The two Agencies use a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

Where appropriate or deemed necessary, the Boards 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 Boards less than 72 hours before the meeting are available for public inspection at each Agency's Administrative Offices.

The public may address the Boards concerning an agenda item either before or during the Boards'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

Pledge of Allegiance

Roll Call

Public Comment

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

Consent Items

The Board 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 requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. **Draft Minutes of the September 11, 2024, Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting**
Recommendation: Approve the Draft Minutes of the September 11, 2024, Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting.

Items for Discussion and/or Action

2. **Public Information Workshop Recap**
Recommendation: No action. Receive report from staff regarding the Del Paso Manor Water District and Sacramento Suburban Water District Public Information Workshop held on September 24, 2024.

3. **Plan for Services and Sacramento Local Area Formation Commission Application Update**
Recommendation: No action. Receive update on the Plan for Services and Sacramento Local Area Formation Commission Application.
4. **Operations Assistance Update**
Recommendation: No action. Receive update on Sacramento Suburban Water District providing Water System Operations to Del Paso Manor Water District.
5. **Grant Funding Status**
Recommendation: Receive update on the Grant Funding application.
6. **Agenda Items for Future Joint Board Meetings**
Recommendation: Discuss agenda topics to be presented at the next meeting of Del Paso Manor Water District and Sacramento Suburban Water District and direct staff as appropriate.

Adjournment

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I certify that the foregoing agenda for the October 23, 2024, meeting of the Del Paso Manor Water District and Sacramento Suburban Water District Joint Board was posted by October 17, 2024, 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.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 1

Date: October 23, 2024

Subject: Draft Minutes of the September 11, 2024, Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting

Staff Contact: Dan York, SSWD General Manager
Adam Coyan, DPMWD General Manager

Recommended Board Action:

Approve the Draft Minutes of the September 11, 2024, Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting.

Attachment:

1. Draft Minutes of the September 11, 2024, Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting.



Minutes

Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting September 11, 2024

Location:

3701 Marconi Avenue, Sacramento, CA 95821, and Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting ID #871 5959 0504

Call to Order – Videoconference/Audioconference Meeting

Sacramento Suburban Water District (SSWD) Board President Kevin Thomas (Chair Thomas) called the meeting to order at 6:01 p.m.

Pledge of Allegiance

Chair Thomas led the Pledge of Allegiance.

Roll Call

SSWD Directors

Present: Jay Boatwright, Dave Jones (by Zoom), Craig Locke, Kevin Thomas, and Robert Wichert.

SSWD Directors

Absent: None.

DPMWD Directors

Present: Carl Dolk, Gwynne Pratt, David Ross, and Robert Matteoli.

DPMWD Directors

Absent: None.

SSWD Staff Present: General Manager Dan York (SSWD GM York), Heather Hernandez-Fort, Jeff Ott, Dane Westvik, Jeremy Moody, Brian Patterson, and Julie Nemitz.

DPMWD Staff

Present: Del Paso Manor Water District (DPMWD) General Manager Adam Coyan (DPMWD GM Coyan).

Public Present: SSWD Legal Counsel Josh Horowitz, DPMWD Legal Counsel Mona Ebrahimi, Marissa Burt, Desirae Fox, Ted Costa, Carol Rose, Victoria

Hoppe, Trish Harrington, Roy Wilson, Marcy Hutchinson, Sabrina Gluch, Paul Helliker, Chuck Mensch, Christine Kohn, Karen Cristello, Carol Allen, Janice Hall, Diana Hildebran, Larry Pinney, Beverly Barton, Sondra Paschal, and Kathy Lauer.

Public Comment

Carol Rose (Ms. Rose) expressed she felt the combination discussions were preplanned and provided some examples. She additionally requested to stop holding the informational meetings until after the November 5, 2024, election, in an effort to be fair to the candidates running for the DPMWD Board.

Marcy Hutchinson (Ms. Hutchinson) asked several clarifying questions.

SSWD Director Wichert requested a copy of Ms. Hutchinson’s questions and let her know staff would address her questions at the upcoming Public Information Workshop.

Chuck Mensch stated he was a candidate for the DPMWD Board, and that he was disappointed that the fifth Director seat had not been filled yet, and he expressed his desire for DPMWD to remain independent.

Janice Hall (Ms. Hall) expressed she was interested in DPMWD running as efficiently as possible and stated she did not yet have an opinion on consolidation.

DPMWD Director Ross requested to reorder Items on the Agenda. He requested to move Item 4 into the Item 2 position, and Item 6 into the Item 3 position.

Chair Thomas agreed to reorder the Agenda as requested.

SSWD Director Wichert moved to approve reordering the Agenda, SSWD Director Locke seconded.

The SSWD motion passed by unanimous vote.

SSWD Vote:

AYES:	Boatwright, Jones, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

DPMWD Director Ross moved to approve reordering the Agenda; DPMWD Director Pratt seconded.

The DPMWD motion passed by unanimous vote.

DPMWD Vote:

AYES:	Dolk, Pratt, Ross and Matteoli.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Consent Items

- 1. Draft Minutes of the August 14, 2024, Del Paso Manor Water District and Sacramento Suburban Water District Joint Special Board Meeting**

SSWD Director Locke moved to approve the Consent Item, SSWD Director Wichert seconded.

The SSWD motion passed by unanimous vote.

SSWD Vote:

AYES:	Boatwright, Jones, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

DPMWD Director Ross moved to approve the Consent Item; DPMWD Director Pratt seconded.

The DPMWD motion passed by unanimous vote.

DPMWD Vote:

AYES:	Dolk, Pratt, Ross, and Matteoli.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

- 4. Operations Assistance**

DPMWD GM Coyan provided a summary of the staff report, commending SSWD staff for doing a great job operating DPMWD’s water system.

SSWD GM York provided additional information, and discussion ensued about the wells, noting that DPMWD wells were the primary supply of water to DPMWD customers, unless DPMWD water pressure dropped, where SSWD would assist in supplying water to DPMWD customers.

- 6. Grant Funding Status**

SSWD GM York presented the staff report.

Jeff Ott provided an update to the staff report as well.

Discussion ensued over options available if grant funding was not approved including an assessment district option.

SSWD GM York expressed that exploring alternative options was a great idea. He reiterated that at some point getting DPMWD ratepayers into the SSWD pay-as-you-go rate structure would be beneficial to allow them to pay into the system for future projects.

Ms. Hall asked clarifying questions.

2. **Sacramento Local Area Formation Commission Resolution**

SSWD GM York presented the staff report.

SSWD Director Wichert recommended the following addition to Section 4. e., “The salaries of these employees shall remain the same as a result of the reorganization and they shall be eligible for cost of living and merit increases the same as all other SSWD employees.”

DPMWD Director Dolk pointed out that under Section 4. h. it was written very subjective, and he recommended to change the language to be more objective, including having the risk assessment of the assessment district be more of a guide that gets periodically updated by an independent contractor to try to align more with SSWD.

SSWD Director Locke pointed out that there were about three top priority projects; metering, removing the steel mains, and installing interties, noting that once those three projects were complete, the assessment district could be dissolved.

DPMWD Director Dolk agreed with SSWD Director Locke and recommended including language into the Resolution addressing his comment.

SSWD Director Locke agreed to have some type of end date to the assessment district.

DPMWD Director Ross pointed out that on Page 2, Section 2, it states “the following assets of the respective districts, although to be assigned and transferred to SSWD shall, nonetheless inure to the exclusive benefit of the ratepayers within the respective service areas of SSWD and DPMWD until the time that the SSWD Board terminates the collection of the assessment.” He requested the word, “inure” be replaced with something more clear.

DPMWD Director Matteoli expressed he had concerns with the process and procedures that got the district where they were presently.

SSWD Director Wichert expressed that there would be time to address the Governance going forward.

Chair Thomas pointed out that if DPMWD Director Matteoli had issues with how DPMWD governance was being handled, to include that in one of their Agendas at their DPMWD Board meetings.

Ms. Rose inquired about how to protest LAFCo.

Discussion ensued over how to protest the combination.

