

Agenda
Rio Linda / Elverta Community Water District
Finance / Administrative Committee

Visitors/Depot Center
6730 Front Street
Rio Linda, CA 95673

October 08, 2018
6:30 p.m.

Public documents relating to any open session items listed on this agenda that are distributed to the Committee members less than 72 hours before the meeting are available for public inspection on the counter of the District Office at the address listed above.

The public may address the Committee concerning any item of interest. Persons who wish to comment on either agenda or non-agenda items should fill out the Comment Card and give it to the General Manager. The Committee Chair will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability related modification or accommodation to participate in this meeting, then please contact the District office at (916) 991-1000. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Items for Discussion:

1. Review and discuss the expenditures of the District for the month of September 2018.
2. Review and discuss the Financial Reports for the month of September 2018.
3. Discuss the current impediments for destruction of the wells at the Well 17 site.
4. Review the current District Policy requiring a backflow device for new residential construction.
5. Update to the cost from CERBT vs. for-profit service providers for pre-funding retiree medical costs.

Directors' and General Manager Comments

Items Requested for Next Month's Committee Agenda

Adjournment

Next Finance / Administrative Committee meeting: Monday, November 9, 2018 at 6:30 p.m.

ADA COMPLIANCE STATEMENT

In compliance with the Americans with Disabilities Act, if you need special assistance or materials to participate in this meeting, please contact the District Office at 916-991-1000. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and agenda materials.



Finance /Administrative Committee Agenda Item: 1

Date: October 8, 2018

Subject: Expenditure Summary

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

It is recommended that the Finance / Administrative Committee approve the Expenditure Summary for the month of September 2018 and forward to the October 15, 2018 meeting of the Board.

Current Background and Justification:

These expenditures were necessary and prudent for operation of the District and consistent with the policies and budget adopted by the Board of Directors. The Expenditure Summary provides the listing of expenditures which have occurred since the last regular meeting of the Board.

Conclusion:

Consistent with the District policies, the Expenditure Summary is to be reviewed by the Finance/Administrative Committee and approved by the Board of Directors.

Rio Linda Elverta Community Water District
Operating Account GL 10000 Expenditure Report
September 2018

Type	Date	Num	Name	Memo	Amount
Liability Check	09/04/2018	EFT	QuickBooks Payroll Service	For PP Ending 08/31/2018 Paydate 09/05/2018	19,839.31
Liability Check	09/05/2018	EFT	CalPERS	For PP Ending 07/31/2018 Paydate 08/03/2018	2,076.92
Liability Check	09/05/2018	EFT	CalPERS	For PP Ending 07/31/2018 Paydate 08/03/2018	1,940.46
Liability Check	09/05/2018	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	09/05/2018	EFT	Nationwide	Employee Benefits	1,265.84
Liability Check	09/05/2018	EFT	Internal Revenue Service	Employment Taxes	7,038.36
Liability Check	09/05/2018	EFT	Employment Development	Employment Taxes	1,462.95
Bill Pmt -Check	09/05/2018	EFT	Adept Solutions	Computer Maintenance	1,109.00
Bill Pmt -Check	09/05/2018	EFT	Comcast	Phone/Internet	413.15
Bill Pmt -Check	09/05/2018	EFT	Republic Services	Utilities	151.30
Bill Pmt -Check	09/05/2018	EFT	Sprint	Field Communication	1,054.39
Bill Pmt -Check	09/05/2018	EFT	Voyager Fleet Commander	Transportation Fuel	1,243.52
Paycheck	09/05/2018	5571	Employee	For PP Ending 08/31/2018 Paydate 09/05/2018	369.40
Check	09/05/2018	5572	Franchise Tax Board	Employee Garnishment	382.05
Check	09/05/2018	5573	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	09/05/2018	5574	Special District Risk Management Auth.	Workers Compensation 2017-18 Balance Due	895.52
Check	09/05/2018	5575	Customer	Final Bill Refund	44.45
Check	09/05/2018	5576	Customer	Final Bill Refund	4.72
Check	09/05/2018	5577	Customer	Final Bill Refund	38.84
Check	09/05/2018	5578	Customer	Toilet Rebate	75.00
Bill Pmt -Check	09/05/2018	5579	ACWA/JPIA	Employee Benefits	23.50
Bill Pmt -Check	09/05/2018	5580	BHI Management Consulting	Professional Fees	5,024.32
Bill Pmt -Check	09/05/2018	5581	Buckmaster Office Solutions	Office Equipment Expense	83.15
Bill Pmt -Check	09/05/2018	5582	Central Valley Engineering & Asphalt	Contract Repairs	16,500.00
Bill Pmt -Check	09/05/2018	5583	Communication Systems Unlimited	Building Maintenance	89.00
Bill Pmt -Check	09/05/2018	5584	Continental Utility Solutions	Annual Maintenance	3,099.69
Bill Pmt -Check	09/05/2018	5585	Corix Water Products	Distribution Supplies	391.14
Bill Pmt -Check	09/05/2018	5586	Inductive Automation	Annual Maintenance	2,472.00
Bill Pmt -Check	09/05/2018	5587	Oreilly Automotive	Transportation Maintenance	41.30
Bill Pmt -Check	09/05/2018	5588	Quill	Office Expense	202.13
Bill Pmt -Check	09/05/2018	5589	Rio Linda Hardware and Building Supply	Shop Supplies	450.60
Bill Pmt -Check	09/05/2018	5590	RLE Country Faire	Conservation Community Outreach	10.00
Bill Pmt -Check	09/05/2018	5591	Sierra Chemical Company	Treatment	2,029.42
Bill Pmt -Check	09/05/2018	5592	SMUD	Utilities	21,808.45
Bill Pmt -Check	09/05/2018	5593	Staples	Office Expense	60.19
Bill Pmt -Check	09/05/2018	5594	Tesco Controls	Annual Maintenance	1,435.04
Bill Pmt -Check	09/05/2018	5595	The News	Publishing	36.75
Bill Pmt -Check	09/05/2018	5596	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	09/05/2018	5597	Calif Debt & Investment Adv Commission	Capital Improvement: Surcharge 2 Loan Costs	967.50
Bill Pmt -Check	09/05/2018	5598	Continental Utility Solutions	Capital Improvement: Billing System Software Upgrade	21,527.50
Liability Check	09/18/2018	EFT	AFLAC	Employee Benefits	738.92
Liability Check	09/19/2018	EFT	QuickBooks Payroll Service	For PP Ending 09/15/18 Pay date 09/20/18	17,849.61
Liability Check	09/20/2018	EFT	CalPERS	For PP Ending 09/15/18 Pay date 09/20/18	1,829.09
Liability Check	09/20/2018	EFT	CalPERS	For PP Ending 09/15/18 Pay date 09/20/18	1,721.51
Liability Check	09/20/2018	EFT	Internal Revenue Service	Employment Taxes	6,101.96
Liability Check	09/20/2018	EFT	Employment Development	Employment Taxes	1,242.77

