

## **Agenda Item: 1**

**Date:** May 22, 2023

**Subject:** Overview of Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meetings

**Staff Contact:** Dan York, SSWD General Manager

### **Recommended Board Action:**

No action. Receive a presentation on an overview of various topics presented at the Del Paso Manor Water District/Sacramento Suburban Water District 2x2 Committee Meetings.

### **Discussion:**

The Combination Discussions between Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD) were initiated in 2022 by both Boards implementing a 2x2 Committee. The intent was for the DPMWD and SSWD Boards to receive information and develop a report that could provide direction moving forward in the Combination Discussions.

To date, there have been seven 2x2 Committee meetings, including a tour of several groundwater facilities in each district's service area.

### **Attachment:**

1. Power Point Presentation



# DEL PASO MANOR WATER DISTRICT AND SACRAMENTO SUBURBAN WATER DISTRICT

## COMBINATION DISCUSSIONS

Dan York

General Manager

Sacramento Suburban Water District

# OVERVIEW OF 2X2 COMMITTEE MEETINGS

The Combination Discussions between Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD) were initiated in 2022 by both Boards by implementing a 2x2 Committee. The intent was for the 2x2 Committee to receive information and develop a report that could provide direction to the DPMWD and SSWD Boards moving forward in the Combination Discussions.

To date there have been seven 2x2 Committee meetings, as well as a field tour of several groundwater facilities in each district's service area.



# OVERVIEW OF DEL PASO MANOR WATER DISTRICT AND SACRAMENTO SUBURBAN WATER DISTRICT

A high-level overview was presented related to financials, water supplies, conjunctive use program, water rates, and history of both agencies.

# CONDITION ASSESSMENT OF DPMWD INFRASTRUCTURE

DPMWD provided an update on correcting the infrastructure/safety issues that were identified in a 2020 Condition Assessment conducted by SSWD and DPMWD's insurance carrier, JPIA.

A Condition Assessment was conducted utilizing criteria from SSWD's Distribution System Asset Management Plan. This effort assisted in determining the current condition of DPMWD's infrastructure in relation to where it's system priority would rate in comparison to SSWD's AMP.

There were six areas assessed, with rankings coming in with highest priority at #1 and the lowest priority at #186.



# CONDITION ASSESSMENT OF DPMWD GROUNDWATER WELLS

DPMWD staff conducted a presentation on their groundwater wells. There are several wells that remain offline and they are working on potentially placing a wells back online following maintenance repairs.

# JOINT DISCUSSION OF REORGANIZATION OPPORTUNITIES

Presentation on conducting an analysis of alternatives to consider the benefit of reorganizing DPMWD and SSWD into one organization. The focus would be to demonstrate how the benefits can be maintained in a long-term and sustainable manner.

# VISION, MISSION, CORE VALUES AND GOALS OF THE 2X2 COMMITTEE

The 2x2 Committee set the following:

**Vision:** Long term goal to provide safe, reliable drinking water supply, at a reasonable cost, per individual customer by spreading capital, operations, and maintenance costs over a larger pool of ratepayers and increase service.

**Mission:** Providing a long-term reliable water supply, at the lowest responsible rate, for the ratepayers is paramount.

**Core Values:** Be open minded and reduce barriers to combine the districts and promote the effort in a positive and professional manner.

**Goals – Long Term:** Water supplies, synergies, economies of scale, financial benefits, operational efficiencies, increased access to capital at a lower cost, revenue stability, reduce exposure to regulatory penalties, improve planning and risk management, public outreach, maximize potential of existing and future infrastructure.

**Goals – 2x2 Committee:** Complete transparency of budgets and financial standing, infrastructure conditions, and asset management assessment.



# MUNICIPAL SERVICES REVIEW UPDATE

Staff presented an update on Municipal Service Reviews for both agencies.

- SSWD – A MSR in December 2021. LAFCo requires a MSR during Combination Discussions, therefore, the LAFCo Executive Director requested that SSWD complete an up-to-date MSR. An outside consultant was contracted by LAFCo to complete SSWD's MSR. The consultant is expected to complete SSWD's MSR in July/August 2023.
- DPMWD – LAFCo has discussed the requested changes to the MSR with the consultant and will be incorporated in the "final" version, which will include the sphere of influence determinations.

