

**Agenda**  
**Rio Linda / Elverta Community Water District**  
**Executive Committee**

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

August 5, 2019  
6:00 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 June 2019.
2. Review and discuss the financial reports for the Month of June 2019.
3. Review and discuss the fiscal year 2019/2020 final budget.
4. Discuss the Board authorization for the appointed Board Members to attend all ACWA conferences.
5. Discuss the strategies and changes necessary for complying with SB-606 minimum water use efficiency, i.e. means/methods to attain target gallons per day per capita.
6. Review and discuss the next steps for adopting the RLECWD Strategic Plan.
7. Discuss the upcoming (September) decision by the Board on the amount of Opus bank loan to withdraw for Hexavalent Chromium mitigation.
8. Discuss the annual performance review process for the General Manager.
9. Discuss the annual Rio Linda Elverta Country Fair, September 21, 2019.
10. Engineer's update on projects underway and planned.

**Directors' and General Manager Comments**

**Items Requested for Next Month's Committee Agenda**

- Need for updating fees (other than the Service Application fee recently updated).

**Adjournment**

Next Executive Committee meeting: Tuesday, September 3, 2019 at 6:00 p.m. (Monday is Labor Day)

**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.*



## Executive Committee Agenda Item: 1

**Date:** August 5, 2019

**Subject:** Expenditure Summary

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

It is recommended that the Executive Committee review the expenditures for June 2019, then forward the item to the August 19th Board agenda, consent section, with a recommendation for approval.

### **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 Executive Committee and approved by the Board of Directors.

**Rio Linda Elverta Community Water District  
Expenditure Report  
June 2019**

Type	Date	Num	Name	Memo	Amount
Liability Check	06/03/2019	EFT	Internal Revenue Service	Employment Taxes	950.34
Liability Check	06/03/2019	EFT	Employment Development	Employment Taxes	71.90
Liability Check	06/03/2019	EFT	Nationwide	Deferred Compensation Plan	1,249.30
Liability Check	06/04/2019	EFT	QuickBooks Payroll Service	For PP Ending 05/31/2019 Paydate 06/05/2019	18,723.71
Liability Check	06/05/2019	EFT	CalPERS	For PP Ending 05/31/2019 Paydate 06/05/2019	2,026.44
Liability Check	06/05/2019	EFT	CalPERS	For PP Ending 05/31/2019 Paydate 06/05/2019	1,849.54
Liability Check	06/05/2019	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	06/05/2019	EFT	Nationwide	Deferred Compensation Plan	1,214.19
Liability Check	06/05/2019	EFT	Nationwide	Deferred Compensation Plan	25.00
Bill Pmt -Check	06/05/2019	EFT	Adept Solutions	Computer Maintenance	1,109.00
Bill Pmt -Check	06/05/2019	EFT	Comcast	Phone/Internet	376.25
Bill Pmt -Check	06/05/2019	EFT	Republic Services	Utilities	86.81
Liability Check	06/05/2019	EFT	Internal Revenue Service	Employment Taxes	6,632.74
Liability Check	06/05/2019	EFT	Employment Development	Employment Taxes	1,375.89
Paycheck	06/05/2019	EFT	Voyager Fleet Commander	Transportation Fuel	38.07
Check	06/05/2019	EFT	Wageworks	FSA	47.97
Check	06/05/2019	5924	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	06/05/2019	5925	Customer	Reimbursement of capacity fees	4,740.00
Bill Pmt -Check	06/05/2019	5826	ACWA/JPIA	EAP	21.15
Bill Pmt -Check	06/05/2019	5927	Buckmaster Office Solutions	Office Equipment Expense	72.38
Bill Pmt -Check	06/05/2019	5928	Henrici, Mary	Retiree Insurance Benefits	900.00
Bill Pmt -Check	06/05/2019	5929	Rio Linda Hardware and Building Supply	Shop Supplies	103.15
Bill Pmt -Check	06/05/2019	5930	Todd, John	Computer Maintenance	140.00
Bill Pmt -Check	06/05/2019	5931	Sierra Chemical Company	Chemical Supplies	861.30
Bill Pmt -Check	06/05/2019	5932	Spok, Inc.	Field Communication	15.17
Bill Pmt -Check	06/05/2019	5933	Staples	Office Expense	442.42
Bill Pmt -Check	06/05/2019	5934	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	06/05/2019	5935	Eaton Pumps Sales & Service	Capital Improvement: Well 17	27,649.66
Liability Check	06/14/2019	EFT	WageWorks	FSA	71.00
Check	06/14/2019	EFT	WageWorks	FSA	51.78
Check	06/17/2019	EFT	ARCO	Transportation: Fuel	779.76
Liability Check	06/17/2019	EFT	AFLAC	Employee Paid Insurance	651.04
Liability Check	06/19/2019	EFT	QuickBooks Payroll Service	For PP Ending 06/15/19 Pay date 06/20/19	16,866.76
Liability Check	06/20/2019	EFT	CalPERS	For PP Ending 06/15/19 Pay date 06/20/19	2,369.20
Liability Check	06/20/2019	EFT	CalPERS	For PP Ending 06/15/19 Pay date 06/20/19	2,039.86
Liability Check	06/20/2019	EFT	Internal Revenue Service	Employment Taxes	6,075.86
Liability Check	06/20/2019	EFT	Employment Development	Employment Taxes	1,211.26
Liability Check	06/20/2019	EFT	Nationwide	Deferred Compensation Plan	1,187.09
Liability Check	06/20/2019	EFT	Nationwide	Deferred Compensation Plan	25.00
Liability Check	06/20/2019	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	06/20/2019	EFT	Kaiser Permanente	Health Insurance	342.43
Liability Check	06/20/2019	EFT	Principal	Dental & Vision Insurance	1,474.78
Liability Check	06/20/2019	EFT	Western Health Advantage	Health Insurance	12,350.17
Bill Pmt -Check	06/20/2019	EFT	Verizon	Field Communication	381.03