Rio Linda Elverta Community Water District
Operating Account GL 10000 Expenditure Report
September 2018

Type	Date	Num	Name	Memo	Amount
Liability Check	09/20/2018	EFT	Nationwide	Employee Benefits	1,198.08
Liability Check	09/20/2018	EFT	Western Health Advantage	Employee Benefits	11,406.71
Liability Check	09/20/2018	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Check	09/20/2018	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	42,000.00
Check	09/20/2018	EFT	RLECWD - SURCHARGE 1 ACCOUNT	Current Monthly Transfer	42,500.00
Check	09/20/2018	EFT	RLECWD - Operating	Transfer funds for Security Deposits paid with Credit Card	800.00
Bill Pmt -Check	09/20/2018	EFT	Bankcard Center 2911	Computer, Postage	162.88
Bill Pmt -Check	09/20/2018	EFT	Bankcard Center 7806	Pump Maintenance, Shop Supplies, Uniforms	1,284.31
Bill Pmt -Check	09/20/2018	EFT	Verizon	Field Communication	262.37
Paycheck	09/20/2018	5599	Employee	For PP Ending 09/15/18 Pay date 09/20/18	92.35
Check	09/20/2018	5600	Postmaster	Postage-Bulk Mail	2,184.66
Liability Check	09/20/2018	5601	Teamsters Local #150	Union Dues	560.00
Check	09/20/2018	5602	Customer	Final Bill Refund	20.00
Bill Pmt -Check	09/20/2018	5603	American Mobile Shredding	Office Expense	25.00
Bill Pmt -Check	09/20/2018	5604	BSK Associates	Lab Fees	12,104.00
Bill Pmt -Check	09/20/2018	5605	Buckmaster Office Solutions	Office Equipment	197.76
Bill Pmt -Check	09/20/2018	5606	Churchwell White, LLP	Legal Fees	1,502.90
Bill Pmt -Check	09/20/2018	5607	Communication Systems Unlimited	Building Maintenance	502.42
Bill Pmt -Check	09/20/2018	5608	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	09/20/2018	5609	Corix Water Products	Distribution Supplies	1,691.68
Bill Pmt -Check	09/20/2018	5610	County of Sacramento	Permits	348.00
Bill Pmt -Check	09/20/2018	5611	Henrici, Mary	Retiree Insurance	900.00
Bill Pmt -Check	09/20/2018	5612	Med 7 Urgent Care Centers	Employee Background	89.00
Bill Pmt -Check	09/20/2018	5613	Opus Bank	Surcharge 2 Loan Payment	91,856.08
Bill Pmt -Check	09/20/2018	5614	PG&E	Utilities	43.65
Bill Pmt -Check	09/20/2018	5615	Quill	Office Expense	117.45
Bill Pmt -Check	09/20/2018	5616	Rio Linda Elverta Recreation & Park	Meeting Expense	50.00
Bill Pmt -Check	09/20/2018	5617	Sacramento County Utilities	Utilities	113.70
Bill Pmt -Check	09/20/2018	5618	Sierra Chemical Company	Chemical Expense	1,189.12
Bill Pmt -Check	09/20/2018	5619	Spok Inc.	Field Communication	15.16
Bill Pmt -Check	09/20/2018	5569	UniFirst Corporation	Uniforms	239.03
Bill Pmt -Check	09/20/2018	5621	Vanguard	Janitorial	195.00
Liability Check	09/25/2018	EFT	Dental and Vision Ins.com	Employee Benefits	1,961.10
Total 10000 - Bank - Operating Account					378,377.88

