

D R A F T

DEL PASO MANOR WATER DISTRICT
MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE

November 3, 2004

*Sacramento Local Agency Formation Commission
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SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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07/01/04

EXECUTIVE SUMMARY

RECOMMENDATION

I recommend that the Sacramento Local Agency Formation Commission adopt the following findings and determinations:

1. The Del Paso Manor Water District provides efficient, comprehensive water services to the residents and visitors of the District and does so in a highly professional and cost-effective manner.
2. The Del Paso Manor Water District collaborates with surrounding water agencies and other local jurisdictions to coordinate water saving programs.
3. Del Paso Manor Water District involvement with local, state and federal agencies to maintain excellent water service provision benefits not only the residents served by the District, but also nearby areas.
4. The Del Paso Manor Water Sphere of Influence shall remain coterminous with District boundaries.
5. Municipal Service Review Determinations:
 - a. Regarding infrastructure needs or deficiencies, the Commission determines that the District currently has no immediate unmet infrastructure needs or existing deficiencies at the current levels of coverage and service response. Del Paso Manor Water District is an effective water district as it relates to water service provision, maintenance and improvement of infrastructure.
 - b. Regarding growth and population projections for the affected area, the Commission determines the District is capable of providing service that includes the growth and population projections, however, the District is built out and growth within District boundaries is not expected to occur.
 - c. Regarding financing constraints and opportunities, the Commission determines that the District has no serious financing constraints at this time. It is impacted by Proposition 13 and 218.

- d. Regarding cost avoidance opportunities, the Commission determines that the District uses its best efforts to take advantage of all reasonable cost avoidance opportunities.
- e. Regarding opportunities for rate restructuring, the Commission determines that the District's Tax Rate Area method of financing is reasonable for providing water services.
- f. Regarding opportunities for shared facilities, the Commission determines that the District shares facilities with outer agencies and continually reviews new opportunities to do so.
- g. Regarding government structure options, including advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines that the District currently provides services primarily to a specific geographic area. While there appears to be considerable merit to the concept of regionalization of water provision services, the Del Paso Manor Water District is operated in a highly efficient manner and consolidation or reorganization with a larger entity will require extensive analysis. It is not the desire of the ratepayers to reorganize the Del Paso Manor Water District.
- h. Regarding evaluation of management efficiencies, the Commission determines the District operates with a high degree of efficiency and professional cooperation with other agencies.
- i. Regarding local accountability and governance, the Commission determines that the District's Board of Directors represents an adequate level of special district accountability and governance.

Introduction

The Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 requires that each Local Agency Formation Commission (LAFCo) prepare Municipal Service Reviews and update Spheres of Influence for all cities and independent special districts within its jurisdiction.

A Sphere of Influence is defined by Government Code 56425 as:

A plan for the probable physical boundary and service area of a local agency or municipality.

A Municipal Service Review is defined by Government Code Section 56430 as:

A means of identifying and evaluating public services.

A Municipal Service Review may be conducted prior to, or in conjunction with, the update of a Sphere of Influence.

SPHERE OF INFLUENCE

Purpose

In order to carry out its purposes and responsibilities for planning and shaping logical and orderly development as well as the coordination of local governmental agencies so as to most advantageously provide for the present and future needs of the County and its communities, the Sacramento Local Agency Formation Commission must develop and determine the Sphere of Influence of each local governmental agency within the County.

Requirements

When adopting, amending or updating a Sphere of Influence, the Commission shall, according to Government Code, do all of the following:

- (1) Require districts to file written statements specifying the functions or classes of services provided.
- (2) Establish the nature, location and extent of any functions or classes of services provided by the districts.

In determining the Sphere of Influence of each local agency, the Commission shall consider and prepare determinations with respect to each of the following:

- (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 they are relevant.

MUNICIPAL SERVICE REVIEW

Requirements

The Commission shall include a written statement of its determinations with respect to each of the following:

- (1) Infrastructure needs or deficiencies.
- (2) Growth and population projections for the affected area.
- (3) Financing constraints and opportunities.
- (4) Cost avoidance opportunities.
- (5) Opportunities for rate restructuring.
- (6) Opportunities for shared facilities.
- (7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service provision.
- (8) Evaluation of management efficiencies.
- (9) Local accountability and governance.