DPMWD Legal Counsel Mona Ebrahimi expressed that the LAFCo representative expressed that the districts would be receiving a written response from them, and she recommended deferring the discussion until after that written response was received.

Trish Harrington requested clarification on a portion of the draft resolution.

Diana Hildebran expressed she is in support of the combination between the two districts as she felt DPMWD was not being run well and felt confident that SSWD had been well run for years.

Ms. Hall inquired if a forensic audit had been performed on DPMWD, and additionally recommended SSWD staff look into the account receivables, as she felt there were accounts that had been unpaid.

SSWD Director Locke expressed that DPMWD's audit firm was very reliable and that he felt confident in their auditing abilities.

3. **Plan for Services and Memorandum of Understanding**

SSWD GM York presented the staff report.

SSWD Director Wichert moved to approve the staff recommendation, SSWD Director Locke seconded.

The SSWD motion passed by unanimous vote.

SSWD Vote:

AYES:	Boatwright, Jones, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

DPMWD Director Pratt moved to approve the staff recommendation; DPMWD Director Ross seconded.

The DPMWD motion passed by 3/1 vote, DPMWD Director Matteoli opposed.

DPMWD Vote:

AYES:	Dolk, Pratt, and Ross.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:	Matteoli.		

5. **Public Workshop Update**

SSWD GM York presented the staff report.

SSWD Director Wichert requested questions be placed in writing and provided to staff so that those questions could be answered at the Public Information Workshop.

SSWD Director Wichert additionally pointed out that there was a pamphlet circulating with DPMWD Director Matteoli’s name associated with it, and he felt it was filled with incorrect information.

SSWD Director’s Boatwright and Lock each expressed that they would not be able to attend the Public Information Workshop as they both had prior commitments.

7. **Joint Board Meeting Dates and Agenda Items**

SSWD GM York presented the staff report.

Due to some Directors having schedule conflicts, both Boards agreed to move the October 9, 2024, Joint Special Board meeting to October 23, 2024.

Carol Allen addressed sections in the pamphlet that was circulating with DPMWD Director Matteoli’s name associated with it.

SSWD GM York recommended if any customers from either SSWD or DPMWD had questions, that he and DPMWD GM Coyan were available to answer those questions and recommended to reach out to them.

Adjournment

Chair Thomas adjourned the meeting at 7:55 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Agenda Item: 2

Date: October 23, 2024

Subject: Public Information Workshop Recap

Staff Contact: Dan York, SSWD General Manager
Adam Coyan, DPMWD General Manager

Recommended Board Action:

No action. Receive report from staff regarding the Del Paso Manor Water District and Sacramento Suburban Water District Public Information Workshop held on September 24, 2024.

Discussion:

The Sacramento Suburban Water District (SSWD) and Del Paso Manor Water District (DPMWD) jointly hosted a Public Information Workshop (Workshop) at Mission Avenue Elementary School. The meeting aimed to discuss the possible combination of the two water districts.

Approximately 80 people attended the Workshop, which was facilitated by Dave Ceppos of David M. Ceppos Public Policy Mediation and Facilitation.

Board Members Present

DPMWD:

- Carl Dolk
- Gwynne Pratt
- David Ross
- Robert Matteoli

SSWD:

- Kevin Thomas
- Bob Wichert

County of Sacramento Supervisor Rich Desmond provided background on a Resolution of Intent to Dissolve DPMWD by the Sacramento Local Agency Formation Commission (LAFCo) issued in May 2024. He emphasized the seriousness of the challenges DPMWD faces in delivering clean, safe, and reliable water and highlighted the necessity of addressing these issues.

The Supervisor's introduction was followed by a presentation by SSWD General Manager Dan York and DPMWD's General Manager Adam Coyan (Attachment 1). After the presentation Mr. York and Mr. Coyan took public comments regarding the presentation and other information presented during the Workshop. A summary of the presentation and attendee comments is provided as Attachment 2.

Public Information Workshop Recap

October 23, 2024

Page 2 of 2

Fiscal Impact:

The total cost for the Workshop was \$6,155.20. Costs included funding for meeting planning, meeting facilitation, project management from the District's Public Relations firm, and audiovisual services. Costs for the Workshop will be split 50/50 with DPMWD.

Strategic Plan Alignment

Goal D – Maintain Excellent Customer Service

Attachments:

Attachment 1 – Workshop Power Point Presentation

Attachment 2 – Summary of Presentation and Attendee Comments

Public Meeting on Potential Combination

Tuesday, September 24, 2024



sswd.org

SSWD-DPMWD Combination Discussions

Welcome!

- Introductions
- Supporting materials available at sswd.org and delpasomanorwd.org
- Questions (*after the presentation*)
 - Please submit a comment card to the facilitator
- Housekeeping

delpasomanorwd.org

Scan the QR codes to find materials online



SSWD



DPMWD





SSWD-DPMWD Combination Discussions

Tonight's Presentation

- Introduction to SSWD and DPMWD
- DPMWD challenges
- Financial protections for Districts
- Alternatives to combination
- Vision for DPMWD progress: grants, stable operations & maintenance, pay-as-you-go rate structure, representation
- FAQs: fluoride, water meters, water quality, water rates
- Timeline and next steps
- Audience questions

Introduction to SSWD & DPMWD



sswd.org



SSWD-DPMWD Combination Discussions

Introduction to SSWD and History



delpasomanorwd.org



Introduction to SSWD and DPMWD

SSWD Overview

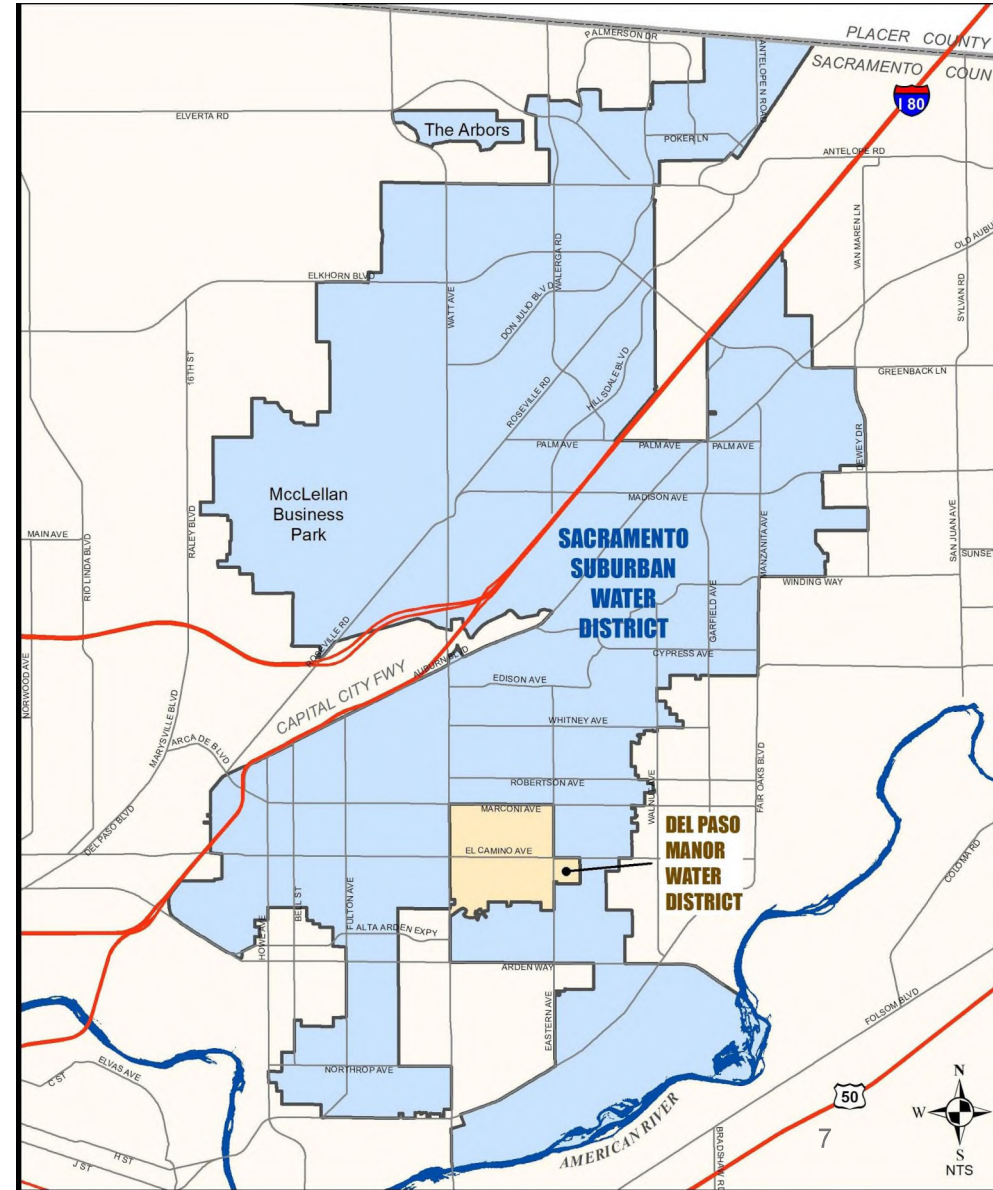
- Established in 2002, resulting from a consolidation of the former Arcade Water District (1954) and Northridge Water District (1956)
- 5 Board of Directors
- 75 Regular full time employees
- 47,000 Service connections
- 195,000 Population served
- 36 square miles of service area