Accrual Basis

**Rio Linda Elverta Community Water District
Other Accounts Expenditure Report
September 2018**

Type	Date	Num	Payee	Memo	Amount
Transfer	09/05/2018	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5598	21,527.50
10455 · Capital Improvement Reserve					21,527.50
Type	Date	Num	Payee	Memo	Amount
Transfer	09/05/2018	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5597	967.50
10465 · Capital Improvement Cr6 Project					967.50



Finance /Administrative Committee Agenda Item: 2

Date: October 08, 2018

Subject: Financial Report

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

It is recommended that the Finance / Administrative Committee review the Finance Reports of the District for the month of September 2018.

Current Background and Justification:

The financial reports are the District's balance sheet, profit and loss, and capital improvements year to date. This report provides the snapshot of the District's fiscal health for the period covered.

Conclusion:

Consistent with District policies, these financials are to be reviewed by this committee and presented to the Board of Directors to inform them of the District's current financial situation.

Rio Linda Elverta Community Water District
Balance Sheet
 As of September 30, 2018

ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents

10000 · Operating Account

10005 · Operating Fund 10,972.89

10010 · Operating Reserve Fund 250,000.00

Total 10000 · Operating Account 260,972.89

10100 · Trust/Security Deposit Account 44,652.00

10450 · Capital Improvement

10455 · Capital Improvement Fee Reserve 762,986.27

10460 · Vehicle Replacement Reserve 0.00

10465 · Cr6 Project 11,026.90

Total 10450 · Capital Improvement 774,013.17

10600 · LAIF GASB 45 16,068.85

Total 100 · Cash & Cash Equivalents 1,095,706.91

102 · Restricted Assets

102.1 · Restricted Capital Improvements

10700 · ZIONS Inv/Surcharge Reserve 493,222.66

Total 102.1 · Restricted Capital Improvements 493,222.66

102.2 · Restricted for Debt Service

10300 · Surcharge 1 Account 622,916.21

10325 · Community Business Bank 83,266.61

10350 · Umpqua Bank 90,313.98

10350 · Surcharge 2 Account 436,090.94

Total 102.2 · Restricted for Debt Service 1,232,587.74

Total 102 · Restricted Assets 1,725,810.40

Total Checking/Savings 2,821,517.31

Accounts Receivable 14,671.45

Other Current Assets

12000 · Water Utility Receivable 667,733.49

12200 · Accrued Revenue 0.00

12250 · Accrued Interest Receivable 2,532.19

15000 · Inventory Asset 96,793.78

16000 · Prepaid Expense 109,174.61

Total Other Current Assets 876,234.07

Total Current Assets 3,712,422.83

Fixed Assets

17000 · General Plant Assets 712,766.63

17100 · Water System Facilites 20,717,058.49

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -8,702,559.39

18000 · Construction in Progress 1,250,105.87

18100 · Land 496,673.45

Total Fixed Assets 14,847,088.47

Other Assets

19000 · Deferred Outflows 297,772.00

19900 · Suspense Account -101.22

Total Other Assets 297,670.78

TOTAL ASSETS 18,857,182.08

Rio Linda Elverta Community Water District
Balance Sheet
 As of September 30, 2018

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	61,762.65
Credit Cards	3,701.60
Other Current Liabilities	697,780.84

Total Current Liabilities	763,245.09
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Long Term Liabilities

23000 · OPEB Liability	22,453.00
23500 · Lease Buy-Back	755,052.27
25000 · Surcharge 1 Loan	4,364,411.26
25050 · Surcharge 2 Loan	99,140.82
26000 · Water Rev Refunding	2,091,606.00
27000 · Community Business Bank	342,485.52
29000 · Net Pension Liability	902,961.00
29500 · Deferred Inflows-Pension	40,436.00

Total Long Term Liabilities	8,618,545.87
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Total Liabilities	9,381,790.96
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Equity

31500 · Invested in Capital Assets, Net	7,619,051.46
32000 · Restricted for Debt Service	699,786.24
38000 · Unrestricted Equity	865,266.45
Net Income	291,286.97

