


SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

October 5, 2011

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer 

RE: FINAL MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR DEL PASO MANOR WATER DISTRICT (LAFC 02-11) (CEQA: Exempt)

RECOMMENDATION

1. Receive and File the Del Paso Manor Water District Final Municipal Service Review with Determinations and Sphere of Influence Update; and
2. Adopt Resolution 2011-16-1005-02-11 Approving the Final Municipal Service with Determinations and Sphere of Influence Update for Del Paso Manor Water District.

DISCUSSION:

On August 3, 2011, the Commission reviewed and heard public testimony on the Draft Municipal Service Review and Sphere of Influence Update for the Del Paso Manor Water District. The Draft MSR has been posted on the Commission website, and distributed to affected agencies and interested parties. No comments were received.

This Final Municipal Service Review is the result of collaboration with Del Paso Manner Water District. Your staff recognizes and appreciates the District's cooperation and their ongoing responsiveness to keep your Commission and the public informed.

RESOLUTION No. LAFC 2011-16-1005-02-11

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

***MAKING DETERMINATIONS FOR THE DEL PASO MANOR WATER DISTRICT
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE***

WHEREAS, the Executive Officer presented the Draft Municipal Service Review for Del Paso Manor Water District on August 3, 2011 and set a public hearing for October 5, 2011, for consideration of the Final Municipal Service Review and Sphere of Influence Update; and

WHEREAS, at said hearing, the Sacramento Local Agency Formation Commission reviewed and considered the Executive Officer's Report and Recommendation, each of the policies, priorities and factors set forth in Government Code Sections 56425 et. seq. and Sacramento LAFCo policies, procedures and guidelines; and

WHEREAS, during the public hearing, an opportunity was given to all interested persons, organizations and agencies to present oral and written testimony and any other information concerning the proposal and related matters; and

WHEREAS, the Sacramento Local Agency Formation Commission adopts this Resolution Making Determinations,

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Sacramento Local Agency Formation Commission as follows:

1. The foregoing recitals; and each of them, are true and correct.
2. The Sacramento Local Agency Formation Commission adopts the recommendations set forth in the Municipal Service Review and Sphere of Influence Update for the Del Paso Manor Water District as set forth in Exhibit "A" attached hereto and incorporated herein.
 - a. Del Paso Manor Water District provides efficient and adequate water service to its customers within its service territory. The Sphere of Influence shall be coterminous with District boundaries.
3. The Sacramento Local Agency Formation Commission makes the following written determinations:
 - a. **Regarding growth in population expected for the District area:**

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes 100 percent groundwater to meet the demands of its customers. The service population demand is not expected to grow significantly. New growth will

primarily result from reuse and infill development activity. Water pressure and water quality meet federal and state requirements for safe drinking water.

b. Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the Del Paso Manor Water District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

c. Regarding financial ability of the Del Paso Manor Water District to provide services:

The Commission determines that Del Paso Manor Water District has sufficient rates to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan. The District complies with the requirements of Proposition 218 to establish rates.

d. Regarding status of and opportunities for, shared facilities:

The Commission determines that Del Paso Manor Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

e. Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board. Directors are elected at large by the voters of the District.

f. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

BE IT FURTHER RESOLVED that Resolution No. **LAFCo 2011-16-1005-02-11** was adopted by the **SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**, on the **5th day of October 2011**, by the following vote, to wit:

	Motion	2nd					
Christopher Tooker	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Gay Jones	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Charles Rose	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Roberta MacGlashan	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Robert Jankovitz	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Jimmie Yee	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Steve Cohn	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	

Commission Vote Tally	Aye _____	No _____	Absent _____	Abstain _____
Passed	Yes _____	No _____		

By:

Gay Jones, Vice Chair
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

ATTEST:

Diane Thorpe
Commission Clerk

Attachments: Exhibit A – Del Paso Manor Water District Final MSR and SOI Update

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

(LAFCo 02-11)

October 5, 2011

**Sacramento Local Agency Formation Commission
1112 I Street, Suite #100
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SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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Peter Brundage, Executive Officer
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Diane Thorpe, Commission Clerk
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EXECUTIVE SUMMARY

RECOMMENDATION

Staff recommends that the Sacramento Local Agency Formation Commission accept the Final Municipal Service Review for Del Paso Manor Water District and make the following determinations:

1. Del Paso Manor Water District provides efficient and adequate water service to its customers within its service territory. The Sphere of Influence shall be coterminous with District boundaries.
2. Municipal Service Review Determinations:

- a. **Regarding growth in population expected for the District area:**

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its District boundaries. The District uses 100 percent ground water. The service territory is not expected to grow significantly and new growth will primarily result from reuse and infill development activity.

- b. **Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:**

The Commission determines that the Del Paso Manor Water District currently provides adequate services and facilities in the unincorporated areas of Arden Arcade. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District is in the process of establishing a rate structure and capital improvement program to facilitate a sustainable water system.

- c. **Regarding financial ability of the Del Paso Manor Water District to provide services:**

The Commission determines that the Del Paso Manor Water District has sufficient rates to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan. The District complies with Proposition 218 to establish rates.

d. Regarding status of and opportunities for, shared facilities:

The Commission determines that Del Paso Manor Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

e. Regarding accountability for community service needs, including governmental structure and operational efficiencies:


The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board elected at large.

f. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

Respectfully Submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage
Executive Officer

MUNICIPAL SERVICE REVIEW REQUIREMENTS

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 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.

Requirements

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

- (1) Growth and population projections for the affected area;
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies;
- (3) Financial ability of agencies to provide services;
- (4) Status of, and opportunities for, shared facilities;
- (5) Accountability for community service needs, including governmental structure and operational efficiencies; and
- (6) Any other information as requested by the Commission.

MUNICIPAL SERVICE REVIEW INFORMATION

DISTRICT PROFILE:

March 15, 2011

Agency Name: Del Paso Manor Water District

Date Established: 1956

Address: 4268 Lusk Drive, Sacramento, CA 95864

Website: None

Telephone: 916-487-0419 Fax: 916-487-8534

Administrator Name: Debra Sedwick

Title: General Manager

Name of Contact: Debra Sedwick

Contact's E-mail Address: debrasedwick@sbcglobal.net

Agency's Principle Act: County Water District Law, Water Code sections 30000, et seq.

Services Provided: Del Paso Manor Water District provides potable drinking water to all residents and businesses located within our service boundaries.

Latent Powers: Under the water code, The District have wastewater collection, treatment, and disposal; generation and distribution of hydroelectric power; solid waste collection and disposal, fire protection services. However, we do not exercise any of these latent powers.

Governing Body: Five Member Board of Directors, elected at-large

Total Number of Employees: 4 regular and 2 temporary/seasonal, all are unrepresented.

Acreage/sq. Miles within Agency: 1.3 square miles.

Total Population within Agency: 4,458 per the 2000 census

Total Registered Voters within Agency: 2,806 per the 2010 election.

INTRODUCTION:

Background Information:

The Del Paso Manor Water District is an Independent Special District.

- **Mission:**

To provide a safe and reliable supply of water at a reasonable cost.

- **Setting:**

See Attachment 1

History:

The District was formed in 1956. The District was established to provide domestic water service to a portion of residents in the Arden/Arcade community in the unincorporated area of Sacramento County.

Services Provided:

See above.

Management and Staffing Structure:

Management:

The General Manager, Debra Sedwick, was appointed by the Board of Directors to carry out the day-to-day activities of the District. Debra Sedwick has been with Del Paso Manor Water District since June 1988 and was appointed to the General Manager position in December 2006.

Employment Structure:

The District currently employs three additional employees and two temporary/seasonal workers. None of the employees are represented by a union.

Organization Chart:

Please see attachment 2

- The type and purpose of contracts and consultants:

Del Paso Manor Water District contracts with outside consultants for engineering services, major construction, equipment purchases, and repair

services for large equipment. The purpose of these contracts is to fulfill our mission of providing a safe and reliable water supply and strategic plan.

- Describe purchasing process and competitive bidding practices:

The Del Paso Manor Water District solicits bids for all construction contracts unless an emergency precludes such. The District's small quantity supply purchases do not go through the bidding process due to the minimal costs associated with such purchases.

- Please feel free to mention any awards or recognition the agency has received:

The District has received the following awards and recognition since our last Municipal Service Review:

1. Best Tasting Water in California award from the California Rural Water Association in 2005.
2. Resolution from the Sacramento County Board of Supervisors congratulating the District on the excellence of our water and on being awarded the Best Tasting Water in the State of California in April 2006.
3. CalPERS Spotlight on Excellence Award in 2006.
4. Best Tasting Water in California award from the California Rural Water Association in 2007.
5. Most Creative Float Award in the Arden Arcades 4th of July parade in 2008.
6. Our "Pedal Conservation Patrol" received a write up in the California Rural Water Association quarterly magazine because of the uniqueness of the program, conserving water and gas in 2009.

- Describe ongoing training and personnel policies:

Del Paso Manor Water District requires training for all of their employees and Board of Directors on a regular basis. The District feels that training is essential to meet our goals as well as promote professional enrichment to its employees. Certified operators are required to have continuing education in order to keep their certifications current. The District assists by allowing employees attend training sessions. The District pays or reimburses employee for costs associated with this required training. The District encourages employees to further their education in areas that are beneficial to the District and will reimburse an employee for the cost of tuition and books for such activities.

Also, the District participates with an on-line company called Target Safety that provides safety and water related on-line water related courses; we regularly “assign” courses for employees to take to assure that they are receiving training. Our Board of Directors receives Ethics Training and Sexual Harassment Prevention Training for Manager every two years minimum.

In addition, we encourage the Board to attend outside training courses to assist them in becoming better board members and to become familiar with water issues affecting our region and state.

- Are salaries, pay scales, and benefits comparable/competitive with regional and industry standards:

Yes. The District regularly updates its job descriptions and performs a salary/benefit survey to assure that pay is competitive within the area. Our last review was completed in October 2010.

- Describe pension system and practices:

Del Paso Manor Water District participates in the CalPERS retirement system with the 2% at 55 formula. We also contribute to Social Security. We offered two deferred compensation programs, ING and CalPERS; however, this is 100 percent employee participation.

- Describe financial reporting and auditing practices:

The District prepares annual financial statements, operating and capital budgets, and is audited by an independent auditor. The audit is conducted in accordance with governmental auditing standards generally accepted in the United States of America. The audit also looks at internal controls. In addition, the District prepares a financial snapshot and an expense listing for the Board to review each month at its regular Board meeting.

Annual financial statements and other related disclosures are set to the State Controllers office, the County of Sacramento Auditor-Controllers office, Bank of New York Mellon Trust per our bond covenants, and Standard & Poor’s credit rating agency.

- Is the organization structure similar with like service providers?

Yes.

MUNICIPAL SERVICE REVIEW INFORMATION AND DETERMINATIONS

1. Growth and Population Projects (This provides the public with a “snapshot” of your community).

- Please provide growth rate and population projections:

Del Paso Manor Water District is completely built out and is expected to remain steady. The District does not expect any significant “rebuild” of parcels in the District that would result in an increase in population.

- What is the current level of demand for services:

The District has seen a decline in water use over the last several years, especially in the last two. In 2010, our production total was 1,409 acre feet of water or 1.26 million gallons per day. Our past five-year average demand is 1,563 acre feet per year or 1.4 million gallons per day.

- What is the projected demand for services:

Water demand is highly dependent on weather conditions. The last two years we have had fairly cool and wet conditions which assisted with keeping our water demand down. Del Paso Manor Water District encourages efficient use of water and has a very active conservation program which also account for some of the decrease in demand. Over the last 15 years, we have seen a continuous decrease our usage. The Governor’s 20x2020 Plan calls for a 20 per cent reduction by the year 2020 for “urban” water purveyors. Although, Del Paso Manor Water District is not considered an “urban” water purveyor by definition, we project our demand to decrease to at least 1363 acre feet per year by 2020 which will meet the requirement of this 20x2020 plan.