sswd.org

Introduction to SSWD and DPMWD

SSWD Service Area

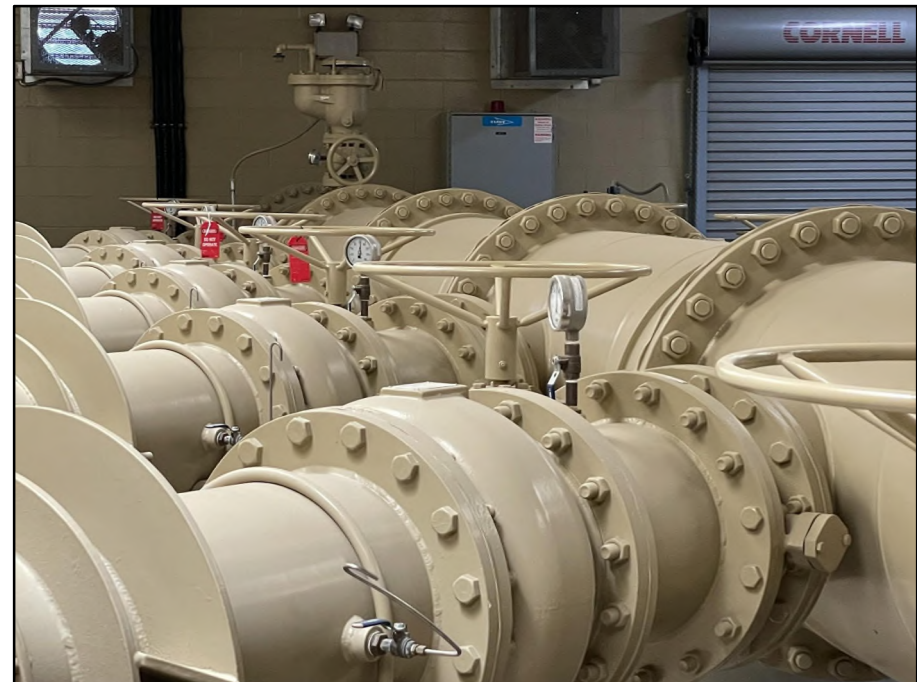
delpasomanorwd.org



Introduction to SSWD and DPMWD

SSWD Financials

- CY24 Budget = \$71.5 million
- CY24 Capital Budget = \$29.7 million
- CY24 Operating Budget = \$27.5 million
- Reserves = \$42.9 million
- Debt Service = \$49.2 million
- AA+ Credit Rating



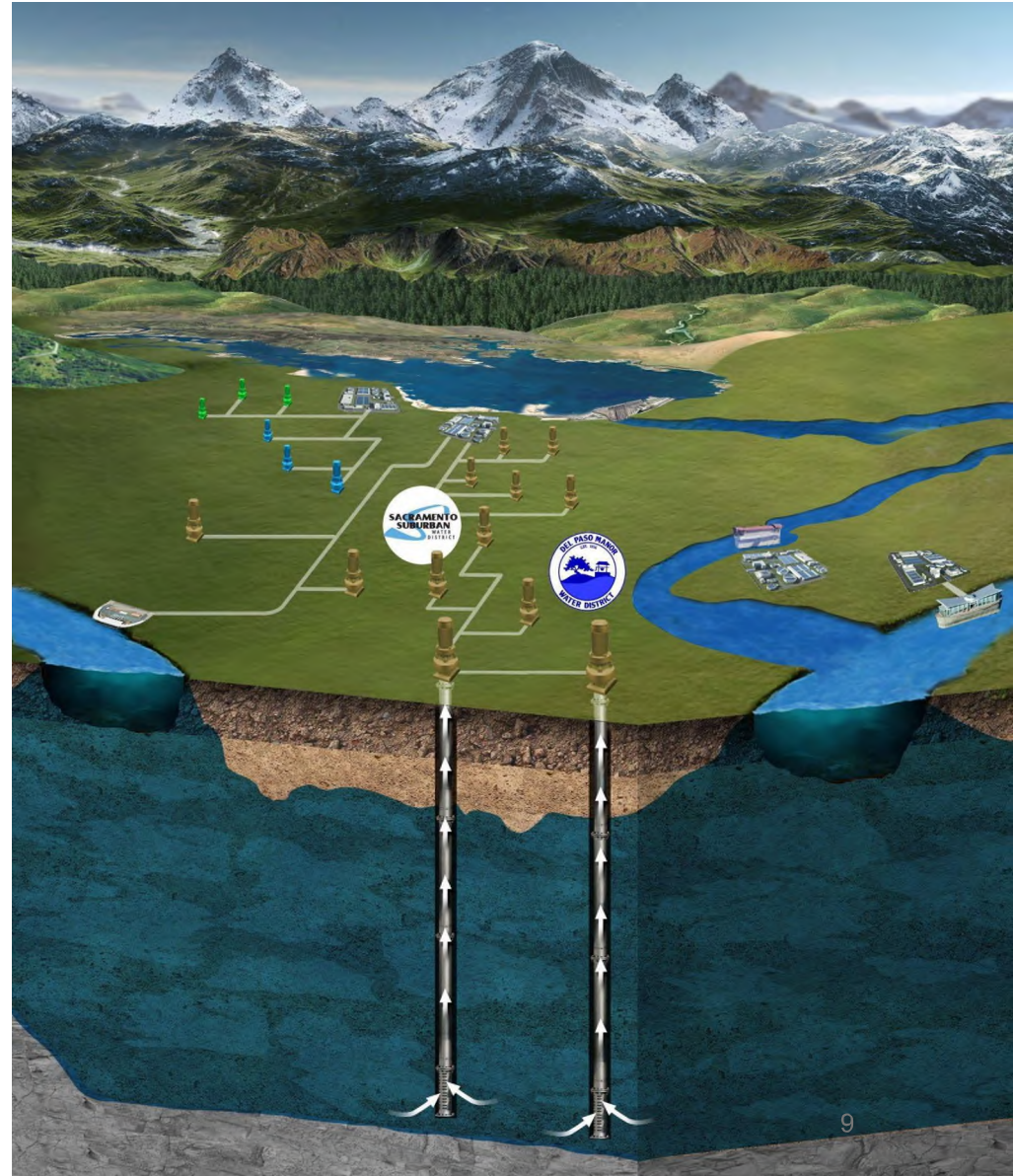
sswd.org

Introduction to SSWD and DPMWD

Water Supplies

SSWD and DPMWD rely primarily on groundwater from the same groundwater basin

delpasomanorwd.org



Introduction to SSWD and DPMWD

SSWD Water Supplies

- 72 groundwater wells (4 replacement wells are under construction)
- North Service Area is non-fluoridated and South Service Area is fluoridated
- City of Sacramento surface water contract entitlement = 26,064 acre-feet (af)
- Placer County Water Agency surface water contract entitlement = 29,000 af (8,000 af take or pay)