Total Equity	9,475,391.12
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TOTAL LIABILITIES & EQUITY	18,857,182.08
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Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
 August 2018

	<u>Annual Budget</u>	<u>Sept 18</u>	<u>Jul-Sept 18</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	2,664,429.00	381,605.04	698,145.59	26.20%	1,966,283.41
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	400.00	25.02	137.49	34.37%	262.51
Total 41110 · Investment Revenue	400.00	25.02	137.49	34.37%	262.51
41120 · Property Tax	70,000.00	0.00	1,946.32	2.78%	68,053.68
Total 41000 · Nonoperating Revenue	70,400.00	25.02	2,083.81	2.96%	68,316.19
Total Income	<u>2,734,829.00</u>	<u>381,630.06</u>	<u>700,229.40</u>	<u>25.60%</u>	<u>2,034,599.60</u>
Gross Income	2,734,829.00	381,630.06	700,229.40	25.60%	2,034,599.60
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	163,331.00	9,761.90	37,681.40	23.07%	125,649.60
60100 · Personnel Services					
60110 · Salaries & Wages	665,414.00	55,420.22	133,018.63	19.99%	532,395.37
60150 · Employee Benefits & Expense	451,439.00	33,916.64	96,915.31	21.47%	354,523.69
Total 60100 · Personnel Services	1,116,853.00	89,336.86	229,933.94	20.59%	886,919.06
60200 · Administration	254,977.00	18,236.83	82,311.28	32.28%	172,665.72
64000 · Conservation	6,748.00	85.00	5,283.00	78.29%	1,465.00
65000 · Field Operations	428,175.00	28,982.67	124,704.89	29.13%	303,470.11
Total 60000 · Operating Expenses	1,970,084.00	146,403.26	479,914.51	24.36%	1,490,169.49
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	133,163.00	0.00	0.00	0.00%	133,163.00
69110 · Interest	65,726.00	0.00	0.00	0.00%	65,726.00
Total 69100 · Revenue Bond	198,889.00	0.00	0.00	0.00%	198,889.00
69125 · AMI Meter Loan					
69130 · Principle	46,818.00	0.00	23,228.99	49.62%	23,589.01
69135 · Interest	11,696.00	0.00	6,027.97	51.54%	5,668.03
Total 69125 · AMI Meter Loan	58,514.00	0.00	29,256.96	50.00%	29,257.04
Total 69010 · Debt Service	257,403.00	0.00	29,256.96	11.37%	228,146.04
69400 · Other Non-Operating Expense	2,000.00	0.00	0.00	0.00%	2,000.00
Total 69000 · Non-Operating Expenses	259,403.00	0.00	29,256.96	11.28%	230,146.04
Total Expense	<u>2,229,487.00</u>	<u>146,403.26</u>	<u>509,171.47</u>	<u>22.84%</u>	<u>1,720,315.53</u>
Net Ordinary Income	505,342.00	235,226.80	191,057.93		
Net Income	<u>505,342.00</u>	<u>235,226.80</u>	<u>191,057.93</u>		

CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2018-2019
July through September 2018

	GENERAL		CONNECTIONS		CHROMIUM MITIGATION & NEW WELLS		VEHICLE REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
BEGINNING FUND BALANCE	\$ 1,426,064.00	\$ 1,426,064.00	\$ 129,988.00	\$ 129,988.00	\$ (454,317.00)	\$ (454,317.00)	\$ -	\$ -
FUNDING SOURCES								
Fund Transfers								
Operating Fund Transfers In	500,000.00	124,000.00	-	-	-	-	-	-
CIP Fund Intrafund Transfers	(10,000.00)	-	-	-	-	-	10,000.00	-
Surcharge 2 Surplus Repayment	-	-	-	-	435,752.00	-	-	-
Contributed Funding								
Capacity Fee Revenue	-	-	40,000.00	14,062.01	-	-	-	-
Contributed Facilities (Developers)	-	-	-	-	-	-	-	-
Grant Revenue	-	-	-	-	20,000.00	-	-	-
Loan Proceeds-OPUS Bank	-	-	-	-	2,468,239.00	-	-	-
Investment Revenue	350.00	132.70	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	1,916,414.00	1,550,196.70	169,988.00	144,050.01	2,469,674.00	(454,317.00)	10,000.00	-
PROJECTS								
A · WATER SUPPLY								
A-1 · Well 10 - Cr6 Treatment	-	-	-	-	40,000.00	-	-	-
A-2 · Well 16	-	-	-	-	2,448,239.00	-	-	-
A-3 · Well 17	25,000.00	-	-	-	-	-	-	-
A-4 · Miscellaneous Pump Replacements	40,000.00	-	-	-	-	-	-	-
Total A · WATER SUPPLY	65,000.00	-	-	-	2,488,239.00	-	-	-
B · WATER DISTRIBUTION								
B-1 · System Valve Replacements	35,000.00	-	-	-	-	-	-	-
B-2 · Paving Replacements	25,000.00	-	-	-	-	-	-	-
B-3 · Service Replacements	30,000.00	-	-	-	-	-	-	-
B-4 · Large Meter Replacements	5,000.00	-	-	-	-	-	-	-
Total B · WATER DISTRIBUTION	95,000.00	-	-	-	-	-	-	-
M · GENERAL PLANT ASSETS								
M-1 · Ice Machine	3,500.00	2,803.96	-	-	-	-	-	-
M-2 · Billing Software Upgrade	25,000.00	21,527.50	25,000.00	-	-	-	-	-
Total M · GENERAL PLANT ASSETS	28,500.00	24,331.46	25,000.00	-	-	-	-	-
FO · PROJECTS FUNDED BY OTHERS								
TOTAL FO · PROJECTS FUNDED BY OTHERS	-	-	-	-	-	-	-	-
C · CONTINGENCY								
C-1 · Contingency (10% of Est A,B,M, & FO)	18,850.00	-	2,500.00	-	248,823.90	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	207,350.00	24,331.46	27,500.00	-	2,737,062.90	-	-	-
ENDING FUND BALANCE	\$ 1,709,064.00	\$ 1,525,865.24	\$ 142,488.00	\$ 144,050.01	\$ (267,388.90)	\$ (454,317.00)	\$ 10,000.00	\$ -