- What is the current and projected water supply:

The current water supply is groundwater. The District’s Master Plan calls for conjunctive use by 2025. The Sacramento Groundwater Authority has projected that our “conjunctive use goal” to be a little less than 200 acre feet per year. Del Paso Manor Water District continues to monitor the groundwater basin and will continue working on bringing the conjunctive use plan to fruition.

The District does have contracted rights for 2,460 acre feet of water with the City of Sacramento. Per the contract is water must be used in “Area D”. The use of this water is subject to “Hodge” flows.

- Please provide any other information relevant to planning for future growth or changing demographics:

The District completed the development of a District Master Plan which reviewed and discussed future growth potentials and changing demographics. The Plan addresses replacement of aging infrastructure in the water system in order to

continue to provide a safe and reliable water supply for generations to come. The Plan also addresses the installation of water meters to meet state laws.

2. Facilities and Programs

A. Facilities:

Summary of Facilities

NAME	LOCATION	SIZE (Acres)	AMENITIES/SPECIAL FEATURES	DESCRIPTION
Well #2	2715 Avalon Dr.	.14		Well site
Well #3	4110 Lusk Dr.	.08		Well site
Well #4	3814 Lusk Dr.	.07		Well site
Well #5	3705 Kings Way	.04		Well site
Well#6 & Office	4268 Lusk DR.	.26	Well pump ran by natural gas engine.	Well site & Office location
Well #7	2324 Butano Dr.	.03		Well site
Well #8	Watt Ave. & El Camino Ave.	.04	Alternate Propane Power at site.	Well site
Well #9	2701 Avalon Dr.	.14	Enclosed Pump House – New 2011	Well site

Facilities Map – See attachment 3

Present and Planned Capacity of Public Facilities

- What is the current and projected supply service capacity?

As of March 2011, the current supply capacity is 4,875 gpm. This District has drilled a new well to replace a 65 year old well and it is projected to go on-line in May 2011 which will add 1,500 gpm to give the District a capacity of 6,375 gpm. The District’s Master Plan calls for drilling three additional wells at 1,500 gpm to replace old wells with an average of 500 gpm capacity.

- What is the level of adequacy of services and facilities to serve current and future populations?

The services and facilities of the District are completely adequate to serve the current and future population of the District. The District has addressed aging infrastructure by adopting a Master Plan that calls for full replacement of the District's facilities by 2025. The District has begun implementing the Master Plan last year.

- What Performance Measures are used by the District to determine service adequacy?

The District monitors the system daily to assure that the service is adequate. We have routine monthly tests of our back-up power supplies to assure that they are in good working order in the event of a power outage. The District logs all leaks in order to determine if there are any "weak" areas of the District; we have not found any yet. We also monitor our performance by responses to our customer service. Complaints are logged and reported to the Board of Directors at each Board meeting. We also report all letters of support and compliments of service at each Board meeting.

- Demonstrate the District's ability to meet water quality standards.

The District meets or exceeds all State and Federal water quality standards. Each year we provide a Consumer Confidence Report to our customers that shows the quality of the water within the District. Please see Attachment 4 for the report that was sent out in June 2010.

- Describe District's water supply sources and conjunctive use efforts. (Percent groundwater/percent surface water).

The District's water supply is currently 100 percent groundwater. Our average demand is approximately 1,550 acre feet, with the last two years being at or below 1500 acre feet. This District does have contracted surface water rights of 2,460 acre feet but the water must be used in area "D" and is subject to "Hodge" restrictions which does not make it available every year. The District Master Plan addresses conjunctive use with several options that will be investigated further.

- Describe water pressure and fire flows.

The District's operating pressure in the distribution system is 50 to 55 psi. There are eight wells within the District that are set up on automatic demand/pressure so if the pressure drops in an area, another well will automatically turn on to keep system pressure at 50 to 55 psi.

Del Paso Manor Water District maintains fire flows per the requirements of the Sacramento Metropolitan Fire District. Fire flow tests are run on a periodic basis throughout the District to assure that we are meeting the minimum requirements. Although, the District fire hydrant placement is up to code, the District's Master

Plan calls for installing more fire hydrants and replacing small wharf hydrants with larger dry barrel hydrants as the water mains are replaced.

- Describe water leaks and interruptions.

The majority of the District water mains are along the backyard easements. In 2010, Del Paso Manor Water District had a total of 43 leaks; 35 were service line leaks caused by corrosion, customers or contractors breaking them, or tree roots which are the customer's responsibility to repair. The remaining 8 leaks were main breaks, the majority caused by tree root displacement, were the District's responsibility to repair or replace.

- Describe compliance with the Water Forum Agreement.

Each signatory to the Water Forum Agreement has a Purveyor Specific Agreement. Del Paso Manor Water District is in compliance with our Purveyor Specific Agreement.

- Describe drought preparedness and emergency plans.

The Del Paso Manor Water District has a Drought and Water Shortage Plan that was revised in April 2010. The District also has an Emergency Response Plan to provide guidance to staff in the event of an emergency. This plan was last updated in December 2007. We review every five years or sooner if there is a change in staff. District staff also participates with area water districts in table-top response exercises.

Infrastructure Needs or Deficiencies/Capital Improvement Program

Provide the following information for wells, distribution lines, transmission lines, storage facilities, treatment facilities, and any other related infrastructure.

- Describe the District's Capital Improvement Program, as applicable.

The District's Master Plan that was adopted in August 2009 addresses the District's aging infrastructure, adding SCADA to our system, and the installation of meters. In the Master Plan, we refer to these Capital Improvements as Planned System Maintenance since we are completely built out.

- Describe deferred maintenance.

The District has always had a policy to address any maintenance issue as it arises. If a leak occurs, a repair is generally made with a repair band. If a second leak occurs in the same area, the District replaces the pipe with new pipe. This policy has kept the District from "deferring" any maintenance. However, with the

Master Plan, the District is taking a proactive approach by addressing the replacement of infrastructure before it fails.

- Describe policies and practices for depreciation and replacement of infrastructure.

Currently the District does not fund depreciation but has discussed this practice and is investigating if this practice would benefit the District. As mentioned before, in 2009, the District developed a plan to address the aging infrastructure within the District with full replacement by 2025.

- How will new or upgraded infrastructure and deferred maintenance be financed?

The Master Plan calls for the replacement of all infrastructure, the addition of SCADA, and the installation meters in five 4-year phases. The first phase was financed by Certificates of Participation. We expected most work to be financed in a similar fashion, however, we some will be on a pay-as-you go basis. The District will also investigate any grant funding that may be available for our projects.

- List infrastructure deficiencies, if any; indicate if deficiencies have resulted in permit or other regulatory violations; if necessary, explain how deficiencies will be addressed.

Fortunately, the only deficiency that Del Paso Manor Water District has is infrastructure that has outlived its useful life. However, we have addressed these issues with a plan to resolve. Del Paso Manor Water District has not had any deficiencies that have resulted in permit or other regulatory violations.

- Provide evidence of compliance with applicable regulatory standards.

The District complies with all regulatory drinking water standards. The District maintains permits with the State Department of Public Health, Sacramento County, the Sacramento Regional Air Quality Management District, and the Regional Water Quality Control Board. All District projects have conformed to CEQA requirements.

B. Programs

Describe water meters, water conservation efforts, urban groundwater management planning efforts, public education and outreach, and any other applicable program.

Summary of Programs

Program Name	Location	Size	Description
Water Forum Conservation Element	District, Regional, and State		Various BMP's to reduce water use.
RWA Water Efficiency Program	District and Regional		Various programs and RP effort to assist in reducing water use
DPMWD Conservation Program	District		We have an active patrol, a landscape watering assist program, and a school program.

3. Financial Information

Budget

See Attachment 5.

Revenue

- Describe all revenue sources (i.e. property taxes, special taxes, service charges, fees, rentals, assessments, grants, etc.).

The District revenue sources are from customer payments for water service and other charges such as delinquent fees, re-connection fees, or service charges.

Rates, Fees, Charges, and Assessments

- Describe rate setting methodology.

Rates and charges for water service for Del Paso Manor Water District are set by the Board of Directors but are subject to the requirements of Proposition 218 including notice, hearing and the majority protest provisions.

When determining rates, the Board looks at our operating expense, debt service, debt covenants and then compares our rates with area water purveyors. Our last rate increase went effective in April/May 2010 and includes an adjustment each year through 2012.

- Explain constraints associated with agency’s ability to generate revenue. What options are available – special assessments/special taxes/increases in sales tax/impact fees/grants, etc.?

Del Paso Manor Water District is constrained by the limitations provided by Proposition 218. To date, the rate payers of Del Paso Manor Water District has not protested any rate increase to a high degree; the last increase generated only 4 written protests. Special fees, assessments, and taxes also have limitations within the Government Code and California Constitution. The District does not have the authority to increase sales tax.

- Please provide a comparison of rates and charges with similar service providers.

Del Paso Manor Water District residential customers are currently flat rate based on lot size. The comparison below compares the monthly rate for a 1” service on a lot that is 8000 square feet and includes any “capital improvement” charges they may be added to monthly bills.

As of March 15, 2011:

<i>District</i>	<i>Flat Rate</i>
County of Sacramento	\$33.32
Del Paso Manor Water District	33.80
Fair Oaks Water District	43.33
Citrus Heights Water District	44.76
Carmichael Water District	56.07
Sacramento Suburban Water District	76.83

Expenditures

- Describe the agency’s service levels compared to industry standards and measurements.

Del Paso Manor Water District provides outstanding service to it’s customers that is equivalent to or better than industry standards.

- Describe the cost of service compared to industry standards and measurements.

The District’s operating budget for fiscal year 2010-2011 is approximately \$747,000 without debt service and \$1.1 million dollars with debt service. If rates for service are used to determine industry standards, Del Paso Manor Water District costs are within the industry standard.

Assets, Liabilities, Debt, Equity, and Reserves

- Provide the Book Value of Assets

As of June 30, 2010: \$1,430,532.

- Provide a list of equipment, land, and other fixed assets.

Please find enclosed a copy of our Property List used for insurance purposes. All well sites are on land owned by the District; the size of parcels are mentioned in Summary of Facilities.

- Provide a summary of long term debt and liabilities.

In August 2010, the District issued \$5,615,000 of Certificates of Participation. The average annual debt service is approximately \$365,000. As of June 30, 2010, our current liabilities were \$48,000.

- Explain the agency's bond rating; discuss reason for rating. Discuss amount and use of existing debt. Describe proposed financing and debt requirements.

The District asked Standard & Poor's for a bond rating for our recent COP offering. Standard & Poor's gave the District an "A" rating. Given that we had no debt history for over 20 years and the size of the District, we were very pleased to see an "A" rating. As mentioned before, the existing debt is \$5,615,000; it is being used for the first phase of our Master Plan which calls for replacement of aging wells, replacement of some distribution mains, replacement of aging electrical panels at other well sites, and the addition of SCADA. The requirement with this debt is for net revenues to be 120% of our operating and debt expense.

- Describe policies and procedures for investment practices.

The District has conservative policies for investment of funds. Currently, all reserve funds are invested with the Local Agency Investment Fund.

- Describe policies and procedures for establishing and maintaining reserves/retained earnings.

The District maintains the reserves in the Local Agency Investment Fund for short-term operating needs, emergency repair of infrastructure (if needed), regulatory changes, contractual obligations (including bond covenant requirements), and any other unforeseen needs that may arise.

