MUNICIPAL SERVICES REVIEW for

DEL PASO MANOR WATER DISTRICT

PUBLIC REVIEW DRAFT – OCTOBER 2022

Sacramento LAFCo

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1.0 INTRODUCTION

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

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 locate 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

Primary Contact	Alan Gardner, General Manager
E-mail	generalmanager@delpasomanorwd.org
Address	1817 Maryal Drive, Suite 200, Sacramento, CA 95864
Phone	(916) 487-8534
Website	www.delpasomanorwd.org

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

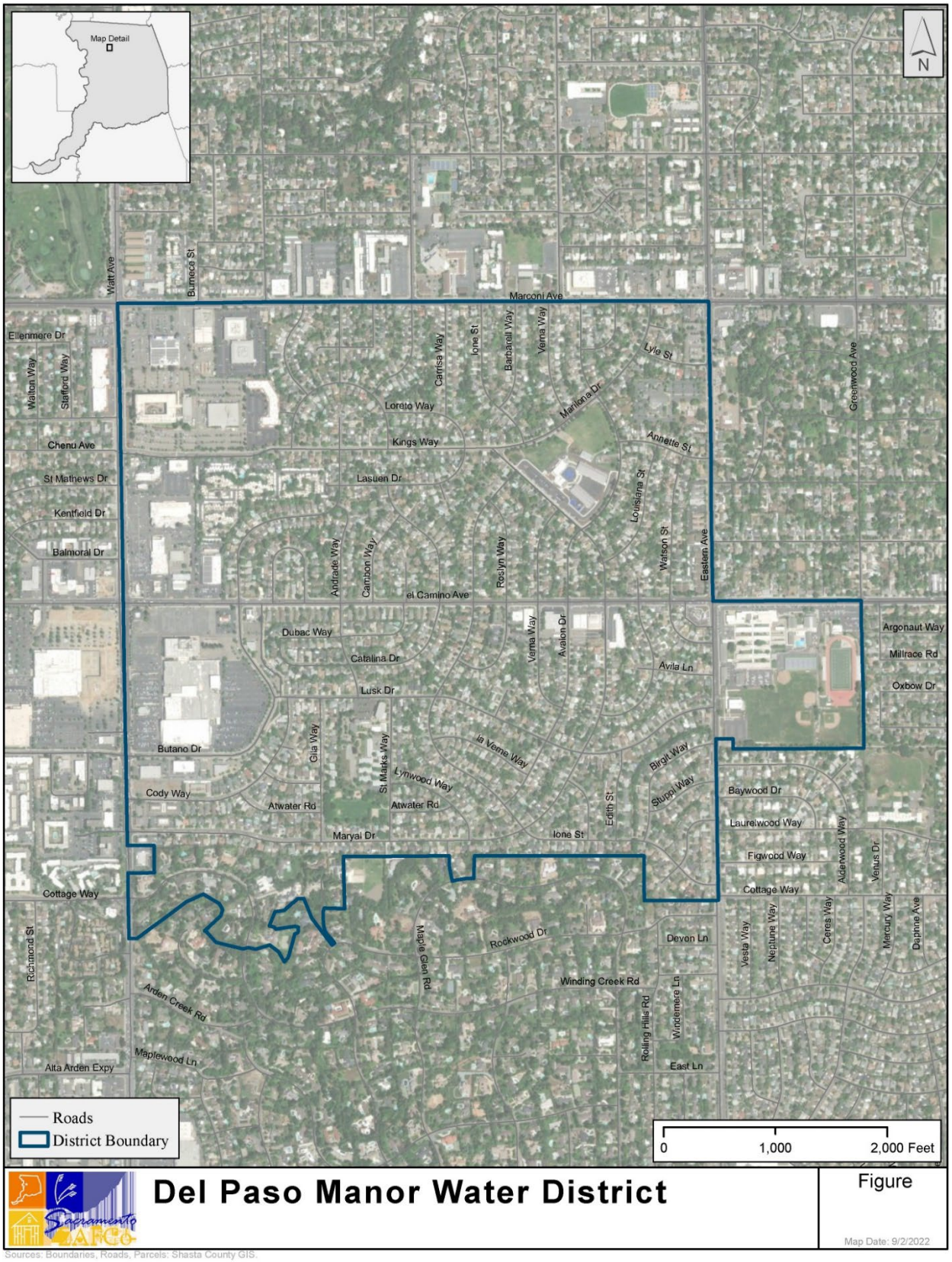
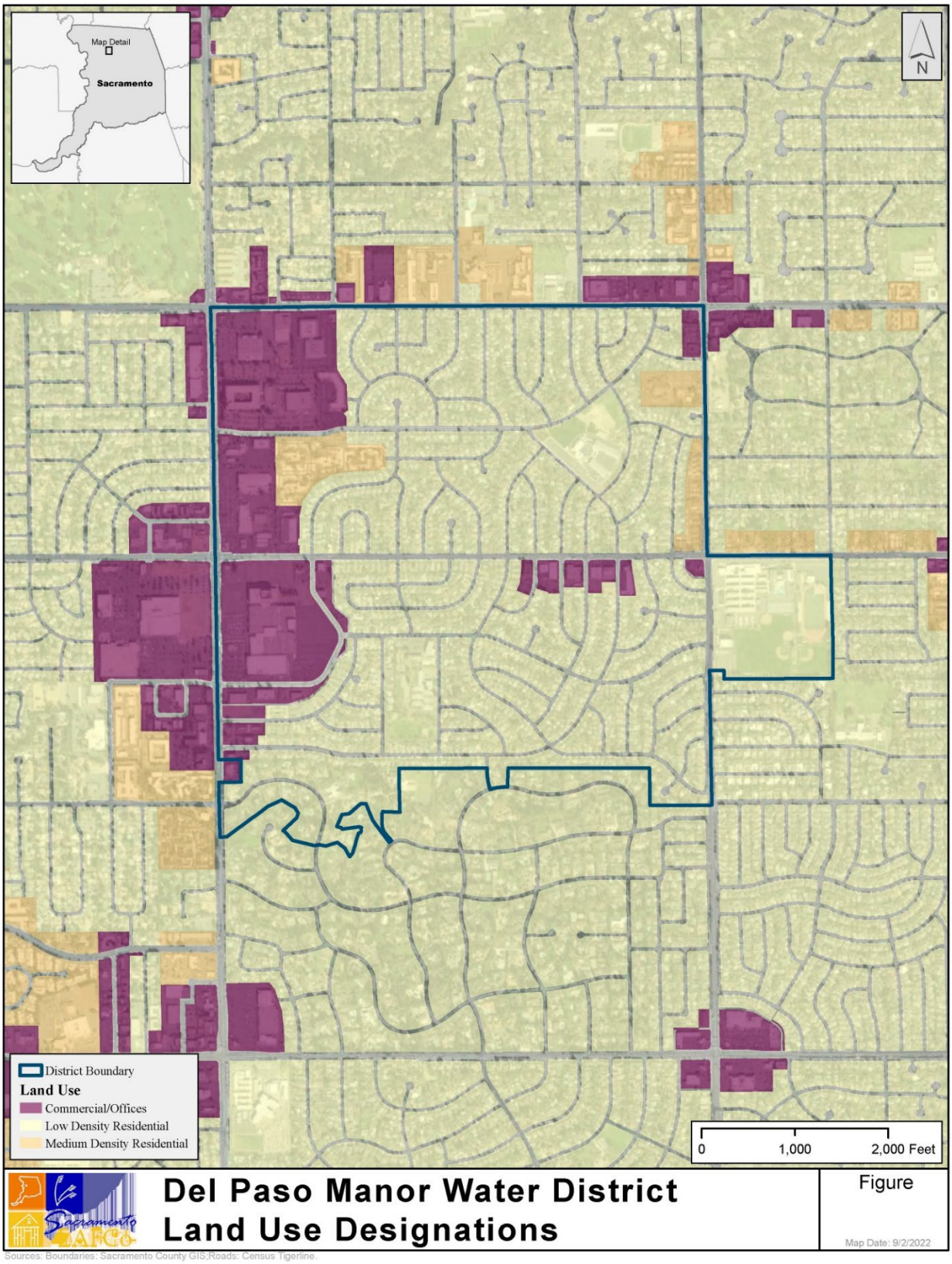


Figure 3: DPMWD Land Use



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)[1]. 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)[2].