**Rio Linda Elverta Community Water District
Surcharge 1 Profit & Loss Budget Performance
September 2018**

	<u>Annual Budget</u>	<u>Sept 18</u>	<u>Jul-Sept 18</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41111 · Dividend Revenue	0.00	292.42	292.42	100.0%	-292.42
41112 · Interest Revenue	8,000.00	2,204.12	2,267.14	28.34%	5,732.86
41113 · Market Value Adjustment	0.00	531.25	531.25	100.0%	-531.25
	<u>8,000.00</u>	<u>3,027.79</u>	<u>3,090.81</u>	<u>38.64%</u>	<u>4,909.19</u>
43010 · Surcharge 1 Revenue	<u>523,374.00</u>	<u>87,352.50</u>	<u>115,309.48</u>	<u>22.03%</u>	<u>408,064.52</u>
Total Income	<u>531,374.00</u>	<u>90,380.29</u>	<u>118,400.29</u>	<u>22.28%</u>	<u>412,973.71</u>
Gross Income	531,374.00	90,380.29	118,400.29	22.28%	412,973.71
Expense					
69150 · Surcharge (SRF)					
69155 · Principle	342,540.00	0.00	0.00	0.0%	342,540.00
69160 · Interest	118,814.00	0.00	0.00	0.0%	118,814.00
69170 · Admin Fees	2,210.00	536.80	536.80	24.29%	1,673.20
Total 69150 · Surcharge (SRF)	<u>463,564.00</u>	<u>536.80</u>	<u>536.80</u>	<u>0.12%</u>	<u>463,027.20</u>
Total Expense	<u>463,564.00</u>	<u>536.80</u>	<u>536.80</u>		
Net Income	<u><u>67,810.00</u></u>	<u><u>89,843.49</u></u>	<u><u>117,863.49</u></u>		

**Rio Linda Elverta Community Water District
Surcharge 2 Profit & Loss Budget Performance
September 2018**

	<u>Annual Budget</u>	<u>Sept 18</u>	<u>Jul-Sept 18</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	20.00	7.65	14.66	73.3%	5.34
	<u>20.00</u>	<u>7.65</u>	<u>14.66</u>	<u>73.3%</u>	<u>5.34</u>
43050 · Surcharge 2 Revenue	439,019.00	72,640.50	84,343.72	19.21%	354,675.28
Total Income	<u>439,039.00</u>	<u>72,648.15</u>	<u>84,358.38</u>	<u>19.21%</u>	<u>354,680.62</u>
Gross Income	439,039.00	72,648.15	84,358.38	19.21%	354,680.62
Expense					
69175 · Surcharge 2 Loan					
69180 · Principle	195,000.00	90,000.00	90,000.00	46.15%	105,000.00
69185 · Interest	136,038.00	1,856.08	1,856.08	1.36%	134,181.92
Total 69175 · Surcharge 2 Loan	<u>331,038.00</u>	<u>91,856.08</u>	<u>91,856.08</u>	<u>27.75%</u>	<u>239,181.92</u>
Total Expense	<u>331,038.00</u>	<u>91,856.08</u>	<u>91,856.08</u>		
Net Income	<u><u>108,001.00</u></u>	<u><u>-19,207.93</u></u>	<u><u>-7,497.70</u></u>		



Finance/Administration Committee

Agenda Item: 3

Date: October 8, 2018
Subject: Well Destruction for Well #17 Site
Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

Discuss the challenges currently precluded the well destruction required at the Well #17 site.

