



Del Paso Manor Water District

Spring 2024



Sacramento LAFCo

Information about Sacramento LAFCo and our role with Del Paso Manor Water District

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.

The Del Paso Manor Water District (DPMWD) supplies water to residential and commercial connections. The District has seven wells and utilizes groundwater as its source. In addition, it has 21 miles of water lines, with only one mile of those miles being new. The age of the pipes infrastructure is past its useful life. The overwhelming majority of those water lines are 60-70 years old and should be replaced within the next 20 years.

In 2021, the Sacramento County Grand Jury conducted an investigation of DPMWD that

culminated in a report released in November 2021.

The report concluded that there were "serious concerns with the DPMWD's operational safety and management practices" that were supported by a series of findings.

LAFCo approved a Municipal Service Review that provided information on the well status. The District conducted two additional independent studies with results of the District's wells and fire flow provided in the key point section of this memo.

Due to the numerous infrastructure challenges and the financial status of the DPMWD, LAFCo is utilizing Government Code 56375.1 to initiate dissolution of the district. This will be to ensure adequate water service can be provided to the District's customers and community members.

KEY POINTS

WELLS

The district has two wells that are offline and locked out of the system due to contamination. Although they are considered for use under emergency conditions for fire flows, these wells could not be turned on and operated under emergency conditions in a timely fashion.

FIRE FLOW

Even with all the district's wells, the District cannot meet the requirements to produce Maximum Day Demand (MDD) and fire flows. The inability to meet fire flows on its own and relies on interties to achieve it demonstrate not only a substantial deficiency but also a risk to public health and safety and fire flows.

PROP 218

The rate study used to justify increasing the water rates categorized the list of capital projects that necessary for the effective functioning of the District's water facilities and the Board of Directors prioritized approximately \$9 million in capital infrastructure repairs and replacements.

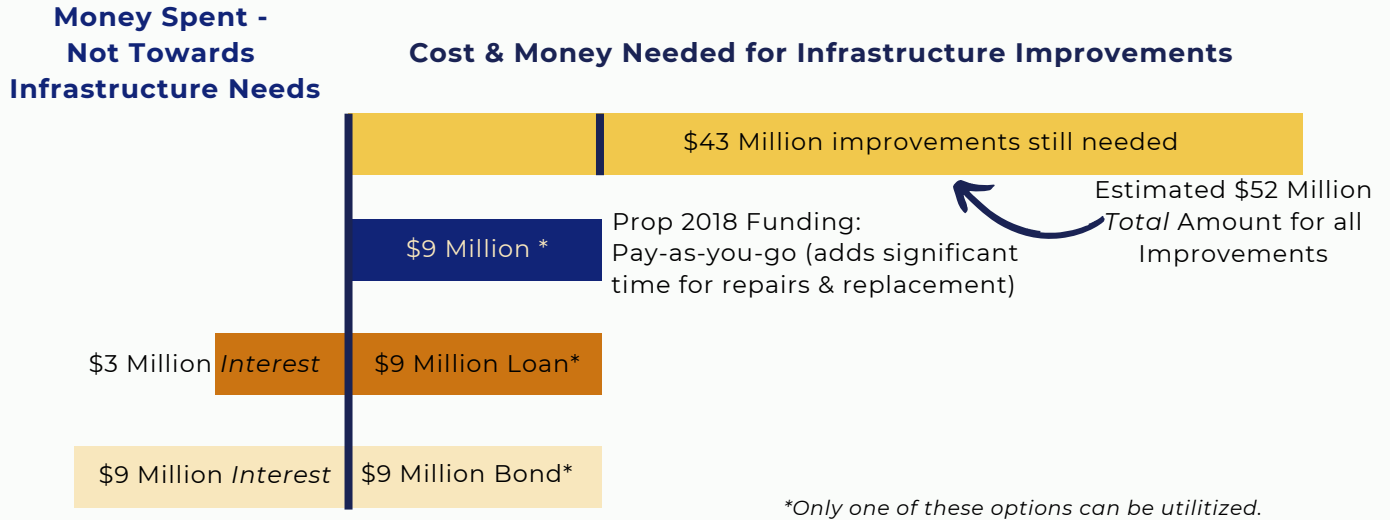
While the ratepayers supported the increase in rates, ultimately the amount of funding now available is less than a quarter of what is needed and the cost of service will increase based on the need for improvements.



Photo of District Map

Financial Situation:

The graphic below is to help identify the District's financial situation and show that the funding available will not be enough to cover the critical infrastructure cost that is needed.



Actions for Consideration:

LAFCo is present the following table to help identify actions that need to be considered with the options available to the District.

	Keep DPMWD	Agency Merger
Goal 1 Meet Clean Water Demand	75% of DPMWD's wells are not fully operational; drinking water is supplied almost entirely by just two wells.	DPMWD is surrounded by Sacramento Suburban Water District (SSWD) and Golden State Water Company , allowing for more flexibility.
Goal 2 Fix Critical Infrastructure	20 miles of leaking pipes are past their useful life. The District will need to find a way to fund meters and meet fire flows to comply with State mandates.	\$111 million dollars is available from the State for a limited time, should DPMWD consolidate with another public water agency. If merged now, rates will likely not be raised.
Goal 3 Keep Rates Low	Rates went up in 2023, but DPMWD still cannot afford to run their operations. Additional, Proposition 218 elections may be needed to raise the necessary revenue to replace the aging equipment and meet future regulatory demands	