**Rio Linda Elverta Community Water District  
Expenditure Report  
June 2019**

Type	Date	Num	Name	Memo	Amount
Check	06/20/2019	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	45,835.00
Check	06/20/2019	EFT	RLECWD - SURCHARGE ACCOUNT 1	Current Monthly Transfer	45,054.18
Check	06/20/2019	EFT	RLECWD - SURCHARGE ACCOUNT 2	Bi-Monthly Transfer	72,802.73
Check	06/20/2019	EFT	RLECWD - Operating	Transfer funds for Security Deposits paid with Credit Card	800.00
Bill Pmt -Check	06/20/2019	EFT	Bankcard Center 2911	Computer, Meetings, Office, Postage Staff Training	5,563.68
Bill Pmt -Check	06/20/2019	EFT	Bankcard Center 6798	Fuel	100.00
Bill Pmt -Check	06/20/2019	EFT	Bankcard Center 7806	Pump Maintenance, Uniforms	956.08
Check	06/20/2019	5936	Homes by Towne	Elverta Specific Plan reimbursement of developer deposit from 2014	25,000.00
Check	06/20/2019	5937	Customer	Final Bill Refund	6.40
Check	06/20/2019	5938	Customer	Developer Deposit Refund	792.10
Check	06/20/2019	5939	Customer	Developer Deposit Refund	1,000.00
Check	06/20/2019	5940	Void	Void	0.00
Liability Check	06/20/2019	5941	Teamsters Local #150	Union Dues	552.00
Bill Pmt -Check	06/20/2019	5942	American Mobile Shredding	Office Expense	27.00
Bill Pmt -Check	06/20/2019	5943	BSK Associates	Lab Fees	240.00
Bill Pmt -Check	06/20/2019	5944	California Rural Water Association	Water Membership	1,302.00
Bill Pmt -Check	06/20/2019	5945	Churchwell White	Legal	3,915.30
Bill Pmt -Check	06/20/2019	5946	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	06/20/2019	5947	DirectHit Pest Control	Building Maintenance	75.00
Bill Pmt -Check	06/20/2019	5948	EKI Environment & Water	Engineering	5,000.00
Bill Pmt -Check	06/20/2019	5949	Government Finance Officers Association	Office Expense	160.00
Bill Pmt -Check	06/20/2019	5950	Intermedia.net, Inc.	Telephone	63.74
Bill Pmt -Check	06/20/2019	5951	Oreilly Automotive	Transportation: Maintenance	138.29
Bill Pmt -Check	06/20/2019	5952	PG&E	Utilities	45.50
Bill Pmt -Check	06/20/2019	5953	Quill Corporation	Office Expense	52.93
Bill Pmt -Check	06/20/2019	5954	Regional Water Authority	Capacity Fee Expense-Sacramento Regional Water Bank Phase 1	4,000.00
Bill Pmt -Check	06/20/2019	5955	Rio Linda Elverta Recreation & Park Dist	Meeting Expense	50.00
Bill Pmt -Check	06/20/2019	5956	Sierra Chemical Company	Chemical Supplies	1,259.30
Bill Pmt -Check	06/20/2019	5957	Tees Unlimited	Conservation	110.98
Bill Pmt -Check	06/20/2019	5958	The News	Publishing, Printing	1,919.00
Bill Pmt -Check	06/20/2019	5959	Unifirst Corporation	Uniforms	258.12
Bill Pmt -Check	06/20/2019	5960	USA BlueBook	Safety Expense	3,397.26
Bill Pmt -Check	06/20/2019	5961	Postmaster	Postage	268.00
Bill Pmt -Check	06/20/2019	5962	Water Rite Products	Shop Supplies	39.03
Bill Pmt -Check	06/20/2019	5964	Domenichelli & Associates	Capital Improvement: Well 16	55,108.90
Bill Pmt -Check	06/27/2019	EFT	WageWorks	FSA	18.40
Check	06/28/2019	5966	Customer	Final Bill Refund	128.03
<b>Total 10000 - Bank - Operating Account</b>					<b>410,263.10</b>

**Rio Linda Elverta Community Water District  
Expenditure Report  
June 2019**

Type	Date	Num	Payee	Memo	Amount
Transfer	06/20/2018	EFT	RLECWD - Operating Account	May 2018 Security Deposits Applied	1,700.00
<b>10100 · Security Deposits</b>					<b><u>1,700.00</u></b>
Type	Date	Num	Payee	Memo	Amount
Check	06/28/2019	EFT	State Water Resources Control Board	Safe Drinking Water State Revolving Fund Loan Payment	230,677.32
<b>10300 · Surcharge 1 Account</b>					<b><u>230,677.32</u></b>
Type	Date	Num	Payee	Memo	Amount
Transfer	06/05/2019	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5934	27,649.66
<b>10455 · Capital Improvement Reserve</b>					<b><u>27,649.66</u></b>



## **Executive Committee Agenda Item: 2**

**Date:** August 5, 2019

**Subject:** Financial Reports

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

It is recommended that the Executive Committee review the Finance Reports of the District for the month of June 2019.

### **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**  
**Unaudited Balance Sheet**  
 As of June 30, 2019

**ASSETS**

**Current Assets**

**Checking/Savings**

**100 · Cash & Cash Equivalents**

**10000 · Operating Account**

10005 · Operating Fund 514,769.28

10010 · Operating Reserve Fund 250,000.00

**Total 10000 · Operating Account 764,769.28**

**Surcharge 10100 · Trust/Security Deposit Account**

43,602.00

**10450 · Capital Improvement**

10455 · Capital Improvement Fee Reserve 1,403,610.15

10460 · Vehicle Replacement Reserve 10,000.00

10465 · Cr6 Project 37,259.18

**Total 10450 · Capital Improvement 1,450,869.33**

**Total 100 · Cash & Cash Equivalents 2,259,240.61**

**102 · Restricted Assets**

**102.1 · Restricted Capital Improvements**

10700 · ZIONS Inv/Surcharge Reserve 505,236.18

**Total 102.1 · Restricted Capital Improvements 505,236.18**

**102.2 · Restricted for Debt Service**

10300 · Surcharge 1 Account 556,620.52

10325 · Community Business Bank 5,818.96

10350 · Umpqua Bank 40,101.65

10350 · Surcharge 2 Account 166,926.53

**Total 102.2 · Restricted for Debt Service 769,467.66**

**102.4 · Restricted Other Purposes**

10600 · LAIF Account 205,000.00

10625 · CalPERS-CERTBT 16,355.75

**Total 102.4 · Restricted Other Purposes 221,355.75**

**Total 102 · Restricted Assets 1,496,059.59**

**Total Checking/Savings 3,755,300.20**

**Accounts Receivable 33,345.29**

**Other Current Assets**

12000 · Water Utility Receivable 88,237.37

12200 · Accrued Revenue 150,000.00

12250 · Accrued Interest Receivable 0.00

15000 · Inventory Asset 97,034.88

16000 · Prepaid Expense 28,381.86

**Total Other Current Assets 363,654.11**

**Total Current Assets 4,152,299.60**

**Fixed Assets**

17000 · General Plant Assets 787,321.26

17100 · Water System Facilities 20,834,314.26

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 15,038,898.87**

**Other Assets**

19000 · Deferred Outflows 347,606.00

19900 · Suspense Account 0.00

**Total Other Assets 347,606.00**

**TOTAL ASSETS 19,538,804.47**

**Rio Linda Elverta Community Water District**  
**Unaudited Balance Sheet**  
 As of June 30, 2019

<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	111,841.62
Credit Cards	2,348.50
Other Current Liabilities	621,564.93
<b>Total Current Liabilities</b>	<b>735,755.05</b>
<b>Long Term Liabilities</b>	
23000 · OPEB Liability	262,349.00
23500 · Lease Buy-Back	755,052.27
25000 · Surcharge 1 Loan	4,536,774.26
25050 · Surcharge 2 Loan	105,000.00
26000 · Water Rev Refunding	2,091,606.00
27000 · Community Business Bank	342,485.52
29000 · Net Pension Liability	1,033,555.00
29500 · Deferred Inflows-Pension	33,279.00
29600 · Deferred Inflows-OPEB	8,293.00
<b>Total Long Term Liabilities</b>	<b>9,168,394.05</b>
<b>Total Liabilities</b>	<b>9,904,149.10</b>
<b>Equity</b>	
31500 · Invested in Capital Assets, Net	7,519,910.46
32000 · Restricted for Debt Service	699,786.24
38000 · Unrestricted Equity	642,702.76
Net Income	772,255.91
<b>Total Equity</b>	<b>9,634,655.37</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>19,538,804.47</b>