Current Background and Justification:

The District drilled a main well and two monitoring wells at the Well #17, which ultimately resulted as infeasible for the needs of the District (low production, low yield).

As a condition to the right of entry for drilling the wells, the District must return the property to its original condition, which entails formally destroying the wells (main and two monitoring).

About a year ago, the District obtained quotes from two properly licensed Well contractors, both quotes exceeded the \$25,000 sealed bid threshold stipulated in District policies.

The previous District Engineer was directed to submit a task order for writing a well destruction bid spec, but Affinity terminated their agreement prior to completing this assignment. Coleman has submitted a task order for preparing the bid specifications, the amount requested is approximately \$17,000.

The previous low quote is approximately \$30,000 for destroying the three wells. Using that as a bench mark, it would cost \$47,000 (bid spec plus actual work) to complete the process. The current line item in the budget is only \$25,000.

I reached out to a very experience well driller I worked with in Yuba and Sutter counties. The typical charge for well destruction was much lower there. My

contact did some research and determined that Sacramento County well destruction requirements are considerably more elaborate and costlier than Yuba and Sutter county's requirements. Thus, the charge is much higher than the District had budgeted. It is possible that Sacramento County has increased their requirements since the item was last contemplated by the District, which would explain why the District under budgeted for this expense. We previously thought it was a supply and demand relationship, the demand for well drilling was high and well drillers have the necessary license for well destruction.

Staff recommendation:

I recommend the Finance/Admin Committee forward an item onto the October 15th Board agenda to consider necessary Budget revisions to support the bid specification and contracting for well destruction at the Well #17 site.



Finance/Administration Committee

Agenda Item: 4

Date: October 8, 2018
Subject: Need for Revisions to District's Backflow Device Policy
Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

Direct staff to prepare revisions to the current District policies on requirements for backflow prevention assemblies.

Current Background and Justification:

The current District policy stipulates a backflow prevention assembly is required for all residential construction with an automatic fire sprinkler system. Under the current building code, such a requirement translates to is **all** new residential construction.

The regulations and codes governing residential home building and the mandatory inclusion of automatic fire sprinkler systems has evolved since its adoption in 2010 (effective for all building permits pulled after January 1, 2011). The specifications have continued to evolve with the objective of NOT requiring backflow devices for new homes with fire sprinkler systems.

The specifics entailed in this area may be outside of the realm of District policies. However, the essence is that fire sprinkler systems designed with passive purge configuration do NOT justify the requirements for mandating a backflow device. Most, if not all, other water agencies in our area have adopted policies that eliminate the requirement for backflow devices for passive purge residential fire sprinkler systems. Contrastingly, systems designed without a passive purge element must have a backflow device.

As previously described, the routine and technical nature of this subject and requirements may be a bad fit for Board adopted policy. It may be a better fit to

delete the requirements of backflow devices in the District Policies Manual and transfer the program requirements to the Operations Manual.

Staff recommendation:

I recommend the Finance/Admin Committee forward an item onto the October 15th Board agenda to consider deleting the District policy requiring backflow prevention assemblies on all new homes with automatic fire sprinkler systems, and further direct staff to transfer the backflow requirements to the Operations Manual.

4.09.100 BACKFLOW PREVENTION POLICY

4.09.110 Private Sources of Supply That Require Backflow Prevention Devices. The public water supply system must at all times be isolated from private sources that have the potential for cross-connection or the potential for contamination. Abandonment of the private source of supply or other potential cross-connection condition pursuant to an approved well abandonment permit, building permit or other appropriate permit issued by the County of Sacramento shall be allowed at the sole discretion of the District in lieu of installation of a backflow prevention device in accordance with these regulations. A cross-connection or backflow prevention device shall be required at the service connection on the customer side of the water meter if any of the following conditions exist:

1. An auxiliary water supply is on the parcel or serving the parcel receiving water from the District's water system;
2. The facility handles any substance under pressure in such a fashion as to permit the substance to possibly enter into the District water system, including water originating from the District water system;
3. The facility or parcel has more than one service connection;
4. The facility has or has the potential for a cross-connection that could result in the pollution or contamination of the District's water system;
5. The structure or structures are used for commercial, industrial or institutional purposes, or has multiple use capabilities;
6. The parcel or facility is used for a business purpose determined by the District to have the potential for a cross-connection that may result in the pollution or contamination of the District's water system;
7. ~~The structure has a fire sprinkler system or it~~ The parcel has a dedicated irrigation system and/or private fire hydrant;
8. The parcel or facility as determined by the Board of Directors has the potential for cross-Connection.



Finance/Administration Committee

Agenda Item: 5

Date: October 8, 2018
Subject: Update to Retiree Medical Pre-Funding Options
Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

No committee action is necessary. This update was directed by the Committee at a previous meeting.