Summary of Revenue Sources

Fiscal Year	2006/07	2007/08	2008/09	2009/10	Projected
Charges of Service	631,464	745,270	743,077	792,957	1,173,236
Property Taxes	N/A	N/A	N/A	N/A	N/A
Interest	28,118	28,384	15,550	5,485	1,200
Rental Income	N/A	N/A	N/A	N/A	N/A
HPTR	N/A	N/A	N/A	N/A	N/A
In-Lieu Fees	N/A	N/A	N/A	N/A	N/A
State & Fed. Grants	-0-	-0-	-0-	-0-	-0-
Grants	-0-	-0-	-0-	-0-	-0-
Miscellaneous	15,742	1,557	126,299	4,693	3095
Fund Balance Available	Proprietary Fund	Proprietary Fund	Proprietary Fund	Proprietary Fund	N/A
Total	675,324	775,211	884,926	803,135	1,177,531

N/A – Not Applicable

Summary of Expenditures

Fiscal Year	2006/07	2007/08	2008/09	2009/10	Projected
Salaries & Wages	233,521	216,547	222,429	247,012	264,587
Services & Supplies	367,763	391,736	444,075	421,195	482,117
Long-Term Debt	-0-	-0-	-0-	-0-	341,962
Capital Improvements ¹	Rates & Fees	Rates & Fees	Rates & Fees	Rates & Fees	Debt
Equipment	Included in Supplies	Included in Supplies	Included in Supplies	Included in Supplies	Included in Supplies
Contingency ²	Debt is Variable	Debt is Variable	Debt is Variable	Debt is Variable	
Total	601,284	608,283	666,504	668,207	1,088,666

1. Identify Sources of Funding
2. Fixed or Variable

Summary of Financial and Operational Information

	2009/10
Population	4458
Area Served	Portion of Arden/Arcade
Developed Real Estate	1.3 Sq. Miles
Undeveloped Real Estate	-0-
Service Standard Ratios	1 employee per 450 connections
Full Time Employees	4
Average Part-time Employees	2

Total Annual Budget	\$1.1 operating & debt
Per Capita Spending	\$262/yr. inc. debt service
Total Annual Administrative Costs	\$362,585
% Annual Administrative Costs to Total	48% of operating costs
Estimated Deferred Maintenance	\$0
Average Capital Improvements (5 years)	\$7.5M
Reserve Amount	\$620,000
Operational Cost per Employee	\$186,676
Average Property Tax Rate	none

4. Status of and Opportunities for Innovation and Shared Facilities

- a. Describe existing and/or potential shared facilities, infrastructure, and staff. Describe any joint power agreements or other agreements for sharing resources with other agencies.

Del Paso Manor Water District has Mutual Aid Assistance agreements with Sacramento Suburban Water District and Carmichael Water District. These agreements provide each agency to ability to obtain water in the event of an emergency, assistance for water line repairs, use of or sharing of equipment including an operator, borrowing of materials, and use of personnel as needed in the event of an emergency or if additional help is needed. In addition, the District has 2 interties with Sacramento Suburban Water District to give the ability to receive water from another agency in the event of an emergency.

- b. Describe existing and/or potential joint use planning.

The District participates with the following groups for joint use planning: Regional Water Authority (RWA), Sacramento Groundwater Authority (SGA), Sacramento Water Forum (WF), and Sacramento Water Works Association (SAWWA).

- c. Describe existing and/or potential duplication with existing or planned facilities or services with other agencies.

Del Paso Manor Water District does not have or plans to have a duplication of facilities. The facilities of DPMWD have the capacity to serve the customers within the District boundaries and to meet required fire flows.

- d. Describe availability of any excess capacity to serve customers or other agencies.

Del Paso Manor Water District does not have the capacity to provide service to another agency on a continuous basis. We can provide in the event of an emergency and have agreements in place to do so with neighboring agencies.

- e. Describe any economies of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.

The only area that the District utilizes a shared cost purchasing is under the Regional Water Authorities Water Efficiency Program. The amount saved is minimal but the District looks at all opportunities to save money and resources.

- f. Describe any duplication (overlap), or gaps in services or boundaries.

There are no known material gaps or duplication in services or boundaries.

- g. Describe ongoing cost avoidance practices. (for example, if you hire contract vs. in-house employees, is the bidding process cost effective and efficient)?

Del Paso Manor Water District attempts to handle most operations in-house, with the exception of engineering services which are professional services contracted out. Works that can not be handled by staff due to staff or equipment limitations are outsourced. The District solicits bids for all construction activities unless an emergency precludes such.

- h. Describe any opportunities to reduce overhead and operational costs.

The District continuously explores opportunities to reduce overhead and operational costs and implements when it is cost effective. Example of such opportunities are participating in the RWA's Water Efficiency Program for public outreach and school education, working with the County of Sacramento for monitoring and implementing our Cross-Connection Program, and using the benefit of the Target Safety Program provided by the Joint Powers Insurance Authority at no additional cost for required education.

- i. Describe any opportunities to reduce duplication of infrastructure with other agencies.

There may be opportunities for Del Paso Manor Water District to work with Carmichael Water District, the City of Sacramento, and/or Sacramento Suburban Water District for treatment and delivery of surface water to the Del Paso Manor service area.

- j. Identify any areas outside agency boundary which could be efficiently served by existing or proposed agency facilities.

Del Paso Manor Water District can not identify any significant areas.

- k. Identify any areas within agency boundary which could be more efficiently served by another agency.

Del Paso Manor Water District can not identify any.

l. Are your service plans compatible with those of other local agencies?

Yes.

m. Please list any professional and industry memberships.

The District is a member of the following: American Water Works Association, the Association of California Water Agencies, the California Rural Water Association, California Special District's Association, the Regional Water Authority, the Sacramento Groundwater Authority, the Sacramento Area Water Works Association, and the Water Education Foundation.

5. Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies.

a. Explain the composition of the agency's governing board.

- Number of Directors: 5
- Nature/Length of Terms: 4 years
- Is governing body landowner or population based? Directors have to be a registered voter and a resident in the District.
- Are Directors elected or appointed? Elected
- Are elections or appointments at large or by district? At Large

b. Explain compensation and benefits provided to the governing board, including any benefits that continue after term of service.

Directors of Del Paso Manor Water District received \$200.00 per day for each day's attendance at meetings of the Board or for each day's service rendered as a member of the Board by request of the Board. Board members can elect to participate in the District health insurance program but at a defined rate of contribution not to exceed \$12.00 per month (the contract began with \$1.00 and increases by 5% per year with a maximum of \$12.00); if they have 20 years of service this benefit can continue upon retirement. Currently, the District does not have any Directors participating. One retired annuitant participates but reimburses the District 100% of the contribution amount.

- c. Where and how frequently does the governing board meet?

The Board of Directors meets regularly once per month, on the first Monday of the month at the District office located at 4268 Lusk Drive, Sacramento, CA 95864. Occasionally, there is a need for a special meeting or hearing which requires an additional meeting. These types of meetings take place at the District office or the District makes arrangements to hold them at the A.T.&T. auditorium located at 2700 Watt Avenue, Sacramento, CA.

- d. Describe rules, procedures, and programs for public notification of agency operations, meetings, programs, etc.

- How is public participation encouraged?

The District posts meeting agendas at the District office located at 4268 Lusk Drive and mails notices to those who have requested such. If workshops or public hearings are being held, we post additional notices at public places within the District boundaries such as the post office, school and park. We also send out regular notices as bill inserts giving the information of Board meeting times to encourage public participation. We participate in most community events and provide information about participating in Board meeting. At the Board meeting, we have a public comment period at the beginning of the meeting but also, if time allows, encourage comments or questions during and at the end of the meeting.

- Are meetings accessible to the public, i.e., evening meetings, adequate meeting space, etc.?

Our regular Board meetings are held at the District office at 7:30pm in order to be accessible to the public. If larger accommodations are needed, we arrange for the use of the A.T.&T. auditorium that is in our 1.3 sq. mile boundaries and, again, evening meetings are held to encourage participation.

- e. Describe public education/outreach efforts?

The District provides the majority of its outreach through bill inserts; we bill bi-monthly and usually every time some type of notice is included to keep the customers updated with the activities of the District. We also participate in community such as the Del Paso Manor Homeowners' Association events, school events, and other local events that provide an opportunity for us to reach out to Del Paso Manor Water District residents.

- f. Describe level of public participation, and ways that staff and Directors are accessible to the public.

District staff is accessible to the public during working hours in person, by telephone, and email. Again, District staff participates in community events that

allow members of the community to talk with us. Directors are encouraged and usually attend the community events as well. The five directors of Del Paso Manor Water District are active within the community which makes them accessible to residents outside of regular Board meetings.

- g. Describe ability of public to access information and agency reports.

The majority of time residents come by due to close proximity to their home or call to get information if they are only seeking verbal information. However, if a copy is requested, a Public Records Request is available at the District office or can be requested by phone and faxed in. The public can also access information by attending Board meetings, at community outreach booths, and at our front counter.

- h. Describe any opportunities to eliminate service islands, peninsula and other illogical service areas.

Del Paso Manor does not know of any opportunities to eliminate service islands, peninsula and other illogical service areas.

6. Issues, Concerns and Opportunities

Please provide information regarding any issues, concerns, or opportunities related to operations (financial, managerial, legal, organizational, etc.)

- Compliance with Environmental Justice requirements

Del Paso Manor Water District has no issues or concerns with Environmental Justice requirements. The District conforms to any environmental requirements necessary for projects that requirement such.

- Compliance with regulatory reporting requirements

The District complies with all regulatory reporting requirements that are known. We maintain permits with the California Department of Public Health, the Sacramento Air Quality Management District, the County of Sacramento, and the Regional Water Quality Control Board; each has their own reporting requirements to maintain the permits.

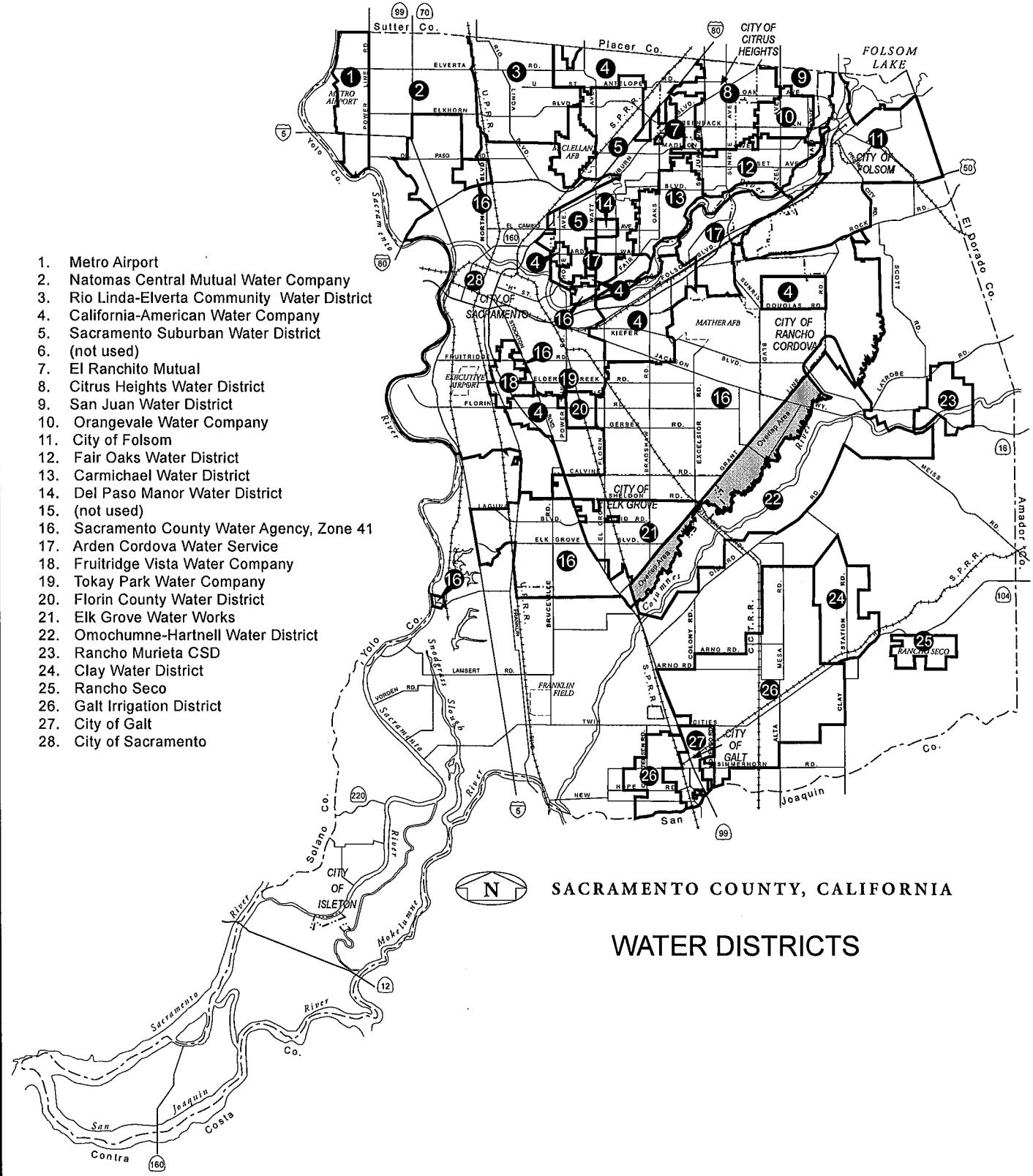
- Compliance with regulatory agencies and public health and safety issues.