**Rio Linda Elverta Community Water District**  
**Unaudited Operating Profit & Loss Budget Performance**  
**June 2019**

	<u>Annual Budget</u>	<u>Jun 19</u>	<u>Jul 18-Jun 19</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>Total 40000 · Operating Revenue</b>	2,664,429.00	158,200.74	2,502,410.34	93.92%	162,018.66
<b>41000 · Nonoperating Revenue</b>					
<b>41110 · Investment Revenue</b>					
<b>41112 · Interest Revenue</b>	400.00	10.74	411.59	102.90%	-11.59
<b>Surcharge Total 41110 · Investment Revenue</b>	400.00	10.74	411.59	102.90%	-11.59
<b>41120 · Property Tax</b>	70,000.00	0.00	87,964.04	125.66%	-17,964.04
<b>Total 41000 · Nonoperating Revenue</b>	70,400.00	10.74	88,375.63	125.53%	-17,975.63
<b>Total Income</b>	<u>2,734,829.00</u>	<u>158,211.48</u>	<u>2,590,785.97</u>	<u>94.73%</u>	<u>144,043.03</u>
<b>Gross Income</b>	2,734,829.00	158,211.48	2,590,785.97	94.73%	144,043.03
<b>Expense</b>					
<b>60000 · Operating Expenses</b>					
<b>60010 · Professional Fees</b>	165,979.00	16,949.70	149,778.81	90.24%	16,200.19
<b>60100 · Personnel Services</b>					
<b>60110 · Salaries &amp; Wages</b>	663,114.00	59,496.11	625,969.05	94.40%	37,144.95
<b>60150 · Employee Benefits &amp; Expense</b>	408,099.00	37,420.75	402,457.86	98.62%	5,641.14
<b>Total 60100 · Personnel Services</b>	<u>1,071,213.00</u>	<u>96,916.86</u>	<u>1,028,426.91</u>	<u>96.01%</u>	<u>42,786.09</u>
<b>60200 · Administration</b>	257,595.00	16,979.40	236,115.99	91.66%	21,479.01
<b>64000 · Conservation</b>	6,748.00	110.98	5,843.98	86.60%	904.02
<b>65000 · Field Operations</b>	423,809.00	42,472.40	383,393.93	90.46%	40,415.07
<b>Total 60000 · Operating Expenses</b>	<u>1,925,344.00</u>	<u>173,429.34</u>	<u>1,803,559.62</u>	<u>93.68%</u>	<u>121,784.38</u>
<b>69000 · Non-Operating Expenses</b>					
<b>69010 · Debt Service</b>					
<b>69100 · Revenue Bond</b>					
<b>69105 · Principle</b>	133,163.00	0.00	133,163.00	100.00%	0.00
<b>69110 · Interest</b>	65,726.00	0.00	65,725.80	100.00%	0.20
<b>Total 69100 · Revenue Bond</b>	<u>198,889.00</u>	<u>0.00</u>	<u>198,888.80</u>	<u>100.00%</u>	<u>0.20</u>
<b>69125 · AMI Meter Loan</b>					
<b>69130 · Principle</b>	46,818.00	0.00	46,818.03	100.00%	-0.03
<b>69135 · Interest</b>	11,696.00	0.00	11,695.89	100.00%	0.11
<b>Total 69125 · AMI Meter Loan</b>	<u>58,514.00</u>	<u>0.00</u>	<u>58,513.92</u>	<u>100.00%</u>	<u>0.08</u>
<b>Total 69010 · Debt Service</b>	<u>257,403.00</u>	<u>0.00</u>	<u>257,402.72</u>	<u>100.00%</u>	<u>0.28</u>
<b>69400 · Other Non-Operating Expense</b>	2,000.00	0.00	0.00	0.00%	2,000.00
<b>Total 69000 · Non-Operating Expenses</b>	<u>259,403.00</u>	<u>0.00</u>	<u>257,402.72</u>	<u>99.23%</u>	<u>2,000.28</u>
<b>Total Expense</b>	<u>2,184,747.00</u>	<u>173,429.34</u>	<u>2,060,962.34</u>	<u>94.33%</u>	<u>123,784.66</u>
<b>Net Ordinary Income</b>	<u>550,082.00</u>	<u>-15,217.86</u>	<u>529,823.63</u>		
<b>Net Income</b>	<u><b>550,082.00</b></u>	<u><b>-15,217.86</b></u>	<u><b>529,823.63</b></u>		

CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2018-2019  
Unaudited July 2018 through June 2019

	GENERAL		CONNECTIONS		CHROMIUM MITIGATION & NEW WELLS		VEHICLE REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
<b>BEGINNING FUND BALANCE</b>	<b>\$ 1,426,064.00</b>	<b>\$ 1,426,064.00</b>	<b>\$ 129,988.00</b>	<b>\$ 129,988.00</b>	<b>\$ (454,317.00)</b>	<b>\$ (454,317.00)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUNDING SOURCES</b>								
Fund Transfers								
Operating Fund Transfers In	550,000.00	550,008.00	-	-	-	-	-	-
CIP Fund Intrafund Transfers	(10,000.00)	(10,000.00)	-	(205,000.00)	-	-	10,000.00	10,000.00
Surcharge 2 Surplus Repayment	-	-	-	-	435,752.00	435,752.00	-	-
Contributed Funding								
Capacity Fee Revenue	-	-	40,000.00	51,704.90	-	-	-	-
Contributed Facilities (Developers)	-	-	-	26,488.64	-	-	-	-
Grant Revenue	-	-	-	-	20,000.00	-	-	-
Loan Proceeds	35,212.00	33,892.14	18,055.00	18,055.00	2,468,239.00	105,899.34	30,000.00	26,720.51
Investment Revenue	350.00	842.79	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
<b>TOTAL FUNDS AVAILABLE FOR CIP PROJECTS</b>	<b>2,001,626.00</b>	<b>2,000,806.93</b>	<b>188,043.00</b>	<b>21,236.54</b>	<b>2,469,674.00</b>	<b>87,334.34</b>	<b>40,000.00</b>	<b>36,720.51</b>
<b>PROJECTS</b>								
<b>A - WATER SUPPLY</b>								
A-1 - Well 10 - Cr6 Treatment	-	-	-	-	40,000.00	-	-	-
A-2 - Well 16	-	-	-	-	2,448,239.00	116,926.24	-	-
A-3 - Well 17	28,000.00	27,649.66	-	-	-	-	-	-
A-4 - Miscellaneous Pump Replacements	40,000.00	-	-	-	-	-	-	-
<b>Total A - WATER SUPPLY</b>	<b>68,000.00</b>	<b>27,649.66</b>	<b>-</b>	<b>-</b>	<b>2,488,239.00</b>	<b>116,926.24</b>	<b>-</b>	<b>-</b>
<b>B - WATER DISTRIBUTION</b>								
B-1 - System Valve Replacements	30,000.00	-	-	-	-	-	-	-
B-2 - Paving Replacements	25,000.00	-	-	-	-	-	-	-
B-3 - Service Replacements	35,000.00	29,609.50	-	-	-	-	-	-
B-4 - Large Meter Replacements	5,000.00	3,561.34	-	-	-	-	-	-
<b>Total B - WATER DISTRIBUTION</b>	<b>95,000.00</b>	<b>33,170.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M - GENERAL PLANT ASSETS</b>								
M-1 - Ice Machine	2,804.00	2,803.96	-	-	-	-	-	-
M-2 - Billing Software Upgrade	25,000.00	25,000.00	18,055.00	16,835.00	-	-	-	-
M-3 - Office Furniture & Equipment	10,212.00	8,892.14	-	-	-	-	-	-
M-4 - Truck	-	-	-	-	-	-	30,000.00	26,720.51
<b>Total M - GENERAL PLANT ASSETS</b>	<b>38,016.00</b>	<b>36,696.10</b>	<b>18,055.00</b>	<b>16,835.00</b>	<b>-</b>	<b>-</b>	<b>30,000.00</b>	<b>26,720.51</b>
<b>C - CONTINGENCY</b>								
C-1 - Contingency (10% of Est A,B,M, & FO)	20,101.60	-	1,805.50	4,000.00	248,823.90	-	3,000.00	-
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>	<b>221,117.60</b>	<b>97,516.60</b>	<b>19,860.50</b>	<b>20,835.00</b>	<b>2,737,062.90</b>	<b>116,926.24</b>	<b>33,000.00</b>	<b>26,720.51</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 1,780,508.40</b>	<b>\$ 1,903,290.33</b>	<b>\$ 168,182.50</b>	<b>\$ 401.54</b>	<b>\$ (267,388.90)</b>	<b>\$ (29,591.90)</b>	<b>\$ 7,000.00</b>	<b>\$ 10,000.00</b>