Map

DISTRICT SUMMARY PROFILE

District: **DEL PASO MANOR WATER DISTRICT**
Location: 4268 Lusk Drive
Sacramento, California 95864

Telephone: (916) 487-0419
FAX: (916) 487-8534
e-mail Address: rogernelson@sbcglobal.net

Administrator: Roger Nelson, General Manager
Contact: Debra Sedwick, Office Manager

Staffing: 3 Full Time Employees
2-3 Part Time Employees

Service Provided: Water

Service Area: 1.2 Square Miles

Sphere of Influence: Coterminous with current District boundary.

Population: 4,458

Registered Voters: 2,353

Date of Formation: 1956

Enabling Act: County Water District Law
Water Code 30,000-33,901

Governing Body: Five Member Elected Board of Directors

Total Budget: \$516,806 FY 2004 - 2005

Latent Powers: Fire protection, parks and recreation and sewers.

Primary Revenue Source: Fees for service

Water Source: Eight wells.

Water Demand: 1,440 Acre Feet
Contractual right to surface water from City of Sacramento;
presently not using City water.

Background Information

The Del Paso Manor Water District was established in 1956 for the purpose of providing domestic water to a portion of unincorporated residents. This is an independent special district that serves approximately 1.2 square mile.

District Service Area

The Del Paso Manor Water District contains approximately 640 acres and is surrounded by Sacramento Suburban Water District, formerly Arcade Water District. Del Paso Manor Water District is located in the Arden area, generally bounded by Marconi Avenue on the north, Eastern Avenue on the east, Maryal Drive/ Ione Street/ Winding Creek Road on the south, and Watt Avenue on the west.

The District service area is primarily residential and is nearly one hundred percent developed. The area was built out during the 1950's and 60's. No new significant growth is anticipated in the District's service territory. The District serves approximately 4,458 customers.

Other Service Providers

Land Use:	Sacramento County Board of Supervisors Arden-Arcade Community Planning Advisory Council
Fire Protection:	Sacramento Metropolitan Fire District
Parks and Recreation:	Mission Oaks Park and Recreation District
Cemetery:	Fair Oaks Cemetery District
Solid Waste:	County of Sacramento
Sewer:	Sacramento Regional County Sanitation District County Sanitation District No. 1
Roads/Storm Drainage:	County of Sacramento
Public Transit:	Sacramento Regional Transit District
Mosquito:	Sacramento-Yolo Mosquito & Vector Control District
Police:	Sacramento County Sheriff's Department
Library:	Sacramento Public Library Authority

DISTRICT OPERATIONS & SERVICES

Overview

Del Paso Manor Water District operates and maintains eight wells and related water transmission and distribution systems. In addition, the District has a contractual right to a maximum of 2,460 acre-feet of surface water per year from the City of Sacramento.

The water supply system and facilities are forty to fifty years old. Generally, the infrastructure is in good condition. The annual consumption level for the District is 482,000,000 gallons per year. The water pressure is 50 psi. The District states it has the ability to meet peak demands.

Administration and operation of the District is accomplished by a staff of three full-time employees and part-time help. Large maintenance and construction projects are carried out by contracts with private construction companies.

Water Demand

The annual water demand is 1.35 mgd. Currently, the District can supply all water demand from its wells. During peak demand periods, only three out of eight wells are needed. This leaves five wells available to meet fire suppression demand.

Water Supply

Del Paso Water District relies solely on ground water. The District is currently able to meet daily and annual demand for water from its eight wells. Well depths average 500 feet deep.

Conjunctive use (use of both surface water and ground water) is not in operation at this time. The District has the potential to exercise its water rights with the City of Sacramento when the Fairbairn Treatment Plant and the "Arcade" (Sacramento Suburban Water District) Pipeline expansions are complete.

In addition, the District will need to construct two metering and pressure regulating stations plus some distribution pipeline. The estimated costs of these facilities range between \$150,000 to \$200,000. The importance of conjunctive use is that it will reduce the use of groundwater, reducing negative impacts on the aquifer so that it can recharge.

Water Rates

**ARTICLE 9.
RATES AND CHARGES¹**

900. Rate Schedule. Rates and charges for water service are hereby established as follows:

A. Residential (single family):

<u>Lot Area</u> (Square feet)	<u>Monthly Rate</u>
0 - 5,000	\$ 9.75
5,001 - 8,000	12.75
8,001 - 11,000	15.00
11,001 - 14,000	17.25
14,000 - 17,000	19.50
17,000 - 20,000	21.75
Over 20,000	\$21.75 plus 0.75 per 1,000 sq. ft. over 20,000 sq. ft

B. Residential (multi-resident premises, e.g., duplexes and apartments):

Multi-resident Premises shall be billed at the flat charge per dwelling unit (\$7.85) plus \$0.75 per sq. ft. of property.