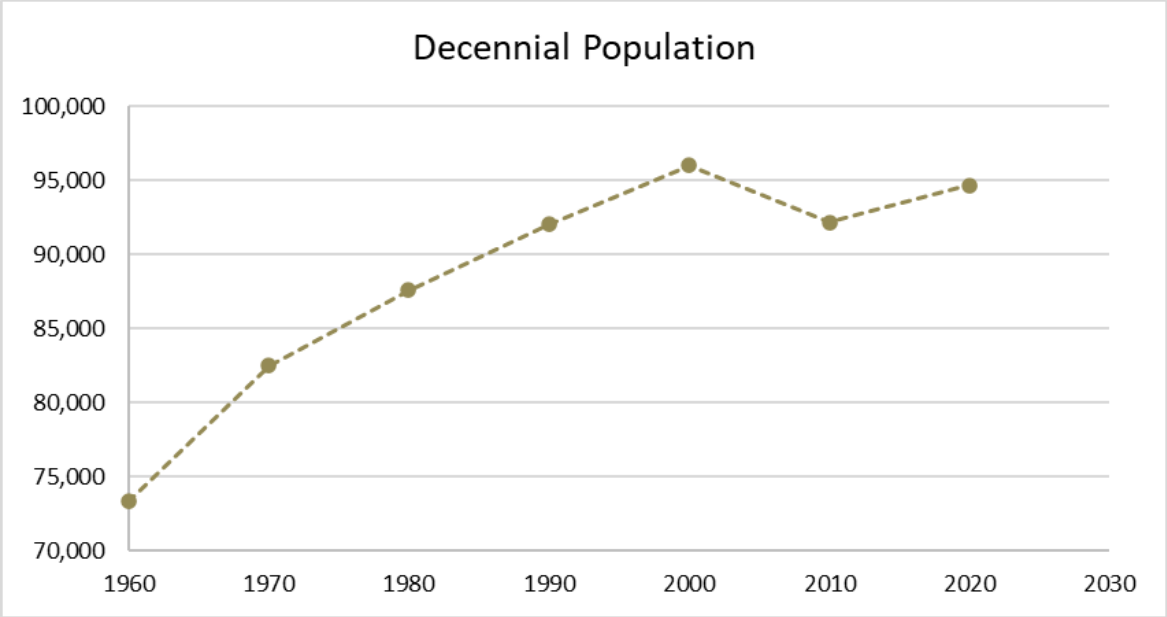
2.6 Growth and Population

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[3]. 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[4].

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[5]. 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.

[1] County of Sacramento, Arden-Arcade Community Plan. Adopted November 6, 1980 by Resolution No. 80-1357.
[2] County of Sacramento, Office of Planning and Environmental Review, Sacramento County Zoning Code effective September 25, 2015 and amended February 25, 2021.
[3] County of Sacramento, Housing Element of 2013-2021: Section 5-2 Population and Housing Characteristics. Adopted October 8, 2013.
[4] US Census Bureau, 2020 & 2010 Decennial Census, Table P1 – Race for the Arden-Arcade CDP.
[5] 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