**Rio Linda Elverta Community Water District  
Unaudited Surcharge 1 Profit & Loss Budget Performance  
June 2019**

	<u>Annual Budget</u>	<u>Jun 19</u>	<u>Jul-Jun 19</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
<b>Income</b>					
<b>41000 · Non-Operating Revenue</b>					
<b>41110 · Investment Revenue</b>					
<b>41111 · Dividend Revenue</b>	0.00	1,190.24	2,206.55	100.0%	-2,206.55
<b>41112 · Interest Revenue</b>	8,000.00	510.90	7,470.26	93.38%	529.74
<b>41113 · Market Value Adjustment</b>	0.00	1,728.29	4,831.98	100.0%	-4,831.98
	<u>8,000.00</u>	<u>3,429.43</u>	<u>14,508.79</u>	<u>181.36%</u>	<u>-6,508.79</u>
<b>43010 · Surcharge 1 Revenue</b>	523,374.00	126.98	465,430.41	88.93%	57,943.59
<b>Total Income</b>	<u>531,374.00</u>	<u>3,556.41</u>	<u>479,939.20</u>	<u>90.32%</u>	<u>51,434.80</u>
<b>Gross Income</b>	531,374.00	3,556.41	479,939.20	90.32%	51,434.80
<b>Expense</b>					
<b>69150 · Surcharge (SRF)</b>					
<b>69155 · Principle</b>	342,540.00	172,363.88	342,540.40	100.0%	-0.40
<b>69160 · Interest</b>	118,814.00	58,313.44	118,814.24	100.0%	-0.24
<b>69170 · Admin Fees</b>	2,210.00	545.86	2,160.58	97.76%	49.42
<b>Total 69150 · Surcharge (SRF)</b>	<u>463,564.00</u>	<u>231,223.18</u>	<u>463,515.22</u>	<u>99.99%</u>	<u>48.78</u>
<b>Total Expense</b>	<u>463,564.00</u>	<u>231,223.18</u>	<u>463,515.22</u>		
<b>Net Income</b>	<u><u>67,810.00</u></u>	<u><u>-227,666.77</u></u>	<u><u>16,423.98</u></u>		

**Rio Linda Elverta Community Water District  
Unaudited Surcharge 2 Profit & Loss Budget Performance  
June 2019**

	<u>Annual Budget</u>	<u>Jun 19</u>	<u>Jul-Jun 19</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
<b>Income</b>					
<b>41000 · Non-Operating Revenue</b>					
<b>41110 · Investment Revenue</b>					
<b>41112 · Interest Revenue</b>	20.00	8.11	142.03	710.15%	-122.03
	<u>20.00</u>	<u>8.11</u>	<u>142.03</u>	<u>710.15%</u>	<u>-122.03</u>
<b>43050 · Surcharge 2 Revenue</b>	439,019.00	102.48	375,535.84	85.54%	63,483.16
<b>Total Income</b>	<u>439,039.00</u>	<u>110.59</u>	<u>375,677.87</u>	<u>85.57%</u>	<u>63,361.13</u>
<b>Gross Income</b>	439,039.00	110.59	375,677.87	85.57%	63,361.13
<b>Expense</b>					
<b>69175 · Surcharge 2 Loan</b>					
<b>69180 · Principle</b>	195,000.00	0.00	195,000.00	100.0%	0.00
<b>69185 · Interest</b>	136,038.00	0.00	2,158.20	1.59%	133,879.80
<b>Total 69175 · Surcharge 2 Loan</b>	<u>331,038.00</u>	<u>0.00</u>	<u>197,158.20</u>	<u>59.56%</u>	<u>133,879.80</u>
<b>Total Expense</b>	<u>331,038.00</u>	<u>0.00</u>	<u>197,158.20</u>		
<b>Net Income</b>	<u><u>108,001.00</u></u>	<u><u>110.59</u></u>	<u><u>178,519.67</u></u>		



**CALIFORNIA STATE TREASURER  
FIONA MA, CPA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
06/24/19	2.41	2.44	166
06/25/19	2.40	2.44	167
06/26/19	2.41	2.44	168
06/27/19	2.41	2.44	169
06/28/19	2.40	2.44	174
06/29/19	2.40	2.44	174
06/30/19	2.39	2.44	173
07/01/19	2.40	2.40	180
07/02/19	2.40	2.40	180
07/03/19	2.39	2.40	182
07/04/19	2.39	2.40	182
07/05/19	2.39	2.40	182
07/06/19	2.39	2.40	182
07/07/19	2.39	2.39	182
07/08/19	2.39	2.39	179
07/09/19	2.39	2.39	179
07/10/19	2.39	2.39	178
07/11/19	2.38	2.39	179
07/12/19	2.38	2.39	179
07/13/19	2.38	2.39	179
07/14/19	2.38	2.39	179
07/15/19	2.38	2.39	176
07/16/19	2.38	2.39	178
07/17/19	2.38	2.39	179
07/18/19	2.37	2.39	180
07/19/19	2.37	2.39	179
07/20/19	2.37	2.39	179
07/21/19	2.37	2.39	179
07/22/19	2.37	2.38	179
07/23/19	2.37	2.38	177
07/24/19	2.37	2.38	178