C. Commercial Metered Service:

Metered water shall be delivered at a rate of \$0.49 per 100 cu. ft. plus the appropriate Readiness to Serve Charge.

Readiness to Serve Charges:

<u>Meter Size</u>	<u>Monthly Rate</u>
¾" x 5/8"	\$10.80
1"	15.00
1 ½"	21.70
2"	43.90
3"	81.60
4"	132.90
6"	228.70

¹ Effective September 1, 2004. Resolution No. 040802, Revising Water Rate Ordinance No. 3, An Ordinance Establishing Rates, Rules and Regulations for Water Service, dated May 7, 1956. [District rates were last amended on July 1, 2002.]

D. Commercial Flat Rate Service:

<u>Service Size</u>	<u>Monthly Charge</u>
3/4" x 5/8"	\$ 16.45
1"	22.70
1 1/2"	32.85
2"	66.55

E. Water Service Outside District Boundaries:

The charge for water service (including Private Fire Protection Service: outside the boundaries of the District shall be twenty percent higher than the rate for similar service within the District's boundaries.

F. Service and Other Charges:

1. The fee for the District to locate a Service Connection:

(a) Service line location (1) with a minimum notice of two full working days, and (2) with the work to be accomplished between 8:00 a.m. and 4:00 p.m. on a regular workday, shall be at no charge.

(b) Service line location (1) with less than the required minimum notice, but (2) with the work to be accomplished between 8:00 a.m. and 4:00 p.m. on a regular work day, shall at the rate of \$90.00 per hour per person, with a minimum charge of \$45.00.

(c) Service line location with the work to be accomplished between 4:00 p.m. and 8:00 a.m. or on a Saturday, Sunday, or District holiday, at the rate of \$85.00 per person with a minimum charge of \$90.00.

2. District labor shall be charged at the rate of \$90.00 per person per hour per person.

3. District equipment (backhoe/loader) shall be charged at the rate of \$150.00 per hour (with operator).

4. The inspection fee (section 353) shall be \$90.00 per hour per person, with a minimum charge of \$90.00.

5. The service restoration fee (sections 412 and 1201) shall be \$45.00. The minimum meter installation fee (section 500) shall be \$745.00.

6. The enforcement action service charge (section 412) shall be \$45.00.
7. The penalty under citation for violating the water conservation regulations (section 414) shall be equal to the amount of the monthly water charge to the premises for which the violation occurred for the month in which the violation occurred, or \$65.00, whichever is greater.
8. The deposit for testing a meter (section 505) shall be \$65.00 for up to a one-inch meter, and \$125.00 for any meter greater than one-inch.
9. The monthly rate for Private Fire Protection Service (section 704) shall be:

<u>Meter Size</u>	<u>Monthly Rate</u>
4"	\$29.65
6"	44.35
8"	59.35
10"	74.40

10. The charge for Temporary Water Service (section 505) supplied through a fire hydrant (section 801) shall be, at the option of the District, (a) at the rate of \$0.75 per 100 cubic feet, with a minimum charge of \$12.35, and (b) a flat rate of \$45.00 for a Temporary Water Service permit, which shall be in effect for a maximum of one year. There shall also be a charge of \$90.00 per meter for installing and removing a temporary meter to a hydrant, and a \$45.00 charge for each additional move of a meter from one hydrant to another. A refundable deposit of \$625.00 for the meter shall also be charged.

11. The charge for a returned check (section 1104) shall be \$30.00.

12. The charge for failing to provide the District actual notice of a change in ownership (section 1206) shall be \$45.00.

G. Revision of Fees and Charges:

Any charge of fee provided for in this Ordinance is subject to revision at any time by resolution of the Board of Directors.

Water Quality

New mandates for improved water quality may impact treatment costs. To date, the District currently meets state and federal drinking water standards. With the assistance of the California Rural Water Association, the District has completed and submitted a Drinking Water Source Assessment and Protection [DWSAP] Report for its Board of Directors, United States Environmental Protection Agency and the California Department of Health Services.

Infrastructure

Production (Wells)

Wells are monitored and maintained. Regular motor, pump and well overhaul costs are under \$25,000 annually and the regular maintenance program is provided for in the annual budget. Wells are tested by Sacramento Municipal Utility District annually for both motor condition and pump efficiency. Maintenance needs are performed as needed. Three of the eight wells are equipped with an alternate power source. These three wells have a combined production capacity of 2,500 gpm, which is adequate to meet average service demands.