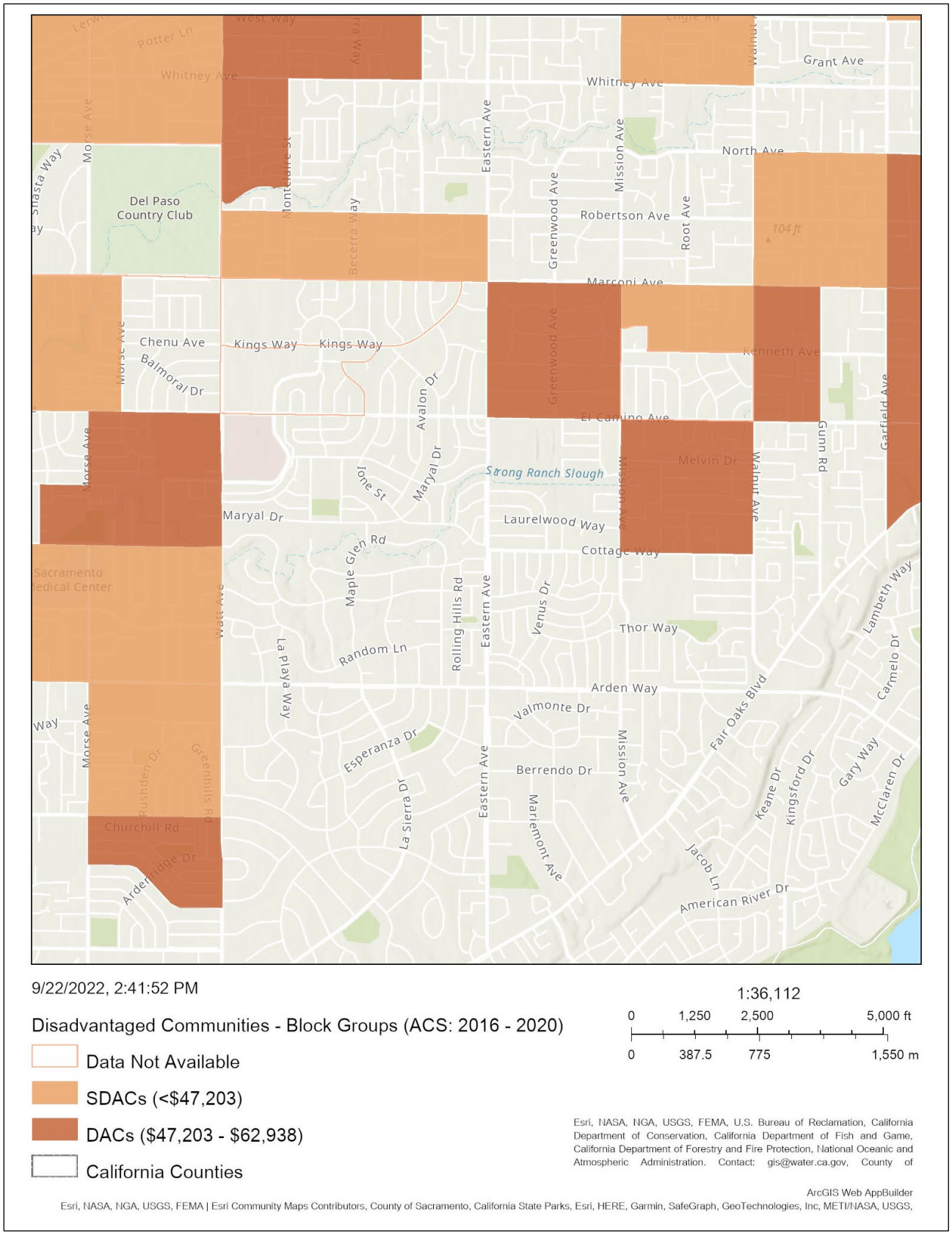
2.7 Disadvantaged Unincorporated Communities

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)[6]. 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[7], 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.

[6] A DUC is an inhabited incorporated area that has a MHI less than 80% of the State MHI.
[7] 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 re-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[8].

3.0 MUNICIPAL SERVICES

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[9].

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.