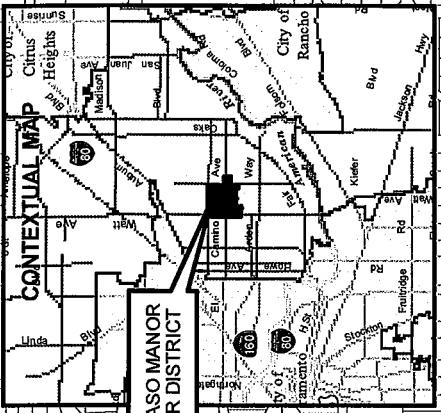
Health and Safety is a priority at Del Paso Manor Water District and the District complies with all requirements of the County, State, and Federal Government to assure the publics safety.

Summary of District Information

Population	4,458
Area Served	Portion of Arden/Arcade
Number of Water Meters	95
Percent of Connections Metered	5.30%
Fluoridated Water	No
Water Supply source	Groundwater
Total Annual Water Consumption	Average is 1550 acre ft.
Average Monthly Consumption	1.4M gpd
Average Demand (GPM)	972 gpm
Average Peak Demand	2.4M gpd
Average Use per Meter per day	723 gpd per connection including large use commercial and irrigation accounts
Miles of Distribution Lines Average Age	23 miles -- Average age is 59 years
Miles of Transmission Lines Average Age	0 miles
Number of Wells Average Age	8 wells including our new well. Average age is 45.75 years including our new well.
Number of Storage Tanks Average Age Total Storage Capacity	We do not have any storage tanks only pneumatic tanks
Average Water Pressure	50 to 55 psi
Average Revenue per Meter/Customer	\$665 per year (revenue /customers)
Debt Service per Customer	\$203 per year (debt service/customers)
Annual Revenue	Projected FY10/11 - \$1,177,531
Annual Surcharge Revenue	Projected FY10/11 - \$1200
Annual Operation & Maintenance Costs	Projected FY10/11 - \$746,700
Annual Average Capital Costs	\$1.5M per 2009 Master Plan
Annual Pipeline Replacement	FY10/11 - 3000 ft.
Average Annual Operating Reserve	\$620,000
Annual Number of Leaks per Mile	2.9 main line leaks
Average Surplus Production Capacity	None
Compliance with CDPH Standards	Meets or Exceeds Standards

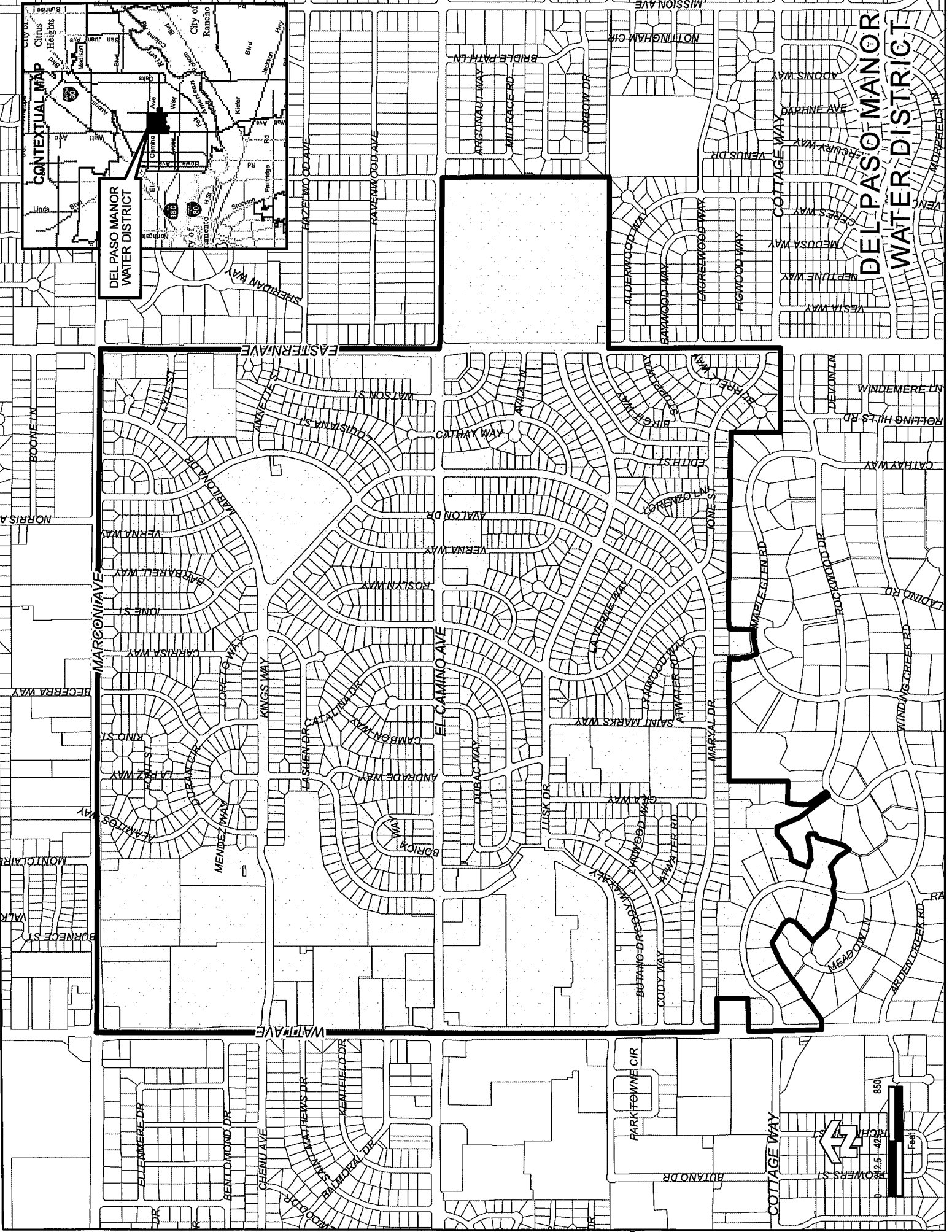
1. Metro Airport
2. Natomas Central Mutual Water Company
3. Rio Linda-Elverta Community Water District
4. California-American Water Company
5. Sacramento Suburban Water District
6. (not used)
7. El Ranchito Mutual
8. Citrus Heights Water District
9. San Juan Water District
10. Orangevale Water Company
11. City of Folsom
12. Fair Oaks Water District
13. Carmichael Water District
14. Del Paso Manor Water District
15. (not used)
16. Sacramento County Water Agency, Zone 41
17. Arden Cordova Water Service
18. Fruitridge Vista Water Company
19. Tokay Park Water Company
20. Florin County Water District
21. Elk Grove Water Works
22. Omochumne-Hartnell Water District
23. Rancho Murieta CSD
24. Clay Water District
25. Rancho Seco
26. Galt Irrigation District
27. City of Galt
28. City of Sacramento