Introduction to SSWD and DPMWD

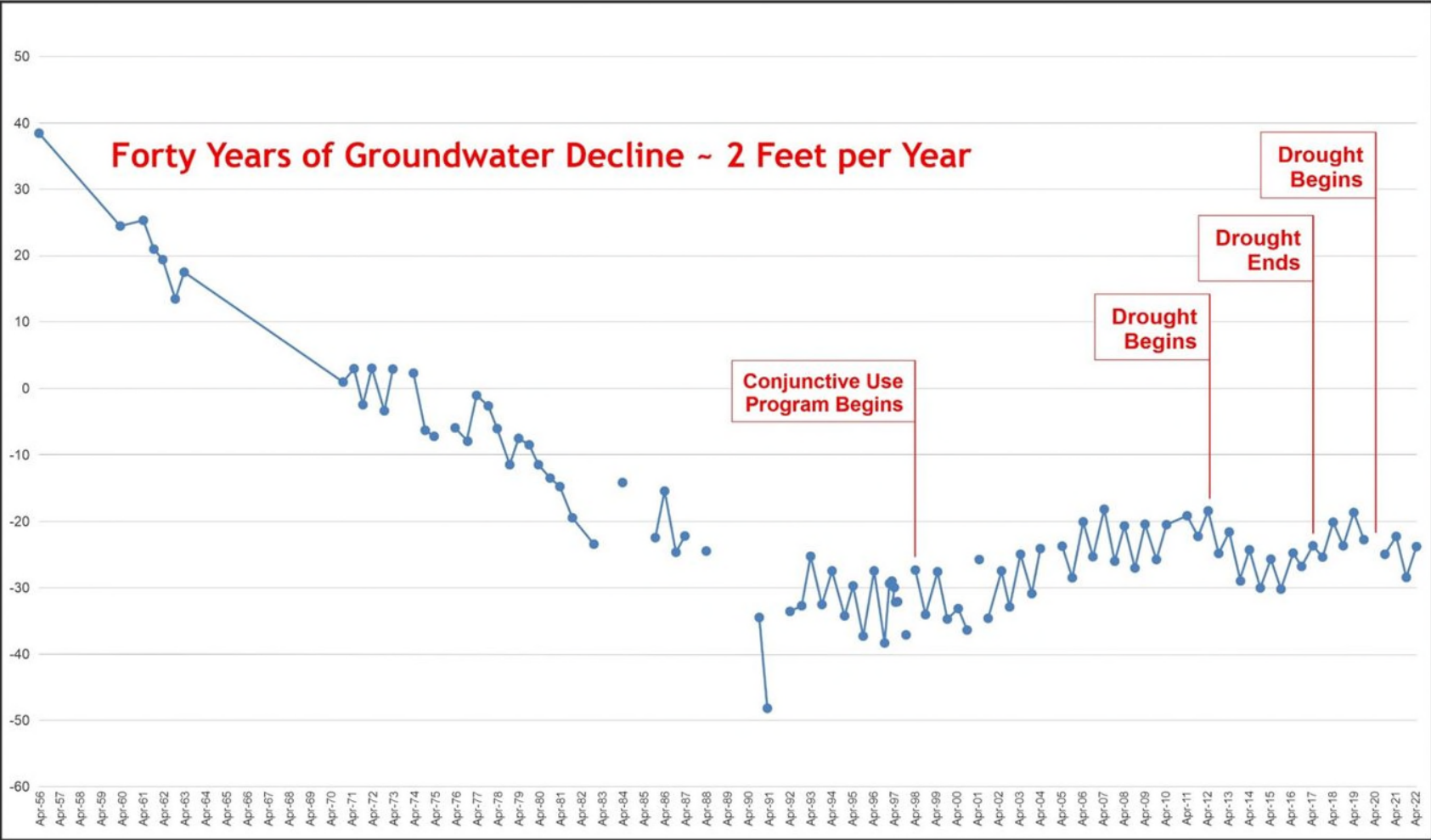
Reliable Water, Sustainable Groundwater

SSWD's Conjunctive Use Program

- 100% groundwater in dry and very dry years.
- Surface water available in average and wet years
- Contract entitlements for surface water totaling 55,064 acre-feet per year in average and wet years
- \$120 million investment in conjunctive use infrastructure

Note: Over 250,000 acre-feet of groundwater banked

Groundwater Levels, Well 10N05E14Q002M Sacramento Valley (Sacramento County)





Introduction to SSWD and DPMWD

SSWD & DPMWD Water Rates

SSWD

$\frac{5}{8}$ " Meter: \$36.38 + \$1.01/ccf to 15ccf
* $\frac{3}{4}$ " Meter: \$50.46 + \$1.01/ccf to 15ccf
1" Meter: \$78.63 + \$1.01/ccf to 15ccf

DPMWD Commercial

$\frac{5}{8}$ " Flat rate: \$118.22 + \$2.26/ccf
 $\frac{3}{4}$ " Flat rate: \$118.22 + \$2.26/ccf
1" Flat rate: \$146.46 + \$2.26/ccf

Average SSWD Residential Water Bill: $\frac{3}{4}$ " Meter \$50.46 + \$14.14 = \$64.60

* $\frac{3}{4}$ " metered rate is the major portion (80%) of SSWD's rate structure.

DPMWD residential flat rate per month (combination of Flat Rate Charge and System Maintenance Charge); This is calculated using a 1" service line.

0-5,000 sf =	\$87.95
5,001-8,000 sf =	\$97.46
8,001-11,000 sf =	\$111.55
11,001-14,000 sf =	\$121.64
14,001-17,000 sf =	\$131.73
17,001-20,000 sf =	\$141.90

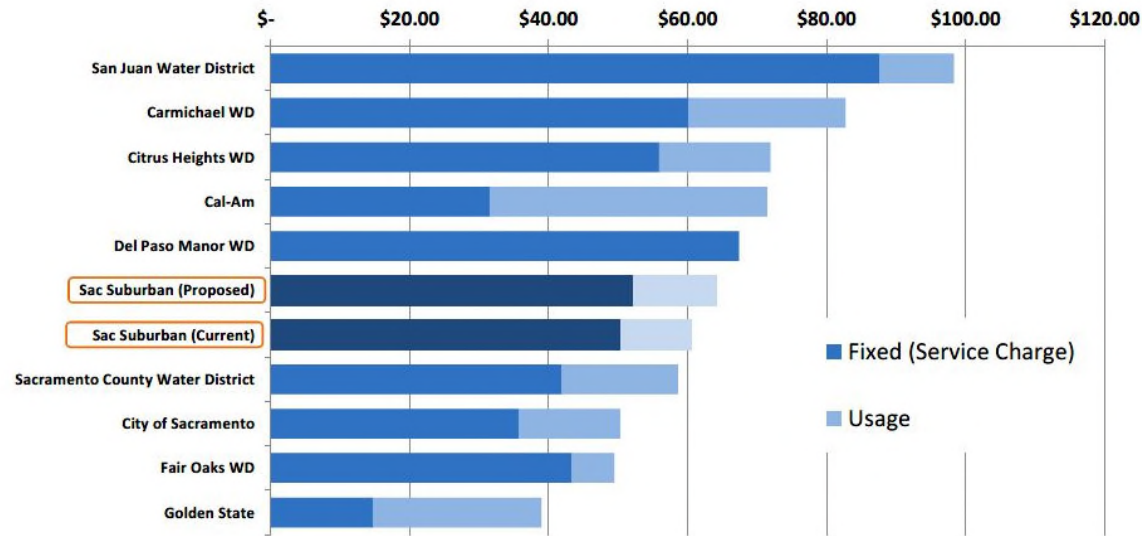


Introduction to SSWD and DPMWD

SSWD & DPMWD Water Rates

Survey – Single Family Homes

Monthly Bill for typical water usage (10 HCF per month and 3/4" meter *)



* Some utilities have a minimum meter size of 1"



Introduction to SSWD and DPMWD

Asset Management, Preventative Maintenance and CIP

Asset Management Plan Docs:

- Building and Structures
- Water Meters
- Groundwater Well
- Transmission/Distribution
- Reservoir & Booster Pump Station
- Fleet
- SCADA

Preventive Maintenance:

- Distribution, meters, and production
- 5-year agreement with a well maintenance contractor, with a provision to purchase the company after the first year

CIP:

Groundwater wells, meter installation (AB 2575) and replaced over 100 miles of distribution infrastructure at a cost of over \$100 million

sswd.org



SSWD-DPMWD Combination Discussions

Introduction to DPMWD and History



delpasomanorwd.org

Introduction to SSWD and DPMWD

DPMWD Overview

- Established in 1956
- 5 Board of Directors
- 4 Regular full time employees
- 1,898 Service connections
- 4,854 Population served
- 1.3 square miles of service area



Pooling water brains

Above are representatives of seven water districts in the Sacramento suburban area who are jointly cooperating in a study of water needs for the area. Seated, from left, are Albert Ricksecker, Del Paso Manor; Frank L.