[8] DPMWD, General Manager, Personal Communication – Email. October 13, 2022.
[9] 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[10]

Well No.	Year Built	Age in Years	Active Pumping Capacity[11]	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

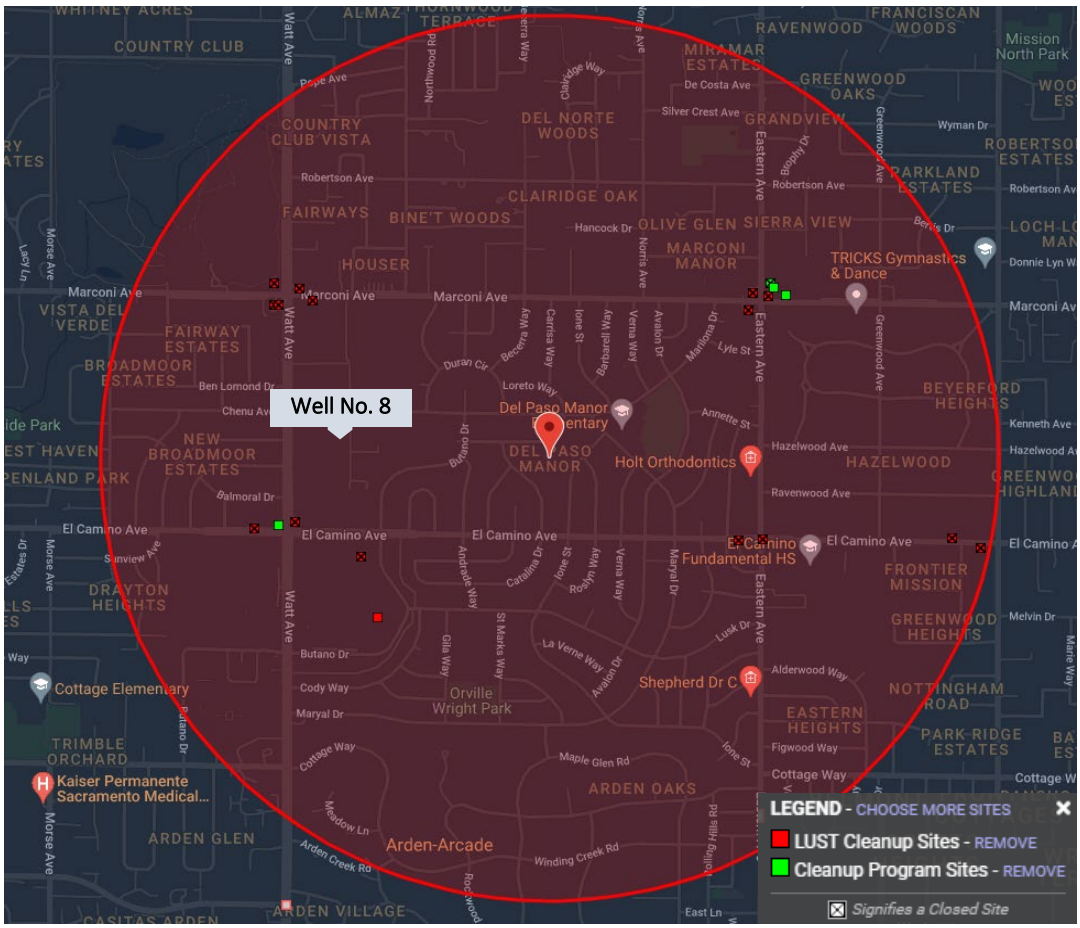
The District owns and operates eight wells that have a total pumping capacity of 5,223 gpm. These wells are scattered throughout the District and were established over several decades. A complete list of all District wells is provided in Table 2. Some of the District wells utilize fixed speed pumps. 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 they will add a total of 11,100 gpm to DPMWD total capacity. Should water need to flow from DPMWD to SSWD, the flow would be considerably less based on the design of the interties[12]. The District also has Mutual Aid

[10] HydroScience, Technical Memorandum (TM) for Del Paso Manor Water District – Table 4-1: Groundwater Supply and Active Pumping Capacity. May 26, 2021.
[11] DPMWD, General Manager, Personal Communication – Email. October 13, 2022.
[12] DPMWD, General Manager, Personal Communication – Email. October 13, 2022.

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.