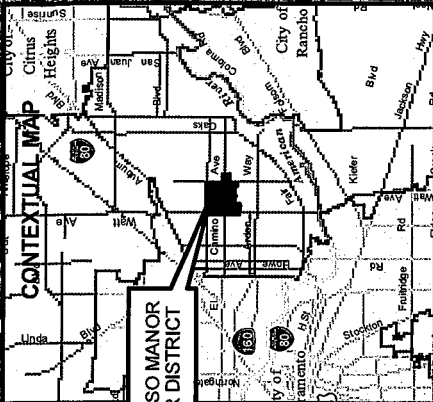




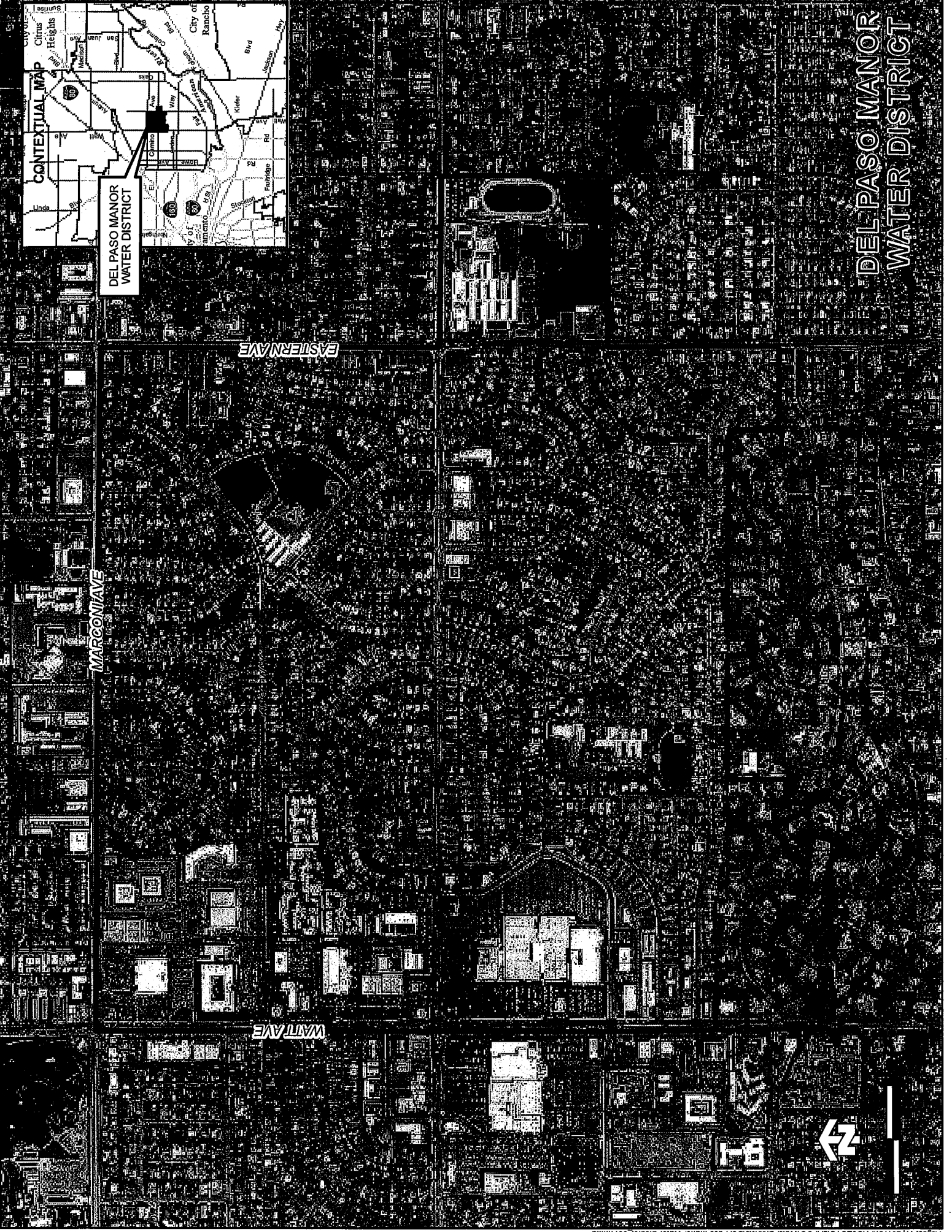
DEL PASO MANOR WATER DISTRICT

DEL PASO MANOR WATER DISTRICT





DEL PASO MANOR
WATER DISTRICT



MARCONI AVE

EASTERN AVE

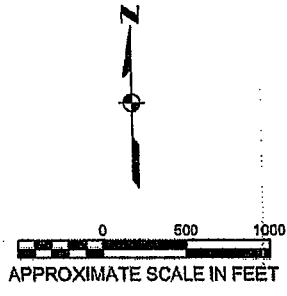
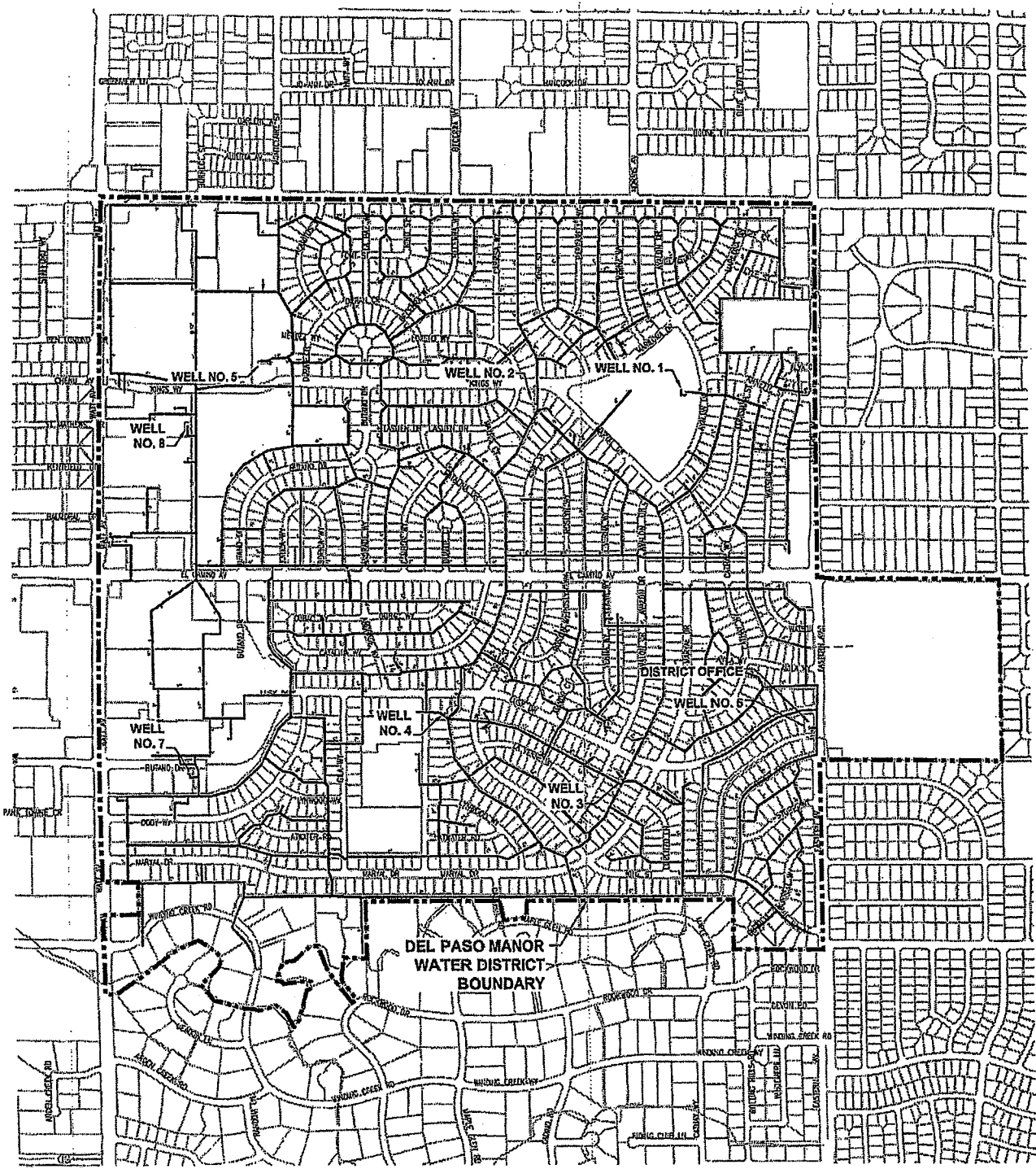
WATT AVE

DEL PASO MANOR
WATER DISTRICT



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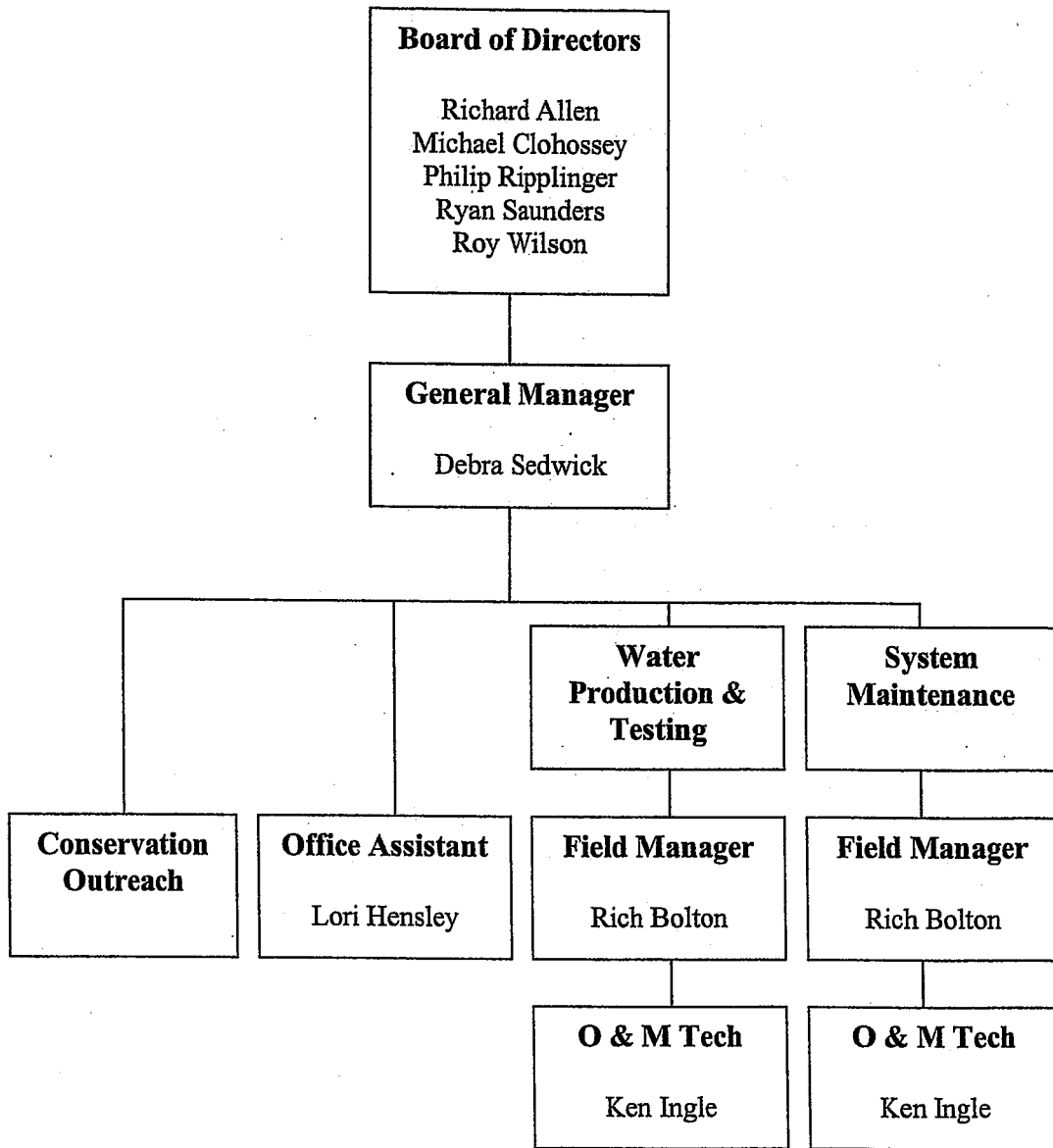
Kennedy/Jenks Consultants

**DEL PASO MANOR WATER DISTRICT
SACRAMENTO, CALIFORNIA
MASTER PLAN**

**DISTRICT SERVICE
AREA BOUNDARY**

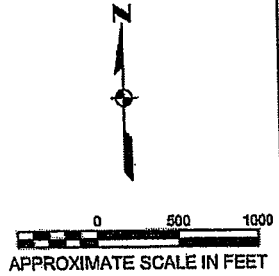
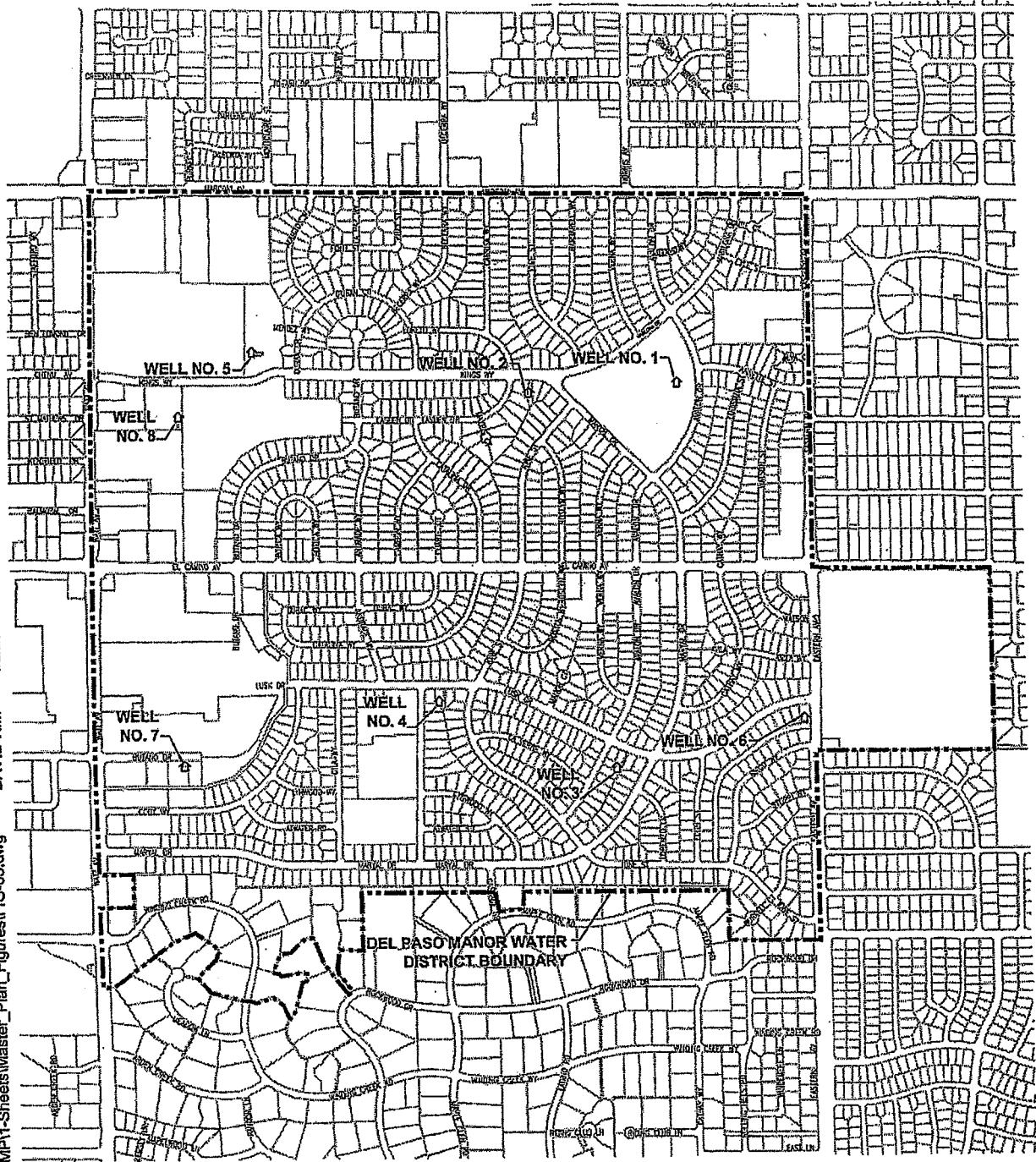
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APRIL 2009