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

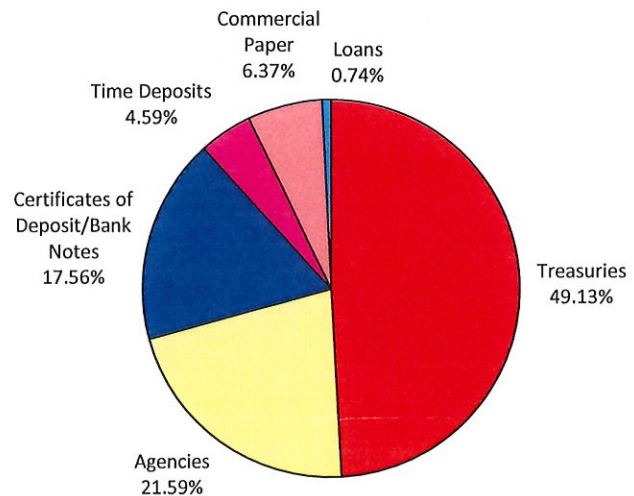
**Quarter Ending 06/30/19**

Apportionment Rate: 2.57  
 Earnings Ratio: .00007028813234525  
 Fair Value Factor: 1.001711790  
     Daily: 2.39%  
 Quarter to Date: 2.44%  
 Average Life: 173

**PMIA Average Monthly Effective Yields**

**June 2019 2.428**  
 May 2019 2.449  
 Apr 2019 2.445

**Pooled Money Investment Account  
Portfolio Composition  
06/30/19  
\$105.7 billion**



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 07/24/2019



GOVERNMENT FINANCE OFFICERS ASSOCIATION  
**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**

07/12/2019

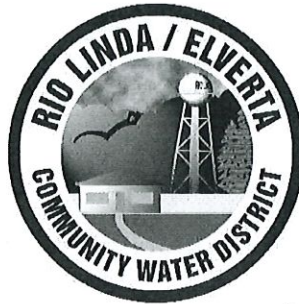
**For more information contact:**  
**Michele Mark Levine, Director/TSC**  
**Phone: (312) 977-9700**  
**Fax: (312) 977-4806**  
**E-mail: [mlevine@gfoa.org](mailto:mlevine@gfoa.org)**

(Chicago, Illinois)--The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **Rio Linda/Elverta Community Water District** by Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s) or department designated by the government as primarily responsible for preparing the award-winning CAFR.

The CAFR has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

*Government Finance Officers Association is a major professional association servicing the needs of over 20,000 appointed and elected local, state, and provincial-level government officials and other finance practitioners. It provides top quality publications, training programs, services, and products designed to enhance the skills and performance of those responsible for government finance policy and management. The association is headquartered in Chicago, Illinois, with offices in Washington, D.C.*



## Executive Committee Agenda Item: 3

**Date:** August 5, 2019

**Subject:** Fiscal Year 2019/2020 Final Budget

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

The Executive Committee should review the final Budget and forward this item onto the August 19<sup>th</sup> Board agenda with a recommendation for approval.

### **Current Background and Justification:**

The process of final budget adoption is stipulated in District Policy. The process entails adopting the final budget via Resolution at a public hearing, which has been published in the newspaper.

### **Conclusion:**

I recommend the Executive Committee forward adoption of the final Budget onto the August 19<sup>th</sup> Board agenda with a recommendation for Board Approval.



# Operating and Capital Budget

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Fiscal Year July 1, 2019 – June 30, 2020

Budget prepared by Timothy Shaw, General Manager, District Staff, and District Engineer

8/19/2019



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## EXECUTIVE SUMMARY

August 19, 2019

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2019-2020 Operating and Capital Budget. The budget document provides detailed information about the District's revenue and expenditure forecast for the next fiscal year and addresses the main points and major decisions made in compiling the budget.

The District's overall operation is achieved, in part, by annually reviewing its goals and means to accomplish such goals. The goals and objectives are considered during the budget development process to provide the basis for prioritizing efforts, activities, needs, human resources, and financial resources.

Monitoring the budget and responding to unanticipated events is a continuous process. The District maintains a proactive response in performing mid-year budget review(s) if adjustments are required. The District amended its budget adoption policy in 2019 to:

Associate the public hearing / public notice requirement with the final budget adoption (in August) instead of the preliminary budget adoption (in May).

Allow for minor budget revisions by the General Manager where the overall spending is not increased. Examples include moving funding from a relatively over-funded line item to an under-funded line item.

The pending hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) continues to influence our operating and capital budgets. Fortunately, the District's current rate structure provides for infrastructure improvements to comply with anticipated Cr+6 MCL. However, the rates analysis for the current rates presumed the District would receive a minimum level of Cr+6 mitigation funding through grants and low interest loans, which assumed that the District would qualify as a Disadvantaged Community (DAC). The District is not eligible for DAC funding. Consequently, the District narrowed its Cr+6 mitigation efforts to two projects, Well #16 groundwater pumping station and a wellhead treatment project using ion exchange treatment of existing groundwater facilities. The District secured a loan from Opus Bank using Surcharge #2 as debt service. The design of the Well #16 groundwater pumping facility is approximately 90% complete. Construction of the Well #16 facility, which produces drinking water with hexavalent chromium substantially below the anticipated re-adopted MCL, is scheduled for completion in September 2020. At the August 19, 2019 Board meeting, the Board will consider how much of the Opus bank loan to draw. Factors to be considered include the currently published state schedule for re-adopting the hexavalent chromium MCL and anticipate concurrence from the Department of Water Resource on reallocating a \$500,000 grant awarded to the wellhead, ion-exchange treatment project to the Well #16 project. To supplement the current rate structure for Cr+6 mitigation infrastructure, staff continues to stay abreast of additional funding opportunities as may materialize by legislative or other action.

The District will continue to fund the Capital Improvement Fund with the operating budget and Opus Bank loan proceeds. Previous District objectives, which were influenced by the state compliance order

and other regulatory enforcement actions included a \$600,000 targeted annual funding level for capital improvements. The targeted amount was not necessarily based on the need for specific capital improvements. To address this, the District has been conducting a thorough and deliberate capital improvement projects list update, which is now nearly complete. Once the capital improvement projects list and schedule for the list are adopted by the Board, the District will use this to drive the annual capital budget adoption process. The current balance of the capital improvement fund is approximately \$1.7 million. Note that the Opus Bank loan is not included in the accumulated balance for the capital improvement fund.

Budget items tangible to the deviation from blindly targeting an annual funding amount (previously \$600,000) include increase spending on employee compensation subsequent to the collective bargaining agreement renewal. In general terms, the District increased pay by an average of 5% and increased the maximum budgeted Districts contribution for medical, dental and vision insurance to \$1,705 per employee per month. Tempering this increase is the continued practice from the previous year of budgeting for the maximum contractual (MOU) amount knowing that all employees are not likely to require the maximum. This effectively yields a year-end under budget condition for medical, dental and vision insurance. Also tempering the increased employee compensation is the decreased spending on operational needs. On average, the District is saving \$0.38 per gallon on fuel for District vehicles compared to past practices of paying credit per gallon rates and federal excise tax. The District is saving \$150 per month on the new voice over internet protocol (VOIP) office phone system compared to Comcast service. The District is saving over \$200 per month on cell phone service charges by switching to a program only available to government agencies. The District is saving approximately \$21,000 per year.