Figure 6: Known Contamination Sites near DPMWD



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

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 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[13].

[13] HydroScience TM – Section 5.1: Water Main and Hydrant Existing Condition and Capacities. May 26, 2021.

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[14]. 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[15]. 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 here are currently 1,798 residential and 100 commercial connections[16]. 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.

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[17], 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.

[14] SWRCB, DPMWD 2021 Inspection Report. July 14, 2021.
[15] DPMWD, General Manager, Personal Communication – Email. October 13, 2022.
[16] HydroScience, TM - Section 1.2: Water Demands and Planning Criteria. May 26, 2021.
[17] 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.

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[18]. Once the emergency interties with SSWD are completed, this will provide enough capacity to meet fire flow requirements in the event of an emergency.

Rates

The District charges a monthly flat fee for residential connections based on lot size that ranges from $26.90 for lots 5,0000 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*)
- 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[19]. 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

[18] HydroScience TM – Section 4.1: Groundwater Supply. May 26, 2021.
[19] DPMWD, General Manager Personal Communication. May 6, 2022.

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

Project Name	Project Description	Cost
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
	Total	*$9,234,000*

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.

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).

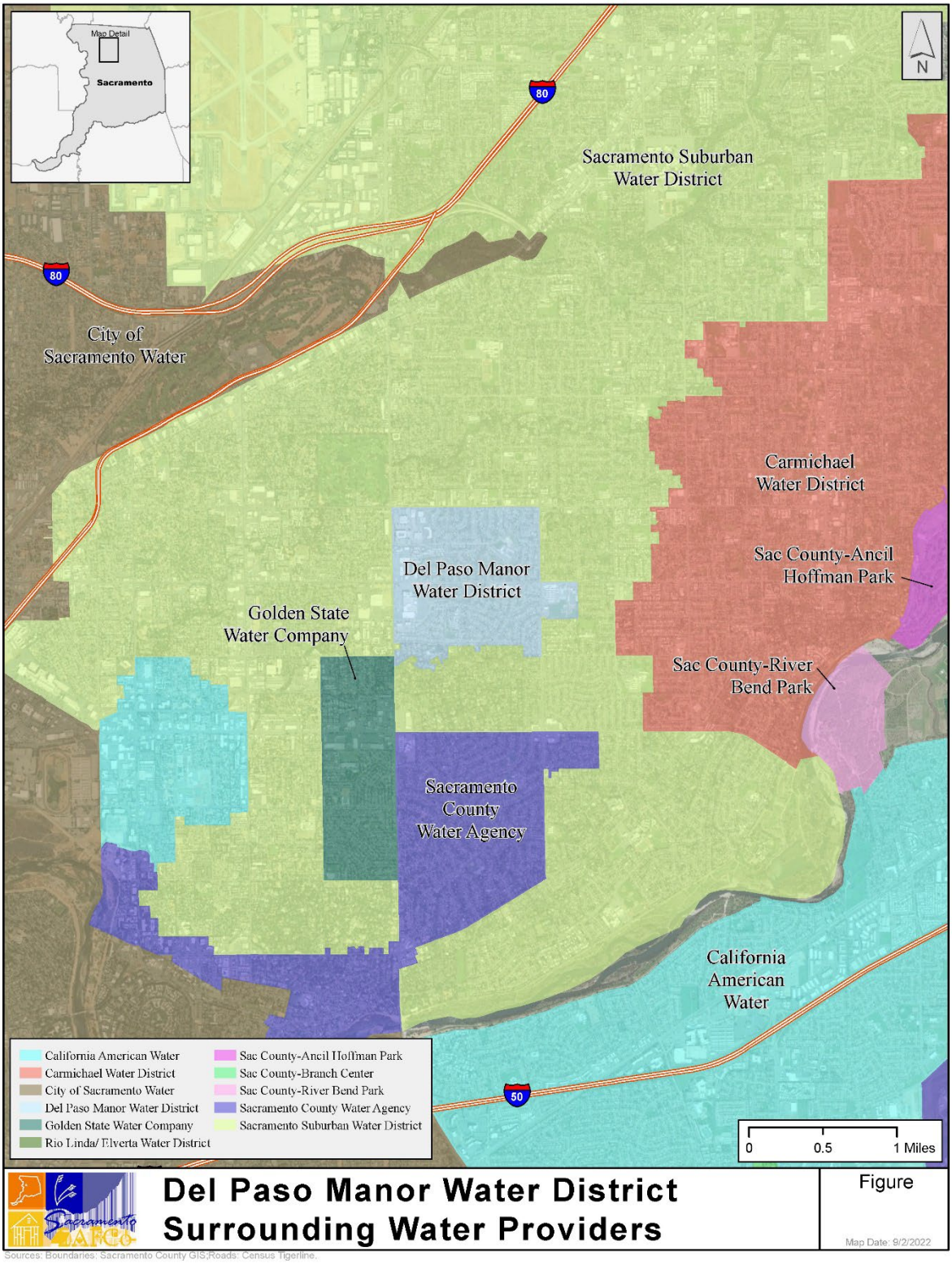
Golden State Water Company

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 an agreement with SSWD for part-time operation and maintenance assistance and on-call/standby staff. 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). 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[20].

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 and 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 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

[20] SWRCB, Funding and Incentives for Consolidation and Regionalization Projects. Updated March 26, 2022. https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/fundingincentives.html

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[21]	FY 21-22	FY 22-23
Revenues					