FIGURE 4



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Kennedy/Jenks Consultants
DEL PASO MANOR WATER DISTRICT
SACRAMENTO, CALIFORNIA
MASTER PLAN
EXISTING WELL SITES
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APRIL 2009
FIGURE 5

BUDGET

2010/2011

OPERATIONAL BUDGET 2010/2011

<u>Account</u>	08/09	09/10	09/10	09/10	
	<u>Actual</u>	<u>Budgeted</u>	9-Month <u>Actual</u>	12-Month <u>Estimated</u>	10/11 <u>Proposed</u>
Management Salary	94266.24	96204.00	72153.18	96204.24	99186.72 ⁶
Staff Salaries	140664.64	157000.00	112980.66	152000.00	165400.00 ⁶
Conservation	3974.15	30000.00	5753.92	8800.00 ¹	15000.00 ⁷
Power	81722.71	94000.00	62605.13	81000.00	87000.00 ⁸
Repairs & Maintenance	84322.09	65000.00	69111.80	88200.00 ²	69000.00 ⁹
Insurance	25756.54	28000.00	6492.37	8100.00 ³	21000.00
Lab Fees	3300.80	7300.00	3490.95	5600.00	8000.00
Engineer/Consulting Fees	78344.65	15000.00	20108.05	25000.00 ⁴	9000.00 ¹⁰
Office Expense	25554.39	46000.00	20417.82	42500.00	30000.00 ¹¹
Director Fees	11400.00	18500.00	16200.00	22000.00 ⁵	24000.00 ¹²
Audit Fees	6325.00	6325.00	6325.00	6325.00	9500.00 ¹³
Legal Fees	13656.94	16500.00	10712.00	25000.00	15000.00
Election	3896.00	0.00	0.00	0.00	5000.00
Miscellaneous	0.00	500.00	0.00	0.00	500.00
Payroll Taxes	19550.82	22000.00	15794.43	20000.00	22740.00
PERS/Retirement	25489.27	30000.00	21548.38	29500.00	33600.00
Health	71457.48	71000.00	56263.18	66720.00	73400.00 ¹⁴
Retiree Health	0.00	0.00	5453.10	0.00	0.00
OPEB	196730.00	0.00	0.00	0.00	0.00 ¹⁵
City Water	3659.88	3805.00	1920.30	3840.61	3977.00
Backflow Program	0.00	0.00	0.00	0.00	0.00
Prof. Administration Fees	12204.63	9500.00	7595.82	7600.00	11000.00
Bank Charges	185.18	500.00	880.89	1150.00	1200.00
Professional Dues	23295.00	25000.00	22994.00	23000.00	24000.00
Professional Meetings	13261.79	21000.00	11471.65	15500.00	18000.00
Cert/Continuing Education	1078.18	1000.00	285.00	785.00	1200.00
TOTALS	940096.38	764134.00	550557.63	728824.85	746703.72
Debt Service (P&I)					341962.00
TOTAL Operation & Debt					1088665.72

REVENUE WITH SYSTEM MAINTENANCE CHARGES

ESTIMATED REVENUE 2009/2010

WATER SALES:	
Monthly Commercial (Meters)	300,000.00
Bi-Monthly Commercial (Flat Rate)	6,614.10
Bi-Monthly Residential (Flat Rate)	425,500.00
System Maintenance Charges	67,867.20
WATER SALES & MISCELLANEOUS	4,500.00
Sub-Total	804,481.30
INTEREST	3,567.00
UNCOLLECTABLES	-
TOTAL	808,048.30

ESTIMATED REVENUE 2010/2011

WATER SALES:	
Monthly Commercial (Meters)	315,000.00
Bi-Monthly Commercial (Flat Rate)	6,229.70
Bi-Monthly Residential (Flat Rate)	430,976.00
System Maintenance Charges	420,777.40
WATER SALES & MISCELLANEOUS	1,200.00
Sub-Total	1,174,183.10
INTEREST*	3,095.00
TOTAL	1,177,278.10

*Interest computed @ .5% on reserves of \$619,000.00

ESTIMATED CASH CARRYOVER 2009/2010

REVENUE	115,700.00
LOCAL AGENCY INVESTMENT FUND	619,000.00
TOTAL	734,700.00

TOTAL CAPITAL 2010/2011 (ESTIMATED)

REVENUE	1,177,278.10
CARRYOVER	734,700.00
Sub-Total	1,911,978.10
LESS PROPOSED 2010/2011 BUDGET inc. debt service	1,088,665.72
ESTIMATED CAPITAL END 2010/2011	823,312.38

COMMENTS

Column #4

- ¹ - Conservation: Since we have not yet completed negotiations with the Water Forum, we did not use the full budget on meeting BMP's.
- ² - Repairs and Maintenance: This area was higher due to the fact that opted to repair Well #5 rather than replace under the Planned System Maintenance expenses. Also we had a catastrophic pump failure at Well #1 which required extra unexpected expenses.
- ² - Insurance: The JPIA was able to keep claims down and issued record breaking premium refunds to most of its members; we were one of the fortunate ones to received over \$11,800.00.
- ³ - Engineering/Consulting Fees: Last years budget anticipated the final payment for our Master Plan and that any additional costs would be under a Planned System Maintenance budget, however, with the decision to replace Well #5, the failure at Well #1, and the Goodwill project, we needed engineering services for our normal operations.
- ⁴ - Director's Fees: Per the Auditor's recommendation, I no longer expense director stipends, while attending as authorized representatives to association meetings, under Professional Meetings but under Directors expense. In addition, I allowed for one more special meeting before June 30th in case there is a need.

Column #5

- 6 - Salaries (Manager & Staff): Reflects a 3.1% cost of living adjustment based on the Consumer Price Index, All Cities U.S., for the twelve month period ending January 2010. Given that some employees are still relatively new and are getting their required certification, it does include merit step increases assuming that the employee goals are met. No merit/step increase was budgeted for the General Manager.
- 7 - Conservation: This amount includes the potential increases costs to meet the Water Forum BMP requirements as well as additional temporary part-time staff to perform the required tasks.
- 8 - Power: SMUD has indicated there will be a 5.0% increase in January.
- 9 - Repairs & Maintenance: This amount includes normal operation expense; we are not planning for any more major pump failure expenses!
- 10 - Engineer/Consulting Fees: Includes a small amount for engineering and/or consulting fees that may be incurred that are not related with projects in the "Planned System Maintenance" budget.
- 11 - Office Expense: The updated billing software has not been completed within last years fiscal year so some of the expense will be carried over to this fiscal year. The updated software will allow both our flat rate and metered accounts onto one system.
- 12 - Director Fees: Budget allows for a 66.67% increase to be effective January 1, 2011, should the Board choose. A total of thirteen meetings are budgeted, twelve regular meetings and one special meetings, if necessary.
- 13 - Audit: Allows for additional work to set up books for tracking the Planned System Maintenance Charge revenue and related expenses.
- 14 - Health: Expected increases have not been announced by PERS so a 10% increase was used.
- 15 - OPEB (Other Post Employment Benefits): Our required two year valuation is not completed yet, but since we funded in full per the 2008 valuation report, I do not expect that a payment will be required in this fiscal year.

REVENUE COMMENTS

Interest rates drastically fell which made our actual interest revenue far less than anticipated. Again, due to the economy, we saw a high number of residential foreclosures that resulted in water terminations for long periods of time. We also saw a reduction in water use in our metered accounts from both cooler weather and conservation which resulted in less revenue. These factors resulted in less projected revenues for the 2009/2010 fiscal year. So far this year we have seen a reduction in water production so I took a conservative approach in estimating 2010/2011 metered revenue. I estimated the commodity charge on 90% of the 2009 usage at the new rate of \$.81 per 100 cubic feet. Last year I was very optimistic using a 1.9% rate of return on our investments in the Local Agency Investment Fund. This year I used the current rate of .5% with the hope that it can't go down much further. Last year, we adopted a budget that had a \$9,950 shortfall but even with some extraordinary expenses, we managed to come in with an estimate of \$35,000 under the total budget. This year the proposed budget I am presenting is in the black by approximately \$10,000 which allows for some unplanned expenses.

OPERATIONAL BUDGET WITH 2-YEAR PROJECTION

<u>Account</u>	09/10 12-Month <u>Estimated</u>	10/11 <u>Proposed</u>	Projected Proposal <u>11/12</u>	Projected Proposal <u>12/13</u>
Management Salary	96204.24	99186.72	104050.00	109300.00 ¹
Staff Salaries	152000.00	165400.00	180000.00	189000.00 ¹
Conservation	8800.00	15000.00	20000.00	20000.00
Power	81000.00	87000.00	91000.00	95500.00
Repairs & Maintenance	88200.00	69000.00	72450.00	98000.00 ²
Insurance	8100.00	21000.00	22000.00	23000.00
Lab Fees	5600.00	8000.00	5000.00	5300.00
Engineer/Consulting Fees	25000.00	9000.00	10000.00	10000.00
Office Expense	42500.00	30000.00	24000.00	25000.00
Director Fees	22000.00	24000.00	24000.00	24000.00
Audit Fees	6325.00	9500.00	7000.00	7350.00
Legal Fees	25000.00	15000.00	15000.00	15000.00 ³
Election	0.00	5000.00	0.00	5000.00
Miscellaneous	0.00	500.00	500.00	500.00
Payroll Taxes	20000.00	22740.00	24000.00	25000.00
PERS/Retirement	29500.00	33600.00	39600.00	43900.00 ⁴
Health	66720.00	73400.00	77000.00	80000.00
Retiree Health	0.00	0.00	0.00	0.00
OPEB	0.00	0.00	5000.00	5000.00 ⁵
City Water	3840.61	3977.00	4203.00	4383.00
Backflow Program	0.00	0.00	0.00	0.00
Prof. Administration Fees	7600.00	11000.00	9500.00	9500.00
Bank Charges	1150.00	1200.00	1200.00	1000.00
Professional Dues	23000.00	24000.00	26000.00	27300.00
Professional Meetings	15500.00	18000.00	18900.00	19800.00
Cert/Continuing Education	785.00	1200.00	1200.00	1200.00
TOTALS	728824.85	746703.72	781603.00	844033.00

COMMENTS

The purpose of this 2-year projection is to give us a look at what our expenses and revenues will be on the horizon. In projecting the expenses for the next two fiscal years, I generally used 5% unless I expected it to remain the same or had knowledge of the future expenses. Five percent may be a little conservative if inflation hits but we will adjust each year.

Again, on the revenue side, I used 90% of the 2009 commercial usage to at the approved rate to arrive at the monthly commercial revenue. The flat rate did not adjust for accounts that may be turned off for a long period of time.

- ¹ - Salaries: I estimated a 5% increase which includes COLA. However, due to the economy, we postponed doing a tri-annual salary survey in 2009. I recommend that we complete a survey which will make projecting this expense more accurate.
- ² - Repairs and Maintenance: Again, I used a 5% increase but in the 2012/13 projection included the replaced of the 2005 truck in order to get on a replacement cycle of eight years.
- ³ - Legal Fees: I anticipate that most of our legal expense will be from Planned System Maintenance projects and will be expenses accordingly.
- ⁴ - PERS/Retirement: PERS has provided an "projected" estimated rate for the 2011/12 fiscal year and used that in projecting these costs.
- ⁵ - OPEB: Without having a valuation, I included an amount in this area. The minimum payment allowed is \$5000; if your ARC is less, they recommend carrying it over to the next year.