The District amended its finance policies to reflect statutory requirements and staffing realities. The previous finance policies were adopted subsequent to substantive findings in annual independent audits in 2011 and 2012. The previously adopted finance policies assumed the District staff and/or consultants included the services of a properly credentialed finance officer. The new policies simplify the Districts investment options, which are now the right tool for the job. The previous funding for retiree medical was transition to the California Employers Retiree Benefit Trust (CERBT), which is generating about 7% interest. The balance of capacity fees was then transferred to our Local Agency Investment Fund (LAIF), Capacity fees are restricted and are no longer comingled with District capital improvement funds. This will enable required reporting of capacity fee account status. Only the Board, at properly noticed meetings, can make changes to the District's investments.

Looking ahead, several laws already signed by the Governor have current and future increased cost to the District. Some new laws have direct financial burdens and others have burdens via increased demands for staff time by requiring additional reporting and more complex compliance elements. Among these new laws are SB-555, SB-998 and SB-606. The District is hopeful it can partially mitigate the costs and personnel burdens from SB-998 and SB-555 by collaborating with neighboring water agencies to share the costs (but unfortunately not eliminate) for compliance. Some of the collaboration is being discussed at the organizations the District already participates, e.g. Regional Water Authority. Other discussions on collaboration are through a relatively recent but substantially informal group of Sacramento Regional Water Utilities. Additionally, the District is exploring the feasibility and timing for out-sourcing the printing, folding, stuffing and mailing of the bimonthly bills to free up some person-hours to use on the onerous new requirements for termination of service under SB-998. SB-606

compliance will undoubtedly require the District to perform a rate adjustment process. The current structure of the District rates is fundamentally incompatible with the requirements of SB-606.

The District is required to contribute approximately \$24,210 in administrative membership dues this fiscal year to the Sacramento Ground Water Authority (SGA) to remain in good standing. The SGA is a Joint Powers Authority (JPA) created to manage and maintain the long-term sustainable yield of the North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. It has been granted extensive powers and functions to accomplish its sustainable groundwater management mission. Along with SGA, other water association memberships for the District include Regional Water Authority (RWA), Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and California Rural Water Association (CRWA). The District discontinued membership in the American Water Works Association (AWWA). We can expect an increase in annual dues from these associations due to inflation. We can also expect and already experienced beyond inflation increase in property and workers comp insurance due to the impact of wildfires on the insurance industry as a whole. The increases in funding for SGA and RWA also go beyond inflation. RWA and SGA operating cost increases also reflect generous funding (relative to the District's approach) of employee compensation and benefits.

Continuing the streamlining improvements made in last year's budget, the District has made minor revisions to the chart of accounts to match those used by the Auditor. These changes include transitioning some operations and maintenance cost out of the capital improvement budget.

In summary, the budget reflects the Board of Directors' priorities and goals which are conveyed to staff. The budgeting process continues to improve, and the staff has embraced cost avoidance strategies to improve the District's fiscal status wherever feasible. We're taking advantage of joint powers purchasing agreements only available to government agencies, purchasing fuel without the charge for excise taxes. and purchasing equipment to reduce long-term costs. We've implemented contract improvements to exercise greater control and focus on our engineering needs, embraced a completed staff work approach to ensuring elements are not overlooked and future obligation have a greater amount of lead time for planning and funding.

I formally recognize and thank the staff and Board Members for their continued dedication and commitment. There can be no doubt that the cooperation and collective efforts have productively lead to improvements in the efficiency and cost curtailments reflected not only in this budget, but also in the fundamental services this community owned public water system provides.

Sincerely,

Timothy R. Shaw  
General Manager  
Rio Linda/Elverta Community Water District

## UNDERSTANDING THE BUDGET DOCUMENT

On an annual basis, the District's Board of Directors adopts a budget for the subsequent fiscal year. The budget is an instrument used by management to present the proposed plan of financial operations of the District to the Board of Directors. The budget incorporates Operating, Capital, and includes all supporting statements, details, summaries and other information deemed appropriate by the General Manager.

The budget is divided into several sections as follows:

**INTRODUCTION** This section contains a description of the District and its organizational structure and budget process.

**OPERATING BUDGET** This section describes the philosophy and process used to develop the operating budget.

**CAPITAL BUDGET** This section describes the philosophy and process used to develop the capital budget.

**GLOSSARY** This section contains a description of the District and its organizational structure and budget process.

## Budgetary Control and Process

### *Budgetary Control*

The District prepares budgets as a matter of policy and financial control. The budget is a financial plan detailing operating expenses, capital infrastructure investments, debt obligations, and designation of reserves. The following items are reviewed as part of preparing the budget:

- Assess current conditions and needs, including system quality and safety;
- Develop goals, objectives, policies, and plans based upon the assessment;
- Prioritize projects and develop work programs, based upon short-term and long-term cost effectiveness, and
- Implement plans, policies, and assess shortcomings.

### *Budget Process*

The District follows an incremental budgetary process (see glossary), which is prepared on a cash basis and is used as a management tool for projecting and measuring revenues and expenses. To commence the process, the Finance committee provides an extensive review of the proposed budget. After review, the District invites customers to a public hearing so that the District can provide budget information and receive feedback. Public hearings are designed to educate and inform customers about the District's financial operations and requirements. It is during this forum that the budget is adopted by Board of Directors.

To summarize, the District's guideline for its policy, procedures, and timeline involved in creating and approving the annual budget is outlined below.

**PRESENTATION AND REVIEW**

In June of each year, the General Manager shall present the draft budget documents to the Board of Directors, including the "Preliminary Budget, for the following fiscal year. The Board may adopt the Preliminary Budget and schedule a Public Hearing for consideration of the Final Budget (typically August regular Board of Directors meeting).

**PUBLIC HEARING**

On or before the regular Board meeting in August, the Board of Directors shall hold a public hearing to adopt the Final Budget. Copies of the Budget document shall be available to the public.

**ADOPTION**

During or before the regular Board meeting in August, the Board of Directors shall make any changes it deems desirable to the Preliminary Budget and shall adopt by resolution the Budget as finally determined. The resolution shall include all adopted revenue and expenditure figures.

**REVISIONS**

Occasionally, it is necessary and appropriate for Board of Directors to revise the budget. Examples of necessary budget revisions include but are not limited to; unforeseen regulatory requirements and expenses, operational costs beyond those originally budgeted, and catastrophic equipment/facilities failures. As required, the General Manager will present budget revisions to the Board and the Board will consider these revisions at regular meetings of the Board of Directors.

**MINOR ALLOCATIONS AND REVISIONS BETWEEN LINE ITEMS**

When the budget revisions are minor in scope and/or consist merely of reallocating a surplus from one line item to cover reasonably anticipated shortfalls in another line item, the General Manager is authorized to make such minor budget revisions and report the revision, including submitting the revised budget to the Board review at the subsequent Board of Directors meeting. General Manager authorized minor budget revisions are limited in that the total budgeted expenses must remain unchanged.

## DISTRICT PROFILE

### District History and Service Description

The Rio Linda/Elverta Community Water District (RLECWD) was formed in 1948 after a public vote under County Water District Law (Water Code section 30000 et seq.). The District is governed by a Board of Directors that consists of five (5) members elected at large. The District includes the communities of Rio Linda and Elverta and encompasses approximately 17.8 square miles. The District has 10 full-time employees, a contracted engineer and an attorney.

The District water system consists of 11 wells and 61.72 miles of distribution mains. The overall system capacity is currently 14.4 MGD. The District pumps approximately 2110 acre-feet of water annually to its 4,618 customers with a daily average of approximately 1.9 million gallons.