Distribution System (Pipes)

The Del Paso Manor Water District has 1782 connections. Of the approximately 120,000 feet of distribution main, the District owns and maintains approximately 21,800 feet of steel water mains. Approximately 3,250 feet is two inch galvanized steel, which serves approximately 60 homes; the remainder is four to eight inch welded steel, which serves approximately 300 homes.

The welded steel pipe has held up well. These water mains were installed between 1948 and 1953. Eventual replacement will be required at some point. It is likely new lines will be relocated into the street. Leaks are repaired as necessary and portions of the steel main are replaced as required. Approximately 4,000 feet of the steel mains have been mortar lined. The District states it has no deferred maintenance. System upgrades are made during maintenance work to improve system reliability.

Meters

The District does not *currently* meter residential customers. As a signatory to the Water Forum Process, the district has committed to an on-going program that will complete and implement a residential meter retrofit by year 2030. Commercial accounts are metered.

The current cost of meter retrofit is estimated to be \$500 to \$800 per meter, for a total cost in Del Paso Manor Water District between \$150,000 and \$240,000. The estimated cost to replace the distribution lines would be approximately \$1,620,000.

Interconnections

The District has three interconnections with adjacent water purveyors that allow either utility to share water during emergencies.

Budget

The operating budget for 2004-2005 was \$518,806. The District has retained earnings of \$848,211 of which the District has a cash reserve of \$659,646. Net assets have a book value of \$309,492.

Conservation Efforts

The district has had an active conservation program since the mid 1970's. We have supported regional and statewide conservation programs. As a signatory to the Water Forum Process, we have committed to conservation BMP's that include public and school outreach programs. We have an active patrol program during the summer months to educate customers on wise water use practices. We participate in local homeowners association fairs and meetings and local school fairs to promote water conservation. We provide our customers with climate appropriate landscape design, plants and irrigation information as well as send out pre-season and post-season reminders with their bills.

Water Planning

The Del Paso Manor Water District is a member and participant of the Water Forum Successor Effort. The District also participates in the Sacramento Groundwater Authority and Regional Water Authority for future water planning.

MUNICIPAL SERVICE REVIEW

I. INFRASTRUCTURE, FACILITIES/ GROWTH AND POPULATION PROJECTIONS.

The Del Paso Manor Water District should not experience any new growth because there is not any significant undeveloped territory within the District. The District has sufficient capacity to meet its current and projected demand. The District maintains both wells and pipeline on an ongoing basis and has not deferred maintenance work. Eventually, transmission and distribution lines will need to be replaced.

II. EVALUATION OF MANAGEMENT EFFICIENCIES.

The District does not have extensive overhead because of its small and efficient size. The employees, including the General Manager, perform many different duties. The District has developed training programs and employees maintain required certification.

III. FINANCING CONSTRAINTS AND OPPORTUNITIES/ OPPORTUNITIES FOR RATE RESTRUCTURING.

The District relies solely on user fees for service to cover the expenses of District operation. A significant portion of the budget is for labor to operate the system. The District has no outstanding debt; no outstanding bonds. Rates and fees were last adjusted on *September 1, 2004*. Compared to surrounding water districts, the Del Paso Manor Water District rates are relatively low.

IV. OPPORTUNITIES FOR SHARED FACILITIES/ COST AVOIDANCE OPPORTUNITIES.

The Del Paso Manor Water District participates with the Water Forum Successor Effort, the Sacramento Groundwater Authority, and the Regional Water Authority. The District has also entered into mutual aid agreements with Sacramento Suburban Water District and Carmichael Water District. The District has excess production capacity to meet demand during emergencies. This excess capacity can be used by adjacent water districts during emergencies.

V. GOVERNMENT STRUCTURE OPTIONS/ ACCOUNTABILITY AND GOVERNANCE.

The Board of Directors consists of five members which reside within the boundaries of the Del Paso Manor Water District. The Directors are elected at large and serve four-year terms. The District holds one Board meeting per month and encourages public participation. In addition, the District works with local homeowner associations on water conservation programs. Since the District is small, the District has a unique and extremely close relationship with its customers. The District, along with other water agencies, was recently investigated by the Sacramento County Grand Jury. Their report indicated no negative issues.

SPHERE OF INFLUENCE UPDATE

Staff recommends no change in the Sphere of Influence for the Del Paso Manor Water District. The Sphere of Influence should remain at District boundaries at this time.

PB:Maf

Attachments: MSR Questionnaire
District Mission Statement
Organization Chart
Budget