SYSTEM MAINTENANCE BUDGET

	2009/2010	2010/2011	2011/2012	2012/2013
System Maintenance Charge	67,867.20	420,777.40	504,977.52	586,623.12
Less Debt Service		350,600.00	350,600.00	350,600.00
SUB-TOTAL		70,177.40	154,377.52	236,023.12
Carryover from Previous Year		67,867.20	138,044.60	292,422.12
TOTAL ON RESERVE**		138,044.60	292,422.12	528,445.24

** This amount is encumbered for direct payment of projects, future phase work, future debt service, or on reserve to meet loan covenant of revenue requirements of 1.2%.

Phase 1 Work

Well #9 w/ Building	1,300,000.00
Installation of 12" Distribution Main -	174,000.00
Electrical Upgrades at all wells	250,000.00
Well #10 w/ Block Wall	1,165,000.00
Installation of 12" Distribution Main -	324,000.00
Demolish Well #1	90,000.00
Demolish Well #5	50,000.00
Demolish Well #7	75,000.00
Engineering/Legal/ Admin/Etc.	450,000.00
Contingencies	1,077,000.00
	4,955,000.00

Del Paso Manor Water District
BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY
AS OF 04/01/2011

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
4268 LUSK DRIVE, SACRAMENTO	OFFICE/GARAGE/ STORAGE	1	1,200	SF	BUILDING	B	\$152,369
		1		LOT	FURNITURE/WORKSTATIONS	PP	\$10,000
		1		LOT	OFFICE EQUIPMENT	PP	\$15,000
		1		LOT	SMALL TOOLS AND SUPPLIES	PP	\$20,000
	WELL #6 (LOCATED IN VAULT)	1	90	HP	WELL PUMP W/NATURAL GAS ENGINE, WAUKESHA, RIGHT ANGLE GEAR DRIVE (PUMP SETTING 140')	F	\$140,662
	WELL #1	1	684	SF		B	\$32,032
		1	50	HP	VFD's	F	\$14,549
		1	50	HP	WELL PUMP W/MOTOR, VERTICAL TURBINE (PUMP SETTING 150')	F	\$51,731
	WELL #2	1	5,000	GAL	HYDROPNEUMATIC TANK	F	\$31,855
		1	50	HP	WELL PUMP W/MOTOR, VERTICAL TURBINE (PUMP SETTING 150')	F	\$39,426
	WELL #3	1	5,000	GAL	HYDROPNEUMATIC TANK	F	\$31,855
		1	50	HP	WELL PUMP W/MOTOR, VERTICAL TURBINE (PUMP SETTING 140')	F	\$38,548
	WELL #4	1	5,000	GAL	HYDROPNEUMATIC TANK	F	\$31,855
		1	50	HP	WELL PUMP W/MOTOR, VERTICAL TURBINE (PUMP SETTING 160')	F	\$40,305
	WELL #5	1	5,000	GAL	HYDROPNEUMATIC TANK	F	\$31,855
		1	50	HP	WELL PUMP W/MOTOR, VERTICAL TURBINE (PUMP SETTING 150')	F	\$40,305
	WELL #7 (IN VAULT)	1	5,000	GAL	HYDROPNEUMATIC TANK	F	\$31,855
		1	50	HP	WELL PUMP W/MOTOR, VERTICAL TURBINE (PUMP SETTING 120')	F	\$36,789
	WELL #8	1	125	HP	WELL PUMP W/DUAL DRIVE: ENGINE, FORD, NATURAL GAS, 460 CUBIC INCHES, WITH RIGHT ANGLE GEAR DRIVE, 500 GALLON PROPANE TANK; 100 HP MOTOR (PUMP SETTING 160')	F	\$144,091
	NE QUADRANT OF WATT AVE AND EL CAMINO AVE, CARMICHAEL	1	100	HP	VARIABLE FREQUENCY DRIVE	F	\$36,999

**Del Paso Manor Water District
 BUILDINGS, FIXED PROPERTY, AND PERSONAL PROPERTY
 AS OF 04/01/2011**

SITE	BUILDING	QTY	SIZE	U/M	DESCRIPTION	TYPE	SCHEDULED VALUE *
DISTRICT-WIDE	PERSONAL PROPERTY	1	LOT		TOOLS ON LICENSED VEHICLES	PP	\$3,000

Summary for Del Paso Manor Water District	
BUILDINGS	\$184,401
FIXED EQUIPMENT	\$742,680
PERSONAL PROPERTY	\$48,000
GRAND TOTAL	\$975,081

* BASIS OF VALUE:
 COC = Course of Construction
 Print Date 10/13/2010
 Effective Date 4/1/2011

ACV = Actual Cash Value
 FRC = Functional Replacement

AGD = Agreed Value
 MV = Member Value

AVG = Average Value
 NCC = Not Currently Covered

Del Paso Manor Water District

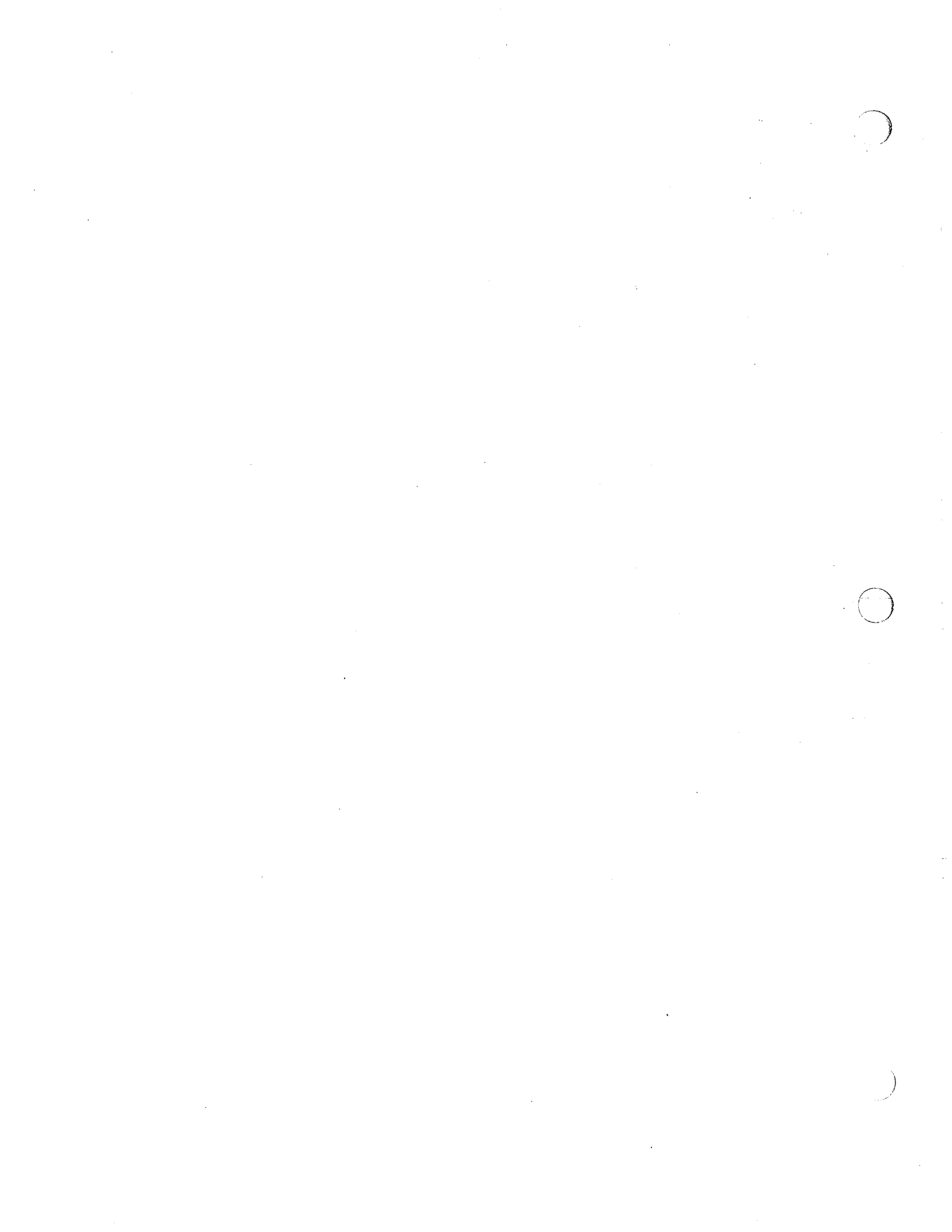
**Del Paso Manor Water District
MOBILE EQUIPMENT AS OF 04/01/2011**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE *	VALUE
1984		11573	BACKHOE LOADER, BOBCAT, MDL 440		MV	\$6,000
			MISCELLANEOUS MOBILE EQUIPMENT UNDER \$10,000 EACH		MV	\$3,000
MOBILE EQUIPMENT TOTAL:						\$9,000

**Del Paso Manor Water District
LICENSED VEHICLES AS OF 04/01/2011**

UNIT#	YEAR	VIN/SN	DESCRIPTION	TYPE	SOURCE OF SCHEDULED VALUE *	
					VALUE *	VALUE
	2005	1D7HA18N65J630425	DODGE, RAM 1500	Light Truck	AVG	Avg Value
	2009	1F1KW12W99FB19074	FORD, F150	Light Truck	AVG	Avg Value
	1996	1B7HC16Y7TJ192674	DODGE, 1/2-TON	Light Truck	AVG	Avg Value
	1984		ZIEMAN, TRAILER, TILT TYPE, 14FT, 1-AXLE, SN 2WZU2	All Other	MV	\$7,053
	2001	4GNFU12261B005900	TRAILER MOUNTED EMERGENCY GENERATOR W/SUZUKI DIESE	All Other	MV	\$25,188

NUMBER OF COVERED VEHICLES: 5





DEL PASO MANOR WATER DISTRICT

Del Paso Manor Water District 2009 Consumer Confidence Report

Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien.

Your tap water meets all Environmental Protection Agency and California drinking water health standards. Del Paso Manor Water District vigilantly safeguards its water supplies and we are proud to report that our system did not violate a maximum contaminant level or any other water quality standard. This report conforms to federal regulations that require each community water system to annually provide information about the quality of the drinking water. Included in this report are details about where your water comes from, what it contains, and how it compares to State standards. We hope the information presented enhances your understanding of the quality and integrity of the water you drink everyday.



District Office located at 4268 Lusk Drive

Ensuring The Safety of Your Drinking Water

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. The CDPH regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

The Source of Your Water Supply

Del Paso Manor Water District's water source is groundwater. There are eight wells located throughout the District. The wells are approximately 500' deep with the aquifer depths varying from 100' to 500'. Our pumping water level is approximately 100' to 125' feet. Chlorine is added as a disinfectant to protect you against microbial contaminants.

An assessment of the drinking water source for Del Paso Manor Water District was completed in May 2002. The wells are considered most vulnerable to the following activities not associated with any detected contaminants: dry cleaners, gas stations, historic gas stations and sewer collection systems. A copy of the complete assessment may be viewed at the District office located at 4268 Lusk Drive, Sacramento, CA or call Debra Sedwick at (916) 487-0419.

DEL PASO MANOR WATER DISTRICT WATER QUALITY DATA

The State requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants are not expected to vary significantly from year to year. The presence of these contaminants in the water does not necessarily indicate that the water poses a health risk. In the table below, contaminants marked with an asterisk (*) notes test results from 2009. All other data were results from tests performed in 2007, except for Gross Alpha, and Radium 228 which were monitored in 2006 and specific conductance which was monitored in 2008.

Terms and abbreviations used below:

Notification Level (NL): The concentration of a contaminant which, when exceeded, requires that a water system notify its customers.

Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.

Public Health Goal (PHG): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Primary Drinking Water Standard (PDWS): MCLs and MRDLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfection allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

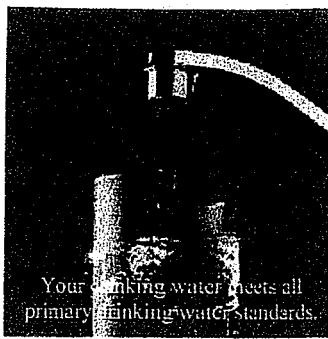
Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Regulatory Action Level (AL): The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.