Kelly, Northridge; Neal Brown, Citrus Heights and S.N. Peterson, San Juan. Standing, from left, Leland Cutler, Arcade; William Pettite, Fair Oaks, Bill White and Bill Wagner, Carmichael.



Introduction to SSWD and DPMWD

DPMWD Financials

- FY 24/25 Funds Available = \$2.7 Million
- FY 24/25 CIP = \$1.1 Million
- FY 24/25 Operating Budget = \$1.9 Million
- Debt Service = \$4 million
- Reserves = \$2.1 Million

Introduction to SSWD and DPMWD

DPMWD Water Supplies

- 4 operational groundwater wells = 4.7 million gallons per day
- City of Sacramento surface water contract rights * = 2,460 af

** DPMWD does not have the infrastructure or approvals to use this water at this time*





Introduction to SSWD and DPMWD

DPMWD Water Meters

- Residential services are not metered
- 100% of commercial services are metered
- Per 2009 Master Plan: Goal of DPMWD is to install meters at each service connection by 2032, as required by law

DPMWD Challenges



DPMWD Challenges

Independent Analysis of DPMWD

- 2005 LAFCo Municipal Services Review—*maintained the status quo*
- 2021 Grand Jury Report—*“DPMWD Flooded with Public Safety Dangers”*
- 2022 LAFCo Municipal Services Review—*aging infrastructure with limited improvements in the past five years*
- 2024 LAFCo Municipal Services Review Addendum—*declining water system capacity; recent water rate increase insufficient to cover needs*
- 2024 LAFCo Resolution of Intent to Dissolve DPMWD—*District given until May 2025 to demonstrate progress in addressing issues*

DPMWD Challenges

Extensive Infrastructure Deficiencies

- 8 total wells
 - 2 wells are offline due to contamination
 - 1 well can only be operated in an emergency (no more than 3 consecutive days or 15 total days in CY)
 - 1 well is capped
 - 2 wells are over 70 years old (two decades past their useful life)
- Inability to meet fire flow requirements or maximum daily demand
- Leak mitigation of the steel section of pipe is managed by reducing pressure

DPMWD Challenges

Financial Instability

Over \$50 million in needed upgrades to infrastructure:

- The 2023 rate increase will fund only \$9 million in needed improvements
- Water rates will need to be at least four times the approved 2027 rate
- Changes to state and federal regulations will require additional investment in water meters, fire flow capacity, and water treatment

LAFCo: "No one should expect a community of ~4,800 people with a median household income of \$86,262 to be able to support water rates that are 4 times what your neighbors in the surrounding water district pay."

Combination Discussions



SSWD-DPMWD Combination Discussions

Why Explore a Combination?

- **Limited Financial Risk for SSWD Customers:** SSWD is well-prepared to integrate DPMWD without financial harm to its existing customers
- **Shared Community and Water Source:** Both districts rely on the same groundwater basin, serving the same community
- **Right to Clean, Reliable, and Affordable Water:** Every resident deserves access to clean and affordable water
- **Previous Collaboration:** The districts have successfully worked together through Mutual Aid and Operational Services agreements

SSWD-DPMWD Combination Discussions

Financial Protections

- **No Sharing of Debt:** Each district's debt will remain its own responsibility
- **Separate Infrastructure Costs:** Each district will continue to be responsible for its own infrastructure upgrades and maintenance
- If grants are not secured, DPMWD ratepayers are still responsible for funding needed improvements
- **Rates Remain Separate:** Rates will stay separate until all outstanding debt is paid off and the Board decides to merge the systems financially

Background About Combination Discussions

- Discussions ongoing since 2019
- Track record of SSWD providing assistance to DPMWD
- Multiple studies to explore:
 - Condition Assessment of DPMWD Infrastructure: Production, Distribution, and Meters
 - Groundwater/Surface Water Supplies
 - Municipal Services Review Updates
 - Financial Analysis
 - Water Rate Comparison
 - Benefits, Advantages, and Disadvantages



SSWD-DPMWD Combination Discussions

Alternatives to Combination with SSWD

Potential combination with another water district such as Golden State Water Company

Rate increase through another Prop 218 process to cover the \$42 million in infrastructure investment needed

LAFCo involvement if no progress by May 2025

- LAFCo has the authority to dissolve DPMWD
- This could result in another agency taking over DPMWD's water services

Vision for Progress



SSWD-DPMWD Combination Discussions

What is Progress for DPMWD?

A realistic and sustainable long-term plan for improvement in key areas:

- **Meet Clean Water Demand:** Provide clean and safe water for all customers, meeting health and safety standards
- **Fix Critical Infrastructure:** Repair and upgrade the pipes, pumps, and other parts of the water system that are outdated or broken
- **Keep Rates Low:** Implement necessary improvements without drastically increasing water rates

Vision for Progress

Grant Funding to Keep Rates Lower

DPMWD achieves greater access to state grant funding/principal forgiveness and low- or no-interest loans with a combination due to SSWD's size, finances, and credit rating

State funding available through a competitive statewide process:

- Up to \$20 million per infrastructure project
- Up to \$5,000 per connection as a consolidation incentive
- Up to \$500,000 total for administrative expenses
- 0% or low-interest loans

Vision for Progress

Grant Funding to Keep Rates Low

Are Grant Funds Available Without Combination?

- Yes, but the funds would cover only a small portion of the costs for needed infrastructure investment
- DPMWD has struggled to secure grants/loans in the past
- Most of DPMWD is not considered a disadvantaged community
- SSWD and DPMWD jointly applied for a \$20 million grant in June 2024
 - The grant could provide over \$10,000 per DPMWD ratepayer
 - Funding is contingent on the combination of the two districts
 - All grant funds will stay within the DPMWD service area

Vision for Progress

Stable Operations

- DPMWD has a team of qualified professionals to cover field operations, repairs, customer service calls, well operations, water quality checks, and emergency repairs
- Currently, SSWD is in this role on a temporary basis



Vision for Progress

Maintenance Programs

Groundwater Well Maintenance Program:

- Inspect and maintain wells, including pumps and water quality, to prevent problems
- Address any issues that arise to ensure wells continue to function properly

Preventive Maintenance Programs:

- Inspect and maintain valves and hydrants to ensure they are operational in the event of an emergency
- Regularly check and maintain wells, including pumps and water quality, to ensure they function properly
- Regularly check and repair/replace meters to ensure they work correctly

Vision for Progress

Pay-As-You-Go Rate Structure

- SSWD uses a Pay-As-You-Go component within its rate structure to fund capital improvements without incurring debt
- This model generates \$21 million annually dedicated to essential infrastructure upgrades and long-term reliability

Benefits of Pay-As-You-Go:

- Ensures projects are funded upfront, reducing long-term costs
- Avoids interest payments from bonds or loans
- Supports ongoing system upgrades without burdening ratepayers with debt service costs

Vision for Progress

DPMWD Leadership in a Combined District

- **Reorganization:** DPMWD will dissolve, and SSWD will annex the service area
- **Integration:** DPMWD will become part of an existing SSWD division and DPMWD staff will join the SSWD team
- **Advisory Committee:** DPMWD ratepayers will advise SSWD on the needs and improvements for the area
- **Grant Funds:** Infrastructure grants will remain within the DPMWD area

Frequently Asked Questions



Frequently Asked Questions

Water Supplies Change?

