



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 Cohan: 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 Cohan: 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.