Current Background and Justification:

In response to the information previously provided to the Finance/Admin Committee regarding the California Employers' Retiree Benefits Trust (CERBT) program, the Committee directed staff to follow up with price comparisons to private sector equivalent service providers.

Included with your committee packets are two documents that compare the CERBT program to similar service providers. The SHUSD school district analysis is included because of its comprehensive evaluation of funding options and the like for like comparisons between public agencies, RLECWD and SHUSD.

Staff recommendation:

Review the updates and direct staff as appropriate.

Retiree Benefit Funding Trust Program Provider Comparison

In September 2017, the City issued a Request for Qualifications (RFQ) for OPEB trust fund management services. Four firms responded to the RFQ. After evaluating all proposals alongside the needs of the City, staff conducted interviews and evaluated the programs of the two primary vendors in this marketplace: CERBT, which is managed by CalPERS and Public Agency Retirement Services (PARS). Both programs are compliant with Internal Revenue Code Section 115.

CERBT, which was established in 2007 solely for the purpose of receiving employer contributions that will prefund OPEB costs, is a self-funded, not-for-profit trust fund in which participating agencies pay for all administrative and investment expenses. The assets held in the CERBT are co-invested and managed by the same CalPERS investment staff that manages the City's pension assets. While managed by the same investment staff, CERBT investment strategies are different than those of the retirement system. CERBT offers three investment strategies and asset management fees are 10 basis points (0.10%). CERBT is currently used by 532 agencies for OPEB trust services and has about \$8.1 billion in assets under management. Contributions to the trust fund are strictly voluntary by the City.

In contrast, PARS is a for-profit entity which has been incorporated for over thirty years and has been providing OPEB trust services for twenty years. PARS utilizes US Bank as a Trustee and High Mark Capital Management as an Investment Manager. PARS offers five investment strategies and administrative fees are a combination of trustee fees payable to US Bank and fees payable to PARS. For a plan of our estimated size, the combination of fees would total 60 basis points (0.60%).

7 PROVIDER COMPARISON

FEATURE:	CaIPERS CERBT:	SISC:	PARS:
Financial Reporting Compliant with GASB?	Yes	Yes	Yes
Cost	10 basis points of assets under management	15 basis points	Percentage of assets under mgmt; e.g. admin. fees of 0.25%
Estimated Annual Cost, \$2 million Account Value	\$2,000	\$3,000	\$7,000 - \$12,000
Termination Restrictions	No	3-Year Participation Period	30-Day Notice
Contributions Required?	No	No	No
Minimum Balance?	None	\$50,000	None
Minimum Contribution?	No	No	No
Approximate Rate of Return	Long-term expected: 6.12% - 7.28% depending on allocation strategy chosen	Current: 6.35%. Long-term expected: 7.0%	Long-term expected: 3.92%-6.56% (Vanguard) or 4.95%-7.39% (HighMark), depending on investment plan
Eligible to Reimburse Up to 100% of annual OPEB expenses?	Yes	Yes	Yes; up to 2 years at a time
School Districts Under Contract	63 includes NCOE	51	40, includes NVUSD/CJUSD



OTHER POST-EMPLOYMENT BENEFITS (OPEB) – FUNDING OPTIONS

PREPARED FOR:

REGULAR BOARD MEETING, AUGUST 9, 2018

PREPARED BY:

ANDI STUBBS, CHIEF BUSINESS OFFICIAL

2 BACKGROUND:

- SHUSD pays the individual health insurance monthly premium for eligible retired employees until they reach Medicare eligibility (currently 65)
- These premiums are known as “Other Post-Employment Benefits” (OPEB)
- Retiree premium payments typically increase annually due to health care trend rates and inflation