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
Total Revenues	*$1,938,478*	*$1,789,570*	*Unknown*	*$1,984,600*	*$1,953,883*
Expenditures					
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[22]	$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[23]	$4,300	$9,300[24]	$3,300	$18,000[25]
Conservation	$7,000	$3,350	$3,550	-	-
CIP	$391,038	$473,483	-	$448,300	$1,975,000
Total Expenditures	*$1,563,024*	*$1,579,933*	*$1,100,000*	*$1,537,927*	*$3,845,520*
Gain/ (Loss)	$375,454	$209,637	*Unknown*	$446,673	($1,891,637)
				Beginning Cash Balance	*$3,145,166*
				Ending Cash Balance	*$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.

[21] 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.
[22] Employee Benefits includes the following categories: OPEB, Pers Retirement, Employee Healthcare, and Retiree Health Benefits.
[23] Includes $7,000 in election related expenses.
[24] Includes $5,000 in election related expenses.
[25] 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
Operating Revenue						
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
Total Operating Revenue	*$1,372,379*	*$1,389,987*	*$1,403,722*	*$2,090,168*	*$2,019,969*	*$2,039,174*
Operating Expenses						
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
Total Operating Expenses	*$1,077,963*	*$1,216,259*	*$1,296,897*	*$1,313,581*	*$1,490,677*	*$1,351,133*
Nonoperating Revenue (Expenses)						
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
Total Nonoperating Revenues (Expenses)	*($266,388)*	*($260,840)*	*($253,345)*	*($265,284)*	*($347,796)*	*($164,959)*
Net Gain/(Loss)	**$28,028**	**($87,148)**	**($146,520)**	**$511,303**	**$181,496**	**$523,082**

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
Total Net Position	**$1,769,693**	**$1,556,576**	**$2,067,879**	**$2,249,375**	**$2,772,457**
Change from Previous Year	-	($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 dept 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[26].

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[27]. 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[28]. 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[29].

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 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.

[26] DPMWD, Audited Financial Statements for June 30, 2021 and 2019 – Note D: Long-Term Liabilities. Prepared by Richardson & Company, LLP – Certified Public Accountants.
[27] DPMWD, Audited Financial Statements for June 30, 2021 – Note E: Pension Plans.
[28] HydroScience TM – Section 5.4: Capital Improvement Recommendations. May 26, 2021.
[29] DPMWD, General Manager Personal Communication. May 6, 2022.

5.0 DEL PASO MANOR MSR DETERMINATIONS

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, fire flows will be met.