# WATER RATE COMPARISON ANALYSIS

Staff conducted a presentation on an analysis of the current water rates for DPMWD and SSWD. DPMWD bills flat rate residential accounts bimonthly and non-residential accounts monthly. The water rate comparison indicated that the rates are currently similar for both agencies.

# COMBINATION – MILESTONES AND TIMELINES

Per the direction of the 2x2 Committee, staff provided a presentation on setting milestones and estimated timelines for activities associated with a potential combination of the two agencies.

# COMBINATION BENEFITS – RATES, COSTS, OPERATIONS

Staff presentation regarding revenues and assets, expenditures and liabilities, operational benefits/scenarios if the two agencies were to combine. Related to water rates, an analysis was conducted to model what DPMWD residential revenue could look like when fully metered and on SSWD rates with SSWD's average consumption. Discussion ensued regarding options of short-and-long term options for infrastructure replacement.

# INFRASTRUCTURE TOUR

Based on condition assessment updates of the DPMWD infrastructure and safety issues, the 2x2 Committee toured two of DPMWD groundwater facilities and two of SSWD's groundwater facilities.

# COMBINATION COMMUNICATIONS PLAN

A draft Communications Plan was developed to address public outreach regarding the Combination Discussions. The draft Communications Plan identified outreach phases and options for communicating the Combination Discussions to internal and external stakeholders. Both Boards approved a MOU for a Communications Plan and contracting with SSWD's PR firm.

## COMBINATION DISCUSSION– NEXT PHASE/ACTIVITY

Discussion ensued regarding 2x2 Committee direction to staff on what items should be analyzed in this part of the analysis of the Combination Discussions. The intent was to determine if there are any fatal flaws. If no fatal flaws are identified, then the next steps are to develop a scope of work to analyze such items as governance structure, water supplies, administrative, Human Resources, financial, water rates, facilities and equipment, IT, operations, etc. The 2x2 Committee chose to temporarily place a hold on Combination Discussions until a Joint Board meeting was conducted to provide all Directors to provide input on their concerns/issues with the subject process.



QUESTIONS?



## **Agenda Item: 2**

**Date:** May 22, 2023

**Subject:** Del Paso Manor Water District Proposition 218 Process Update

**Staff Contact:** Dan York, SSWD General Manager

**Recommended Board Action:**

No action. Receive an update from Del Paso Manor Water District on the status of their pending Proposition 218 Process.

**Discussion:**

The Del Paso Manor Water District Board President will provide a verbal update on the status of their Proposition 218 Process.

## **Agenda Item: 3**

**Date:** May 22, 2023

**Subject:** Carmichael Water District and Sacramento Suburban Water District  
Combination Discussions Update

**Staff Contact:** Dan York, SSWD General Manager

**Recommended Board Action:**

No action. Receive an update on the current status of the Combination Discussions between Carmichael Water District and Sacramento Suburban Water District.

**Discussion:**

Sacramento Suburban Water District (SSWD) will provide a verbal update on the current status of the Carmichael Water District and SSWD Combination Discussions.

## Agenda Item: 4

**Date:** May 22, 2023

**Subject:** Comments and/or Concerns from the Del Paso Manor Water District and Sacramento Suburban Water District Board of Directors

**Staff Contact:** Dan York, SSWD General Manager

**Recommended Board Action:**

No action. Receive input from the Del Paso Manor Water District and Sacramento Suburban Water District Board of Directors on any concerns or issues related to the Combination Discussions.

**Discussion:**

The Joint Board meeting between Del Paso Manor Water District and Sacramento Suburban Water District will allow each Director from the respective districts to provide input on their thoughts and/or concerns related to the Combination Discussions.

## Agenda Item: 5

**Date:** May 22, 2023

**Subject:** Combination Discussions - Next Steps

**Staff Contact:** Dan York, SSWD General Manager

**Recommended Board Action:**

Provide direction going forward regarding the Combination Discussions between Del Paso Manor Water District and Sacramento Suburban Water District and direct staff as appropriate.

**Discussion:**

The Combination Discussions between Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD) were initiated by both Boards in 2022. As previously mentioned, there have been seven 2x2 Committee meetings that provided information related to finances, water rates, operations, and a communications plan. The Joint Board meeting will provide an opportunity for the Boards of DPMWD and SSWD to provide input/direction going forward related to the Combination Discussions.