3 OPEB FUNDING OPTIONS

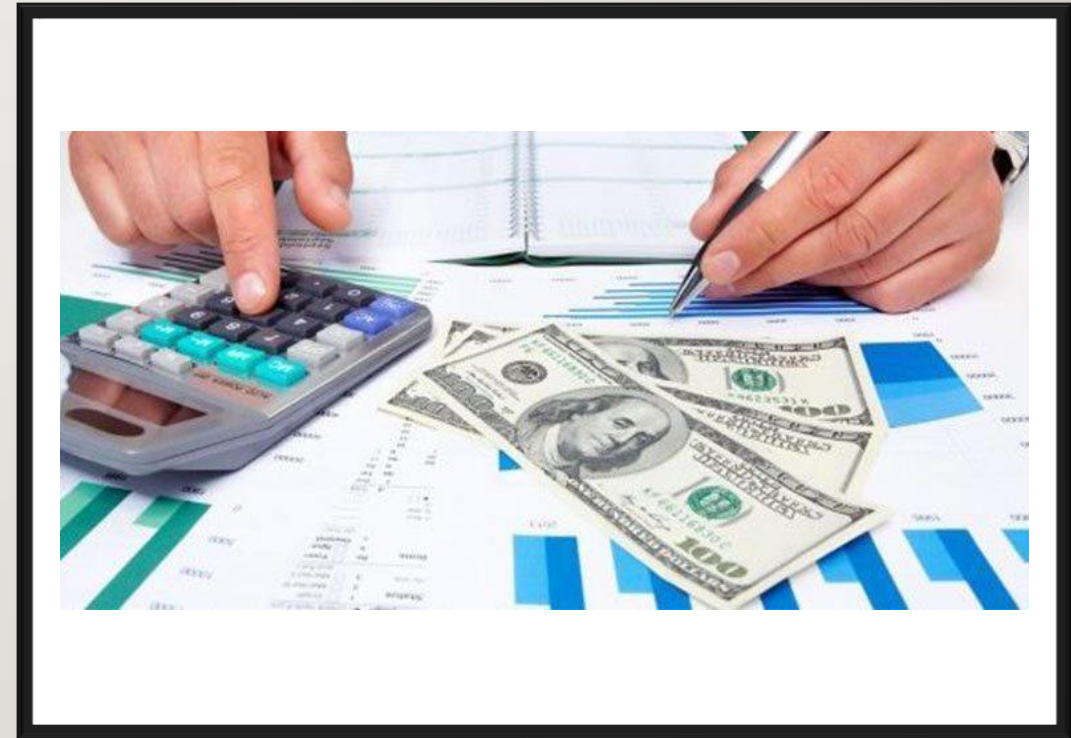
1. Option 1: “Pay-As-You-Go” **(current)**
 - General Fund current annual cost: **\$171,510**
 - Annual maximum per employee (2018 Kaiser premium, individual): **\$9,358**
 - Fund 20 (Special Reserve for Post-Employment Benefits) - Estimated balance: **\$207,194**
2. Option 2: Irrevocable Trust Account **(proposed)**
 - Contributions are made to a trust fund outside of the County Treasury
 - Higher rate of return on investment than the County Treasury,* or a money market account
 - Becomes cheaper to prefund than to continue pay-as-you-go



*Annual interest paid on funds held in the County Treasury – less than 1%, last four years

4 OPTION 2 (TRUST ACCOUNT) - RATIONALE

- Prefunding OPEB will make it more likely that we can pay our retiree premium payments from investment income versus investment principal
 - By building up assets in the trust, we can offset growing OPEB liabilities
- Higher-yielding investment strategies generate greater long term investment earnings compared with the County Treasury, money market accounts, and other investment instruments



5 OPTION 2 (TRUST ACCOUNT) – RATIONALE, CONTINUED



- Funding through a trust could reduce annual budget dependency to pay for future benefits
- Investment earnings are tax-exempt
- Prefunding supports sound fiscal management:
 - Lowers the District's OPEB liabilities that are reported on the audited financial statement because of higher investment return assumptions
 - Promotes a positive District credit rating
 - Bond rating agencies view the prefunding approach more favorably than “pay-as-you-go”

6 PROVIDERS REVIEWED

- California Public Employees Retirement System (CalPERS)
 - California Employers' Retirement Benefit Trust (CERBT)
- Self-Insured Schools of California (SISC)
- Public Agency Retirement Services (PARS)



7 PROVIDER COMPARISON

FEATURE:	CaIPERS CERBT:	SISC:	PARS:
Financial Reporting Compliant with GASB?	Yes	Yes	Yes
Cost	10 basis points of assets under management	15 basis points	Percentage of assets under mgmt; e.g. admin. fees of 0.25%
Estimated Annual Cost, \$2 million Account Value	\$2,000	\$3,000	\$7,000 - \$12,000
Termination Restrictions	No	3-Year Participation Period	30-Day Notice
Contributions Required?	No	No	No
Minimum Balance?	None	\$50,000	None
Minimum Contribution?	No	No	No
Approximate Rate of Return	Long-term expected: 6.12% - 7.28% depending on allocation strategy chosen	Current: 6.35%. Long-term expected: 7.0%	Long-term expected: 3.92%-6.56% (Vanguard) or 4.95%-7.39% (HighMark), depending on investment plan
Eligible to Reimburse Up to 100% of annual OPEB expenses?	Yes	Yes	Yes; up to 2 years at a time
School Districts Under Contract	63 includes NCOE	51	40, includes NVUSD/CJUSD

8 NEXT STEPS:

- **Governing Board** (August 9, 2018 Board Meeting):
 - Approve the Agreement and Election to Prefund Other Post-Employment Benefits Through CalPERS
 - Approve the Delegation of Authority to Request Disbursements
- **Staff:**
 - Upon Board approvals, staff will work with CalPERS and the district's actuarial consultant to establish the trust
 - A preliminary annual investment of \$50,000 is included in the 2018-19 Original Budget (Board-approved June 21, 2018). Any proposed revisions to the budget will be presented to the Board for consideration of approval during an upcoming Board meeting

9



QUESTIONS?