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

CURRENT RATES & FEES

(All fees noted below are a monthly rate)

Single family flat rates are based on lot size noted below:

Lot Size	Current Rate (eff. 7/1/2018)
0 - 5000 sq ft	26.90
5001 - 8000 sq ft	35.20
8001 - 11000 sq ft	41.40
11001 - 14000 sq ft	47.60
14001 - 17000 sq ft	53.80
17001 - 20000 sq ft	60.05
over 20000 sq ft	60.05 + 2.07 per 1000 sq ft

Multi-resident (ie., duplexes) flat rates are billed at the flat charge per dwelling unit plus a per 1000 square foot of property charge noted below:

Lot Size	Current Rate (eff. 7/1/2018)
5001 - 8000 sq ft	56.90
8001 - 11000 sq ft	63.15
11001 - 14000 sq ft	69.35

Commercial Flat Rate are bill as noted below:

Service Size	Current Rate (eff. 7/1/18)
5/8"	45.50
1"	62.85
1.5"	90.90
2"	184.00

Metered accounts are billed by usage based per 100 cubic feet (748 gallons) plus a Readiness to Serve Charge as noted below:

Meter size	Current Rate (eff. 6/16/2018)
5/8"	15.10
1"	37.80
1.5"	75.60
2"	120.95
3"	226.80
4"	378.00
6"	756.00
8"	1209.60
10"	1738.80
Usage Charge - $1.39 per 100 cu ft or 748 gallons	

All accounts also include a System Maintenance Charge which is for debt service and/or projects described in the Master Plan as noted below:

Service Size	Current Rate
Residential up to 1"	23.05
Residential 1" + (per 1")	23.05
Duplex (each side)	23.05
Extra Tap (per 1")	23.05
Commercial up to 1"	23.05
Commercial 1 1/2"	46.10
Commercial 2"	73.75
Commercial 3"	138.30
Commercial 4"	230.50
Commercial 6"	461.00

Fire Protection Charge is a flat rate amount billed to accounts fire sprinklers inside their building:

Service Size	Current Rate (eff. 6/16/2018)
4"	75.60
6"	151.20
8"	241.90
10"	347.75

Capacity Fees:

Customers requesting a new tap or increasing their tap size are charged capacity fees based on tap/meter size. Apartments also pay a per unit fee.

Size	Current Rate
1"	7,100.00
1.5"	14,200.00
2"	22,720.00
3"	42,600.00
4"	71,000.00
6"	142,000.00
8"	225,600.00
10"	411,800.00
12"	610,600.00

Apartments are charged the above capacity plus a per unit fee: $4,260 per unit

Fire System Capacity charges are:

Service Size	Current Rate (eff. 4/16/2012)
4"	1,500.00
6"	1,600.00
8"	1,700.00

Other Service Charges and Miscellaneous Fees:

Enforcement Action Charge (charge for enforcement of any part of our regulations)**:** $60.00

Failing to provide a change of ownership notice: $60.00

Fire Flow Test: Based on time and material at a rate of $120.00 per hour per man with a minimum charge of $500.00. A deposit of $500.00 is required with the application.

Inspection/Plan Check Fees: $120.00 per hour per man with a minimum charge of $120.00. A deposit is required which will be calculated based on the estimation sheet as part of the application package.

Labor Rate: $120.00 per hour per person

Meter Installation Fee: Based on time and material with a minimum charge of $1050.00

Meter Testing:

a. Up to 1" - $90.00
b. Greater than 1" - $175.00

Replacement of Lockoff device (stolen or broken): $25.00

Returned Check: $30.00

Service Line Locations:

a. Minimum notice of two (2) full working days and work to be accomplished during normal business hours: No charge
b. Less than minimum notice but work to be accomplished during normal business hours: $120.00 per hour per person with a minimum charge of $60.00
c. After hours or on a District holiday (emergencies only): $120.00 per hour per person with a minimum charge of $120.00

Service Restoration Fees: $60.00

Violations of Water Conservation Regulations: Equal to the amount of the monthly water charge for which the violation occurred or $90.00, whichever is greater.