To improve the water system and ensure the delivery of high quality drinking water to customers, the District constructed Well # 15 in 2012 and a 1.2 million gallon reservoir tank in 2014.

### District Mission Statement

The mission of the Rio Linda/Elverta Community Water District is to provide, in a manner responsive to District customers, a water supply that is adequate, safe and potable (according to state and federal standards) and that meets both current and future needs.

### District Officials

#### *Board of Directors*

John Ridilla, President/Director

Mary Harris, Vice President/Director

Chris Gifford, Director

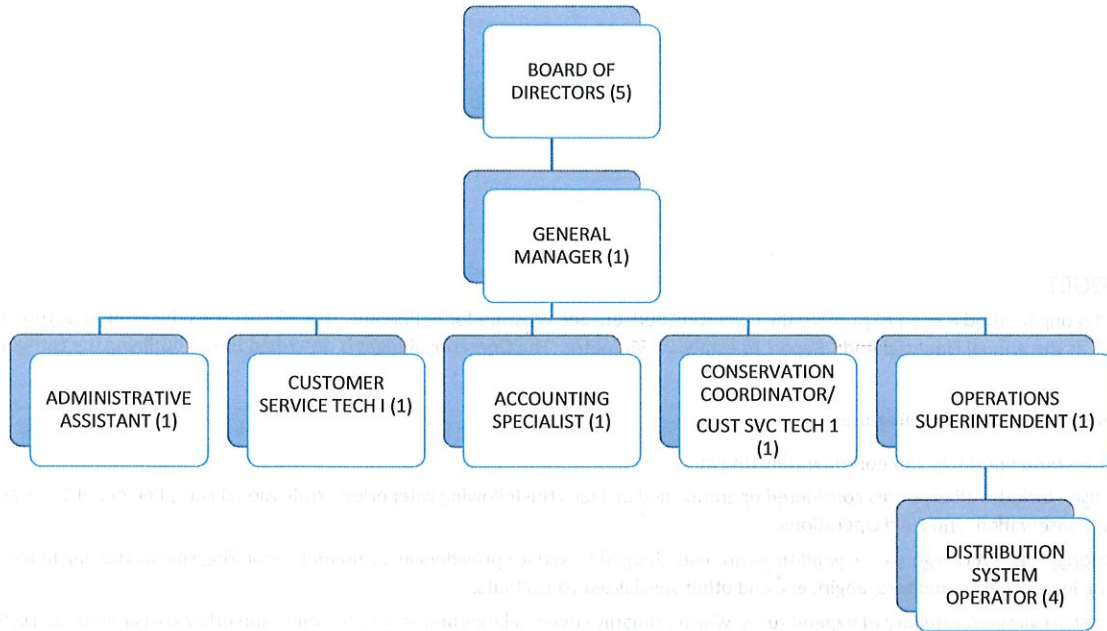
Jason A. Green, Director

Robert Reisig, Director

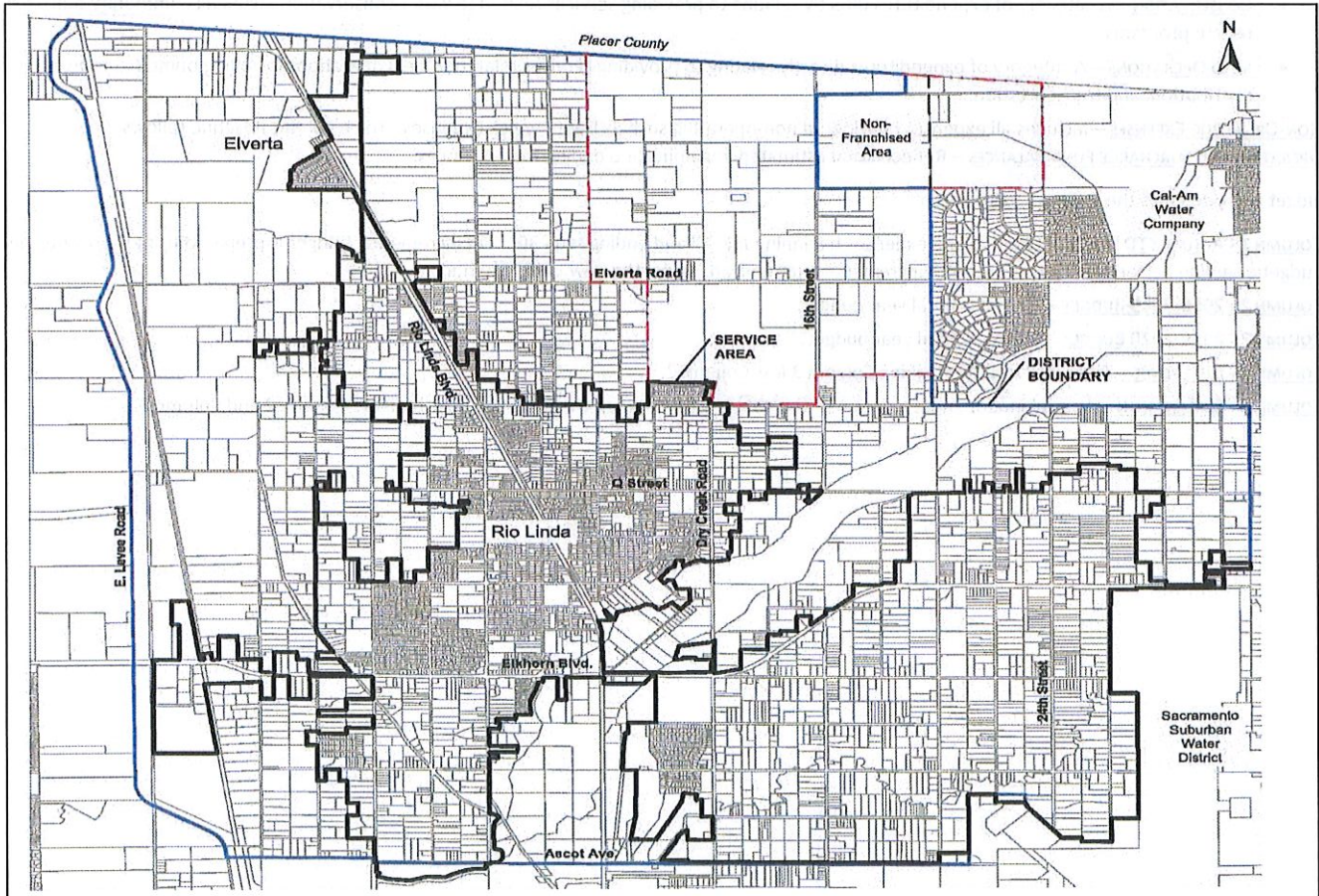
#### *Appointed Official*

Timothy Shaw, General Manager

# Organizational Structure



# Service Area





## OPERATING BUDGET

The Incremental Budgeting Method is used to prepare the Operating Budget. See Glossary for definitions. The District uses the same structure and format for the chart of accounts as the Annual Financial Audit Report to establish symmetry. The Operating Budget is described below outlining the categories, and columns.