- No change in current water supply sources for DPMWD or SSWD
- DPMWD customers already receive water from both DPMWD wells and SSWD sources via three interties
- Detailed information on water quality issued yearly

Scan the QR codes for Water Quality Reports



SSWD



DPMWD



Frequently Asked Questions

Fluoridated Water for DPMWD?

- Water in SSWD's South Service Area is fluoridated under a contract with First Five California (contract ends in 2027)
- SSWD currently provides water to DPMWD to maintain pressure
- This includes lower levels of fluoride
- If the districts combine, DPMWD customers will receive fluoridated water that meets state requirements
- SSWD may seek approval to discontinue fluoridation after 2027

Frequently Asked Questions

Water Quality Protections in Place?

- **McClellan Area:** Designated as a Superfund site. Water quality is monitored through dedicated wells to detect and manage contamination early
- **Aerojet:** Designated as a Superfund Site. Specialized wells monitor and treat contaminated groundwater in Rancho Cordova
- **Protection for Combined District:** If the combination moves forward, these practices will safeguard water quality for the entire district

Frequently Asked Questions

Water Meters for DPMWD?

1. In accordance with California Water Code, Division 6, Part 2.56, Chapter 2, Section 10609.62 (e): "No later than January 1, 2032, meter each service connection and monitor for water loss due to leakages."
2. In accordance with California Water Code, Division 1, Chapter 8, Article 3.5, Section 528: A water purveyor that becomes an urban water supplier (a supplier, public or private, that provides water to more than 3,000 customers or provides more than 3,000 AF of water annually) on or after January 1, 2005, shall install water meters on all municipal and industrial connections within its service area within 10 years of the meeting the definition of an urban water supplier.



Frequently Asked Questions

Impact on Water Rates?

The combination will not affect SSWD water rates:

- Each district manages its own debt and improvements
- SSWD's proposed rate increase covers its existing system's needs

DPMWD customers currently pay higher rates than SSWD customers:

- A combination can potentially make DPMWD eligible for state grants, which may assist in keeping rates lower
- A larger combined customer base could lead to more stable rates over time
- Rate Base: SSWD = 47,000 and DPMWD = 1,800

Timeline and Process





SSWD-DPMWD Combination Discussions

Timeline and Process

Discussions are expected to continue into early 2025 and the LAFCo application process could take another year

Phase 1 – Public Outreach and Initial Decision to Proceed or Terminate

Phase 2 – District Form and Governance Decisions

Phase 3 – Operational and Financial Decisions (**CURRENT PHASE**)

Phase 4 – Final decision to Apply to LAFCo

Phase 5 – LAFCo Application and Approval Process

Phase 6 – Post-Combination Actions to Implement New Agency

Questions?

Please submit a comment card



Thank You!

Find updates on the SSWD and DPMWD websites

sswd.org and delpasomanorwd.org





Presentation Highlights

- Introduction to SSWD and DPMWD, including service areas
- Financial overview
- Water supplies and rates
- SSWD's asset management, maintenance, and improvement programs
- DPMWD's current challenges and infrastructure deficiencies
- Independent analysis and financial stability concerns
- Background on the combination discussions
- Financial protections for the districts
- Potential alternatives
- Vision for DPMWD's future, focusing on grants, operational stability, and local leadership
- FAQs covering various aspects such as water quality, rates, and infrastructure
- Timeline, process, and next steps

Audience Engagement: Question & Answer

The meeting included a Q&A segment where attendees could ask questions and seek clarifications.

SSWD Customer:

Explained that he is a former employee at the California Department of Drinking Water, overseeing certification programs statewide, including DPMWD and SSWD. Highlighted that SSWD is rated among the top water districts in California, with an outstanding training program. Expressed positive feedback on SSWD General Manager Dan York.

DPMWD Customer:

Concerned about SSWD's ability to handle population growth, citing over 300 acres of undeveloped areas and an increasing population by 2030. She referenced complaints on social media regarding water taste and quality, criticizing SSWD for using river water while DPMWD relies on well water. She mentioned findings from the Environmental Working Group (EWG), which showed contaminants in SSWD's water compared to DPMWD.

- SSWD Director Wichert: Disagreed with complaints about SSWD water quality. He noted that SSWD investigates customer complaints and shuts down water systems when contamination is detected and invited anyone to contact SSWD with any concerns or questions.
- SSWD General Manager York: Noted that with SSWD's 75 wells (compared to DPMWD's 3 wells), there would naturally be more complaints. Explained that any water quality issues must be reported to the state.

DPMWD Customer:

Asked why SSWD is interested in taking over DPMWD. Expressed hope that SSWD's involvement would help.

- SSWD Directors Thomas and Wichert: Emphasized that combination is the right thing to do because the districts are neighbors and part of the same community.

SSWD Customer:

Expressed concern about the financial burden of merging with DPMWD, referencing costs related to fixing DPMWD's infrastructure. Felt that the combination would be unfair to SSWD ratepayers, comparing it to previous rate increases faced by PG&E customers.

- SSWD General Manager York: Provided an example of how DPMWD's infrastructure could be funded, referencing the merger between Northridge Water District and the Arvin Area. In that case, the Arvin Area, with its aging system and eight groundwater wells, was initially owned and operated by a family. When Northridge purchased the system, it became an assessment district for 15 years. During this time, Arvin customers paid into the Capital Improvement Program (CIP) and the assessment district. After 15 years, the assessment district status ended, and the customers were fully integrated into Northridge's rate structure.
- DPMWD General Manager Coyan: Explained that merging with SSWD would reduce the need for new wells and allow DPMWD to join SSWD's CIP Program. Noted that DPMWD's aging infrastructure would need gradual upgrades.

SSWD Customer:

Questioned the justification for a combination, expressing concern that the merger would result in SSWD ratepayers covering DPMWD's debts. Voiced frustration over recent rate increases.

- SSWD Director Wichert: Emphasized that if the districts merge, the costs for each district will remain separate. The LAFCo resolution will explicitly state this, and it will be legally binding to ensure that the costs are kept separate.

DPMWD Customer:

Explained that DPMWD has not set aside reserves for infrastructure improvements, making it difficult to maintain the system. Asked for clarification on how long the districts would remain financially separate after a merger.

- SSWD General Manager York: Noted that in past similar situations, DPMWD could become an assessment district, paying into a CIP Program for 15 years before fully integrating into SSWD's financial structure. A resolution submitted to LAFCo would outline how rates and finances would be kept separate, and how funding from an assessment district or grants would be kept within the DPMWD service area.

DPMWD Customer:

Asked why it was stated that water bills would double after July 1, 2024.

- DPMWD General Manager Coyan: Explained that the increase was part of a Proposition 218 notice and was addressed in a public/protest hearing and direct mail to each customer.

SSWD Customer:

Praised SSWD's financial stability. Criticized DPMWD for not being metered. Suggested the voters should decide on the merger.

SSWD Customer:

Criticized SSWD's water quality.

DPMWD Customer:

Criticized DPMWD's leadership for not pursuing grants.

- DPMWD General Manager Coyan Explained that they currently have a contract with RPPG to search for grants that DPMWD would Qualify for. If any grants are available, we would be notified and apply.

SSWD Customer (former DPMWD customer):

Commented that DPMWD cannot function independently and that the Board of Directors should resign. Believed merging with SSWD was the best path forward.

DPMWD Customer:

Raised concerns about the lack of a clear plan to secure funding for infrastructure improvements and questioned whether SSWD would cover DPMWD's costs. Asked whether a property lien would be put into place to fund infrastructure. And asked how SSWD plans to fund clean-up costs for contamination within its service area.