N/A: not applicable -- **N/E:** none established -- **ND:** not detectable at testing limit -- **N/R:** not regulated -- **ppb or ug/L:** parts per billion or micrograms per liter -- **ppm or mg/L:** parts per million or milligrams per liter -- **pCi/l:** picocuries per liter (a measure of radiation)

	MAXIMUM CONTAMINANT LEVEL	MCLG OR (PHG)	DPMWD AVERAGE	DETECTION RANGE	SOURCE OF CONTAMINATION
PRIMARY STANDARDS					
RADIONUCLIDES					
Gross Alpha (pCi/L)	15	0	0.29	ND - 1.50	Erosion of natural deposits
Radium 228 (pCi/L)	5	0	0.38	ND - 1.68	Erosion of natural deposits
INORGANIC CHEMICALS					
Arsenic (ug/L)	10	4	2.11	2 - 3.5	Erosion of natural deposits
Barium (mg/L)	1	(2)	0.05	ND - .11	Erosion of natural deposits
Nitrate (as NO ₃) (mg/L)*	45	(45)	3.30	1.7 - 4.4	Erosion of natural deposits
Flouride (mg/L)	2.0	(1)	0.14	.12 - .17	Erosion of natural deposits
DISINFECTION RESIDUALS					
Chlorine (mg/L)	MRDL = 4.0	4	0.66	.31 - 1.15	Drinking water disinfectant added for treatment
SECONDARY STANDARDS					
Aluminum (ug/L)	200	none	6.88	ND - 55.0	Erosion of natural deposits
Chloride (mg/L)	500	none	16.13	5.5 - 33.0	Leaching from natural deposits
Iron (ug/L)	300	none	62.5	ND - 300	Leaching from natural deposits
Manganese (ug/L)	50	none	29.75	ND - 150	Leaching from natural deposits
Foaming Agents-MBAS (ug/L)	500	none	1.5	ND - 92.0	Municipal waste discharges
Odor-Threshold (units)	3	none	1	1	Naturally-occurring organic materials
Specific Conductance (uS/cm)	1600	none	201.25	170 - 230	Substances that form ions when in water
Sulfate (mg/L)	500	none	6.24	2.2 - 16.0	Leaching from natural deposits
Total Dissolved Solids (mg/L)	1000	none	291.25	160 - 320	Leaching from natural deposits
Turbidity (units)	5	none	0.44	ND - 1.2	Soil runoff
OTHER CONSTITUENTS					
Hardness (CaCO ₃) (mg/L)	none	none	118.63	74 - 200	Naturally occurring
pH (units)	none	none	7.96	7.8 - 8.0	
Potassium (mg/L)	none	none	1.91	ND - 3.3	Naturally occurring
Sodium (mg/L)	none	none	14.38	10 - 20	Naturally occurring



Lead and Copper

Every nine years the District tests for lead and copper at various sites throughout the District. In 2004, we tested at 20 locations throughout the district at customer's service taps for both lead and copper.

Lead and Copper Sampling						Typical Source of Contamination
Action Level	MCLG	Number of Samples Collected	Action Level	Number Exceeding AL		
Lead (ppb)	15	0.2	20	2.5	0	Internal corrosion of household plumbing systems; erosion of natural deposits
Copper (ppm)	1.3	0.3	20	0.12	0	

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Del Paso Manor Water District is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

What You Should Know About Disinfection By-Products

In 2005, California implemented additional testing per the US Environmental Protection Agency on Disinfection By-Products, Disinfection Residuals and Disinfection By-Products Precursors. We tested for these within the distribution system in 2009 and no detections were found.

Testing of Microbiological Contaminants

In addition to the above well testing, the District tests the water for microbiological contamination at various points in the distribution system on a weekly basis. In 2009, a total of 89 samples were taken with the following results:

Microbiological Contaminants	Highest No. of Detections	No. of Months in Violation	MCL	MCLG	Typical Source of Bacteria
Total Coliform Bacteria	1	0	More than 1 sample in a month with a detection	0	Naturally present in the environment
Fecal Coliform or E. coli	0	0	A routine sample and a repeat sample detect total coliform and either sample which detects fecal coliform on E. coli	0	Human and animal fecal waste

The District disinfects the water system to ensure that microbiological contaminants do not exist. Coliforms are bacteria that are naturally present in the environment and are used as an indicator that other, potentially harmful, bacteria may be present.

Environmental Influences on Drinking Water

The sources of drinking water (both tap and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- **Microbial contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.
- **Inorganic contaminants**, such as salts and metals, that can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- **Pesticides and herbicides**, that may come from a variety of sources such as agriculture, urban storm water runoff and residential uses.
- **Organic chemical contaminants**, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, agricultural application and septic systems.
- **Radioactive contaminants**, that can be naturally occurring or be the result of oil and gas production and mining activities.

Del Paso Manor Water District
4268 Lusk Drive
Sacramento, CA 95864



Public Meetings

The Board of Directors meets the first Monday of the month at the District Office located at 4268 Lusk Drive, 7:30pm; all are welcome to attend.

Note to At-Risk Water Users

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline at 1-800-426-4791.

This newsletter is published as a public service of the

Del Paso Manor Water District

4268 Lusk Drive
Sacramento, CA 95864

(916) 487-0419

General Manager: Debra Sedwick

About Your Drinking Water

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the U.S. Environmental Protection Agency Safe Drinking Water Hotline:

1-800-426-4791



DEL PASO MANOR *Water District*

PHONE (916) 487-0419 FAX (916) 487-8534

4268 LUSK DRIVE • SACRAMENTO, CA 95864

August 2, 2010

Sacramento Superior Court
ATTN: The Honorable Steve White, Presiding Judge
720 9th Street, Department 47
Sacramento, CA 95814

RE: Responses to Survey of Independent Special Districts

Dear Honorable Judge White:

The Del Paso Manor Water District has reviewed the Survey of Independent Special Districts report issued by the 2009-2010 Sacramento County Grand Jury. Below are the Del Paso Manor Water District's responses to the Findings 1 through 5, per your request.

Finding 1.0: *ISD directors perform valuable service at minimal cost. However, this survey reveals inconsistent behaviors regarding compliance with sound management practices.*

Grand Jury Recommendation 1.1: *Directors should review their by-laws every four years to assure compliance with applicable laws, ethical practices, and appropriate behavior.*

Response: The District periodically reviews its bylaws and will enact a formal policy to review the bylaws every four years to ensure compliance with all federal and state regulations. In order to ensure complete compliance, the District will host ethics training for its members to fulfill the requirements of AB 1234. Furthermore, the District is independently audited every year.

Grand Jury Recommendation 1.2: *Directors should limit compensation to reasonable meeting stipends and necessary costs of professional activities. All ISD boards should ensure that their compensation practices conform to the principles in Section 5.1 of this report.*

Response: The Del Paso Manor Water District Director's stipend program complies with all federal and state law. Directors are awarded stipends for attendance at the Board of Directors meetings, attendance at any required training, and/or attendance as the District's appointed representative at meetings for other water-

related organizations. Stipends for other seminars or conferences are limited. The District's per diem rate for mileage and meals is set below the Internal Revenue Services recommended level.

Grand Jury Recommendation 1.3: *Directors should limit the use of consent calendars according to the principles in section 5.1 of this report.*

Response: The Del Paso Manor Water District does not utilize a consent calendar at the Board meetings. Each agenda item is listed as a separate item.

Finding 2.0: **Some ISDs grant monetary awards for education and training; many have inadequate evaluation of employees' degrees and certificates.**

Grand Jury Recommendation 2.1: *All ISDs should encourage education and training, but should not make direct monetary (cash) awards for educational achievement.*

Response: The Del Paso Manor Water District does not monetarily award academic achievement.

Grand Jury Recommendation 2.2: *All ISDs should recognize educational degrees and certificates only if they meet the criteria listed in Section 5.3.1.*

Response: The Del Paso Manor Water District has established specific job classifications/descriptions which include particular certifications and degree requirements. The salary level corresponds to those requirements/certifications.

Finding 3.0: **ISD pension awards and Other Post Employment Benefits (OPEB) have increased markedly in the last decade. Some of these awards are unfair and unsustainable.**

Grand Jury Recommendation 3.1: *All ISDs should adopt pension and OPEB plans that are fair, affordable and sustainable.*

Response: The Del Paso Manor Water District's pension plan is with CalPERS and The OPEB plan only includes health insurance. The Board is aware of this and believes that this is fair, affordable, and sustainable.

Grand Jury Recommendation 3.2: *To minimize unfair pension boosting, all ISDs should ensure that calculations of employees' base pension awards are on actual base salary earnings over their highest 36 months of earnings and urge CalPERS to promote this standard.*

Response: Pension is based on the actual salary of the employee. "Pension boosting" is not allowed.

Grand Jury Recommendation 3.3: *All ISD pension/OPEB changes should be made only after analysis and full disclosure to all parties of the fiscal ramifications.*

Response: An actuarial study, reviewed and approved by the Board of Directors prior to any pension change with CalPERS is required. The last change to the pension was made in July 2001. The change was adopted during a properly noticed public meeting. OPEB changes follow the same procedure.

Grand Jury Recommendation 3.4: *All ISD pension/OPEB benefits should have an employee contribution component.*

Response: The pension benefit plan currently in place includes an employee contribution provision. The District's health plan for retirees mirrors that of an active employee. Depending on the particular health plan offered by CalPERS, the employee may or not provide an employee contribution. Therefore, the District pays a certain amount towards the health plan and if there is a remainder, the employee/retiree pays the difference.

Finding 4.0: **The majority of the ISDs surveyed in this study are neglecting their fiduciary responsibility to taxpayers and ratepayers by excessive use of no-bid purchasing.**

Grand Jury Recommendation 4.1: *Every ISD in Sacramento County should establish and adhere to a goal of minimizing no-bid purchasing. Essentially all purchases except utilities and emergency construction should be by contracts awarded to the lowest responsive responsible bidders.*

Response: The Del Paso Manor Water District solicits bids for all construction contracts unless an emergency precludes such. The District's small quantity supply purchases do not go through the bidding process due to the minimal costs associated with such purchases.

Finding 5.0: **ISDs have not consistently conducted and reported required Independent Financial Audit Reports and management audits.**

Grand Jury Recommendation 5.1: *All ISDs must complete and file the required annual Independent Financial Audit.*

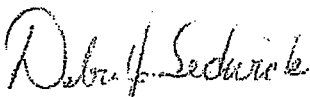
Response: The Del Paso Manor Water District completes and files an Independent Financial Audit annually.

Grand Jury Recommendation 5.2: *All ISDs should commission a thorough periodic management audit. These audits should be completed by a multi-disciplinary team qualified to examine a district's management practices. This audit should be done in fiscal year 2011, and every four years thereafter.*

Response: The Del Paso Manor Water District acknowledges the benefits of a periodic management audit; however, the District is concerned with the corresponding costs to the taxpayers. Some districts could benefit from such an audit. The Del Paso Manor Water District does not believe that a periodic management audit is necessary. First, the Board of Directors performs annual performance evaluations of the General Manager. The evaluations determine and measure the General's Manager's ability to set and meet goals in line with the District's mission. Second, this measures the District's need for employee training. This allows training costs to be included in the annual budget. Third, the evaluation analyzes the compensation packages/strategy of the district. Triennial reviews of the compensation and benefit packages will ensure accurate and appropriate budgeting for such expenditures. Finally, the District's budget process ensures the taxpayers are getting "there monies worth" and that resources are maximally used and allocated.

In light of this recommendation, the District will further investigate the feasibility of an independent "management audit" that addresses the concerns highlighted in 5.2.3, and if deemed through a cost benefit analysis to be worthwhile, will be implemented.

Sincerely,



Debra Sedwick
General Manager/Board Secretary