- SSWD Director Wichert: Emphasized that no property tax liens are planned and that any funding for infrastructure would come from grants or rates, which would be the responsibility of DPMWD ratepayers.
- SSWD General Manager York: Explained that Aerojet is a superfund site, and there is no contamination plume in SSWD's system.

DPMWD Customer:

Asked about the timeline for the combination and its potential impact on the upcoming November election, where three DPMWD Board members are up for election. Questions included: Do the SSWD and DPMWD Boards plan to submit a combination resolution before the election, and if so, would that nullify the election of new DPMWD Board members? Additionally, if a new DPMWD Board is elected and wishes to halt the combination process, can they rescind the resolution submitted to LAFCo? The follow-up discussion also included a question about the possibility of a temporary combination to secure grants.

- DPMWD Director Dolk: Explained that after the election, DPMWD would continue with a five-member board until LAFCo certifies a combination.
- SSWD General Manager York: Explained that the merger requires a signed resolution and a Plan for Services, and the state will not release grant funds without LAFCo certifying the combination.
- DPMWD General Manager Coyan: Noted that the resolution and Plan for Services will take months to be submitted to LAFCo, followed by a protest hearing. If the resolution is passed before the election, a newly elected DPMWD Board could rescind the submittal if the resolution has not been submitted to LAFCo.
- DPMWD Director Matteoli: Added that if DPMWD chooses voluntary dissolution before the election, there would be no protest hearing or election, as the dissolution would be final.
- LAFCo Policy Analyst Desirae Fox: Explained that DPMWD is currently subject to a LAFCo resolution to dissolve, with a status update required by November 2024. If no

resolution for a combination is submitted by May 2025 and the system's issues remain unresolved, LAFCo's dissolution process would proceed, allowing for public input and potentially a protest hearing.

- SSWD General Manager York: Noted that if a new Board reversed the combination efforts between the two districts, he will request a SSWD Special Board meeting and recommend that SSWD provide a 30-day notice to DPMWD that they will need to operate their water system, as SSWD is currently operating their water system.

SSWD Customer:

Asked if the merger would require a vote.

- SSWD Director Wichert: Explained that the Boards could decide to merge without a public vote, but a protest period would be required.

SSWD Customer:

Expressed concern about fire protection and urged DPMWD customers to consider a combination. She also suggested that people attend Board meetings to stay informed and praised SSWD Board meetings for being well run.

DPMWD Customer

Reiterated concerns about the possibility of tax liens being used to fund DPMWD infrastructure upgrades and also suggested the actual cost is less than \$50 million.

- SSWD Director Wichert: Explained that SSWD uses tax liens to collect overdue bill payments, which is unrelated to the combination discussions. He emphasized that tax liens are not part of the combination discussions and explained that an Assessment District is a mechanism to allocate funds specifically for a designated area.
- DPMWD General Manager Coyan: Explained that the \$52 million infrastructure estimate is reflected in the LAFCo resolution.

DPMWD Customer:

Said her main priorities are having safe drinking water and reliable fire protection, rather than maintaining an independent Board. She expressed trust in the assessments of professional engineers and economists over opinions expressed on social media. After reviewing the numbers and reports, she views the combination as necessary for securing water supply reliability in the future. She thanked the DPMWD staff for their work and viewed SSWD's outreach as a gesture of community support.

DPMWD Customer:

Asked about the future of DPMWD's two contaminated wells.

- DPMWD General Manager Coyan: Responded that Well 8 was last used in 2019, and Well 3 hasn't been in operation for nine years. By regulation, wells that remain unused for a year and are not planned for future use should be filled with concrete. While there are no current plans for these wells, a feasibility study is underway to assess the potential of adding a carbon filter to Well 8. Well 3 presents greater challenges due to limited space and high treatment costs.

DPMWD Customer:

Asked if DPMWD Directors are paid for their roles.

- DPMWD Director Dolk: Responded that directors receive \$100 per meeting.

DPMWD Customer:

Asked if the combination would reduce the need for loans or if they would still be required. They also asked if DPMWD was planning to reach out to lenders. A follow-up question asked if this would lead to assessments on properties.

- DPMWD General Manager Adam Coyan: Explained that DPMWD has applied for consolidation funding and is working on shovel-ready projects with an estimated cost of \$10.3 million. Grants will be sought, and any shortfall could be covered by no-interest or low-interest loans. There are no plans for assessments at this time. If additional funding is needed, SSWD would follow a Proposition 218 process for the DPMWD area so that any charges reflect the actual cost of service.
- DPMWD Director Ross: Added that Proposition 218 is the legal process for implementing rate increases in special districts, which can take nine to 18 months to complete.

DPMWD Customer:

Emphasized that DPMWD's debt is the responsibility of its ratepayers but expressed that SSWD's larger size and economies of scale could make absorbing DPMWD a manageable task. He thanked both Boards and expressed hope for the combination, stressing that DPMWD isn't seeking a financial bailout, but does need assistance.

DPMWD Customer:

Expressed trust in SSWD, noting that they have helped DPMWD over the years and their office is physically close. The customer voiced concerns that if the combination doesn't proceed, DPMWD could be taken over by a private company, which would be more concerning than combining with a neighbor like SSWD.

DPMWD Customer:

Expressed confusion that DPMWD would need new Board members. Asked if proposed new Board members have a plan to address deficiencies. The customer expressed frustration with the ongoing delays and urged for quicker action on the combination.

SSWD General Manager York:

To address a comment about SSWD's past combination discussions with other water providers: He recalled past opposition to the Northridge-Arden Arcade merger that created SSWD. However, once combined, improvements were made that would not have been possible if the districts had remained independent. He stressed that SSWD customers benefited from economies of scale that allowed investment in the water system while keeping rates lower.

DPMWD Customer:

Asked when and where a group planning to keep DPMWD independent would present their plan.

Director Comments

DPMWD Director Ross:

Clarified that the DPMWD Board is elected at large by DPMWD ratepayers, with three seats up for election this year and two more in two years.

DPMWD Director Matteoli:

Introduced himself as both a current Board member and a candidate in the upcoming November election. He expressed that DPMWD's current challenges stem from a failed DPMWD rate increase in 2017 and that in 2022, the district decided to explore options for a combination or remaining independent. He mentioned that a strategic plan for keeping DPMWD independent would be submitted to LAFCo on September 27, 2024. He expressed concerns about aspects of the presentation and combination process, including statements from LAFCo regarding grant funding eligibility and the costs required to upgrade DPMWD's infrastructure. He expressed his preference for DPMWD to remain independent.

DPMWD Director Ross:

Sought to clarify the issues surrounding fire flow and their implications for insurance coverage. LAFCo identified several challenges that DPMWD faces, especially regarding fire flow. Insufficient fire flow can adversely affect insurance coverage, leading to higher premiums or even difficulties in securing insurance, as insurers may perceive inadequate fire protection as a significant risk. He also mentioned that DPMWD may need to finance infrastructure improvements through bonds, which come with interest costs, much like a mortgage does for a homebuyer. He emphasized that the combination resolution would state that SSWD will not be liable for DPMWD's infrastructure costs.

DPMWD Director Pratt:

Thanked the audience for their attendance and acknowledged the importance of community input and the strong emotions expressed. She emphasized the urgency of LAFCo's resolution regarding the potential dissolution of DPMWD and the necessity to demonstrate progress by May 2025. Additionally, she expressed her interest in reviewing the strategic plan for staying independent to evaluate whether viable options exist.

DPMWD Director Dolk:

Stated his support for LAFCo's resolution of dissolution and expressed confidence in the combination with SSWD, crediting SSWD for productive discussions and advocacy for DPMWD ratepayers.

SSWD Director Thomas:

Thanked the attendees for participating in the meeting.

SSWD Director Wichert:

Emphasized that combining with SSWD would not result in losing local representation. DPMWD customers would continue to have an elected Board member to advocate for their interests.

Agenda Item: 3

Date: October 23, 2024

Subject: Plan for Services and Sacramento Local Area Formation Commission Application Update

Staff Contact: Dan York, SSWD General Manager
Adam Coyan, DPMWD General Manager

Recommended Board Action:

No action. Receive update on the Plan for Services and Sacramento Local Area Formation Commission Application.

Discussion:

At the September 11, 2024, Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD) Joint Board meeting, both Boards approved entering into a contract with Planwest Partners to conduct a Plan for Services and additional materials needed to support an application to the Sacramento Local Agency Formation Commission (LAFCo). The contract was executed on September 17, 2024.

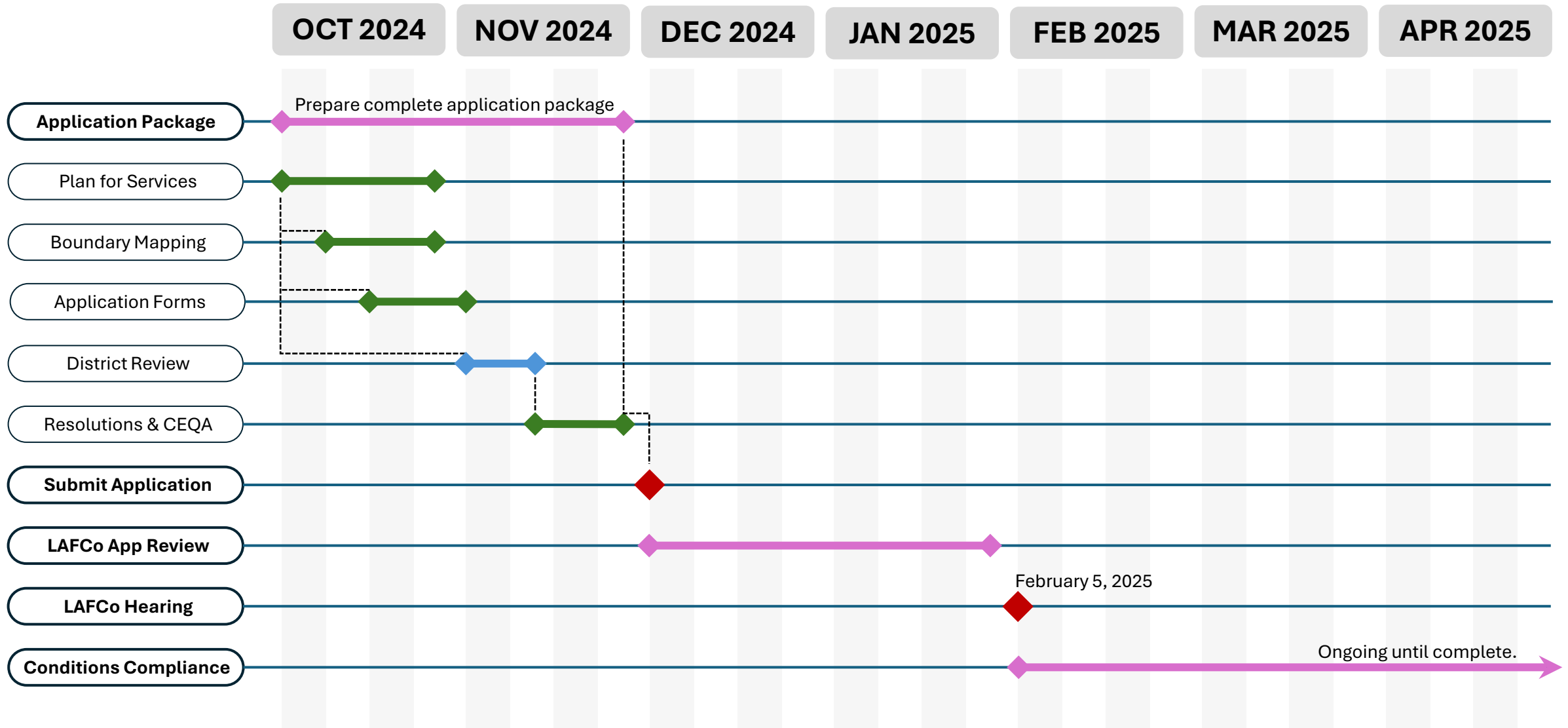
On October 1, 2024, Planwest Partners held a kick-off meeting with DPMWD and SSWD staff. Planwest provided the attached LAFCo Application Timeline.

Staff will continue to keep the Boards updated.

Attachment:

1. LAFCo Application Timeline

SSWD and DPMWD LAFCo Application Timeline



Agenda Item: 4

Date: October 23, 2024

Subject: Operations Assistance Update

Staff Contact: Dan York, SSWD General Manager
Adam Coyan, DPMWD General Manager

Recommended Board Action:

No action. Receive update on Sacramento Suburban Water District providing Water System Operations to Del Paso Manor Water District.

Discussion:

At the July 10, 2024, Joint Board meeting, the Sacramento Suburban Water District (SSWD) and Del Paso Manor Water District (DPMWD) Boards approved a Contract Services Agreement between SSWD and DPMWD for Operations Assistance, effective August 1, 2024.

As of August 16, 2024, SSWD has fully assumed operational responsibility for the Del Paso Manor Water District (DPMWD) system. This transition involves SSWD’s production and distribution teams taking charge of 24-hour system monitoring, emergency responses, and ongoing maintenance operations.

Operational Details:

- SCADA Monitoring and Alarm Response:
SSWD's production team provides 24/7 SCADA monitoring for DPMWD's system, managing alarms and standby operations during evenings.
- Well Operations:
The production team conducts well runs at nine facilities every Monday and Thursday.
- Coliform Sampling Compliance:
Total Coliform Rule sampling is conducted every Tuesday to ensure regulatory compliance.
- Distribution Operations:
The distribution team handles Underground Service Alerts (USA) daily as needed, monthly meter reads, and reactive maintenance including, but not limited to, service line locations and exposures, and fire hydrant knockdowns.

Workload Summary (August 16– September 30):

- 193 operations labor hours during normal business hours.
- 9 after-hours calls totaling 17 hours of overtime.

Fiscal Impact:

Costs incurred and labor support services will be reimbursed by DPMWD, so there will be no fiscal impact to SSWD. The total amount invoiced for labor and equipment hours for August and September is \$31,435.62.

Agenda Item: 5

Date: October 23, 2024

Subject: Grant Funding Status

Staff Contact: Jeff Ott, Director of Finance and Administration

Recommended Board Action:

Receive update on the Grant Funding application.

Discussion:

As previously reported, a grant application was submitted on June 24, 2024, to the State Water Resources Control Board, Division of Financial Assistance program portal. The grant application was designated a project manager, Ryan Mitchell. A meeting with Mr. Mitchell was held on August 26, 2024. Mr. Mitchell described the grant process and requirements. The salient points of the meeting included the following:

- 1) Projects need to be “shovel ready” to be submitted for funding request.
- 2) Funding availability is determined annually. The FY2024/25 funding meeting was held in August 2024.
- 3) Consolidations/Reorganizations do take precedence in approving funding requests.
- 4) Del Paso Manor Water District (DPMWD) is not classified as a Disadvantaged Community based on Median Household Income (MHI) above 80% of statewide MHI. However, DPMWD is also not above the upper threshold for MHI (150% of statewide MHI) which makes it eligible for grant funding.
- 5) Issues related to meeting maximum day demand are also prioritized for funding.

In order to continue with the grant application process, one of the important aspects is to prepare “shovel ready” projects. Staff feels the distribution main replacement priority 1 level that was identified utilizing Sacramento Suburban Water District’s Distribution Asset Management Plan criteria, is a “shovel ready” project that would warrant grant funding.

DPMWD is awaiting final development of the design of the priority level one main replacement project from Forsgren Associates. This step must be completed to continue the application process for grant funding. The design is currently at the 60% complete level.

Agenda Item: 6

Date: October 23, 2024

Subject: Agenda Items for Future Joint Board Meetings

Staff Contact: Dan York, SSWD General Manager
Adam Cohan, DPMWD General Manager

Recommended Board Action:

Discuss agenda topics to be presented at the next meeting of Del Paso Manor Water District and Sacramento Suburban Water District and direct staff as appropriate.

Discussion:

Direct staff on which topics need to be placed on the agenda for the next meeting of Del Paso Manor Water District and Sacramento Suburban Water District.