The budget is divided into the following categories:

**REVENUE** – Includes both operating and non-operating revenue.

**OPERATING EXPENSE** – Includes all expenses considered operating and includes the following categories: Professional Fees, Personnel Services, Administration, Conservation, and Field Operations.

- **PROFESSIONAL FEES** – A category of expenditures are fees charged by service providers in occupations requiring special training in the arts or sciences including legal services, auditors, engineers, and other specialized consultants.
- **PERSONNEL SERVICES** – A category of expenditures, which primarily covers salaries and wages, benefits, and other costs related to District personnel.
- **ADMINISTRATION** – A category of expenditures directly related to the cost of providing services including building maintenance, computer systems, office, insurance, and water memberships.
- **CONSERVATION** – A category of expenditures directly relating to providing services related to water conservation including community outreach and rebate programs.
- **FIELD OPERATIONS** – A category of expenditures directly relating to providing services related to field operations including pumping, transmission and distribution, and transportation.

**NON-OPERATING EXPENSES** – Includes all expenses considered non-operating such as Debt Service expenses. The total Net Revenue follows.

**OPERATING AND SURCHARGE FUND BALANCES** – Reflects total estimated beginning and ending fund balances.

The budget is divided into the following columns:

**COLUMN 1 - ACTUAL YTD** – Actual revenue and expenses beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>. An incremental budget is prepared using a previous period's budget or actual performance as a basis with incremental amounts added for the new budget period.

**COLUMN 2 - 2018-2019 BUDGET** – The prior fiscal year budget.

**COLUMN 3 - 2019-2020 BUDGET** – The new fiscal year budget.

**COLUMN 4 - DIFFERENCE** – The calculated total taking Column 3 less Column 2.

**COLUMN 5 - EXPLANATION** – An explanation or description of the differences between the two fiscal year budgets Column 2 and Column 3.

Operating and Non-Operating Revenue

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>OPERATING REVENUE</b>						
<b>40100 Water Service Rates</b>						
40101	Basic Service Charge	\$1,705,369.00	\$1,863,992.00	\$1,901,272.00	\$37,280.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40102	Usage Charge	626,938.00	637,187.00	656,303.00	19,116.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40105	Backflow Charge	25,872.00	25,000.00	25,000.00	0.00	
40106	Fire Prevention	13,795.00	10,600.00	13,500.00	2,900.00	Increased to adjust for projected revenues
<b>Total Water Service Rates</b>		<b>2,371,974.00</b>	<b>2,536,779.00</b>	<b>2,596,075.00</b>	<b>59,296.00</b>	
<b>40200 Water Services</b>						
40201	Application Fee	12,075.00	15,000.00	6,500.00	-8,500.00	Decreased to adjust for a lower fee based on actual cost to process applications
40202	Delinquency	28,275.00	26,000.00	80,000.00	54,000.00	Increased to include Late, Notice Tag & Shutoff Charges; Previously Late Penalty Fee; includes prior year budget 40202 & 40203
40203	Disconnect Tag/NSF Fees	54,225.00	54,000.00	0.00	-54,000.00	Account no longer used; see 40202
40204	Termination/Reconnection	5,080.00	7,000.00	0.00	-7,000.00	Account no longer used; see 40209
40209	Misc. Charges	839.00	2,000.00	12,000.00	10,000.00	Account previously Other Account Service Fees; Budget includes prior year budgeted GL 40209, 40204, and 40303.
<b>Total Water Services</b>		<b>100,494.00</b>	<b>104,000.00</b>	<b>98,500.00</b>	<b>-5,500.00</b>	
<b>40300 Other Water Service Fees</b>						
40301	New Construction QC	4,609.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	9,300.00	10,000.00	10,000.00	0.00	
40303	Other Field Service Fees	1,710.00	3,000.00	0.00	-3,000.00	Account no longer used; see 40209
40304	Other Operating Revenue	14,123.00	6,000.00	6,000.00	0.00	
40305	Grant Revenue-Operating	200.00	650.00	0.00	-650.00	Decrease to eliminate Rebate Program
<b>Total Other Water Service Fees</b>		<b>29,942.00</b>	<b>23,650.00</b>	<b>20,000.00</b>	<b>-3,650.00</b>	
<b>TOTAL OPERATING REVENUE</b>		<b>\$2,502,410.00</b>	<b>\$2,664,429.00</b>	<b>\$2,714,575.00</b>	<b>\$50,146.00</b>	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>NON-OPERATING REVENUE</b>						
41110	Interest Revenue	412.00	400.00	400.00	0.00	
41120	Property Taxes & Assessments	87,964.00	70,000.00	81,856.00	11,856.00	
<b>TOTAL NON-OPERATING REVENUE</b>		<b>\$88,376.00</b>	<b>\$70,400.00</b>	<b>\$82,256.00</b>	<b>\$11,856.00</b>	
<b>TOTAL OPERATING &amp; NON-OPERATING REVENUE</b>		<b>\$2,590,786.00</b>	<b>\$2,734,829.00</b>	<b>\$2,796,831.00</b>	<b>\$62,002.00</b>	

Operating Expense

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>60010 PROFESSIONAL FEES</b>						
60011	General Counsel fees-Legal	54,375.00	65,000.00	65,000.00	0.00	
60012	Auditor Fees	13,379.00	13,379.00	10,731.00	-2,648.00	Decreased to adjust for GASB 75 (replaced GASB 45) non full actuarial year; includes 2.5% increase annual financial audit
60013	Engineering Services	71,240.00	70,000.00	70,000.00	0.00	
60015	Other Professional Fees	10,785.00	17,600.00	25,000.00	7,400.00	Increased to project for Prop 218 rate study contract
<b>TOTAL PROFESSIONAL FEES</b>		<b>\$149,779.00</b>	<b>\$165,979.00</b>	<b>\$170,731.00</b>	<b>\$4,752.00</b>	
<b>60100 PERSONNEL SERVICES</b>						
<b>60110 Salaries &amp; Wages</b>						
60111	Salary - General Manager	105,401.00	109,664.00	113,344.00	3,680.00	Increased to adjust for projected cost
60112	Staff Regular Wages	494,341.00	525,000.00	569,444.00	44,444.00	Increased to adjust for projected cost
60113	Contract Extra Help	0.00	0.00	0.00	0.00	
60114	Staff Standby Pay	17,500.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	8,727.00	10,200.00	10,200.00	0.00	
<b>Total Salaries &amp; Wages</b>		<b>625,969.00</b>	<b>663,114.00</b>	<b>711,238.00</b>	<b>48,124.00</b>	
<b>60150 Employee Benefits &amp; Expense</b>						
60151	PERS Retirement	137,446.00	138,987.00	124,190.00	-14,797.00	Decreased to adjust for projected costs
60152	Workers Compensation	14,863.00	14,937.00	16,054.00	1,117.00	Actual Annual Contribution Change
60153	Group Insurance	160,595.00	160,000.00	217,740.00	57,740.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	22,178.00	22,110.00	22,110.00	0.00	
60155	Staff Training	2,080.00	3,500.00	5,000.00	1,500.00	Increased to combine with GL 60156 prior year budget
60156	Management Training	0.00	1,500.00	0.00	-1,500.00	Decreased to eliminate account & combine with GL 60155
60157	Uniforms	3,844.00	4,350.00	4,650.00	300.00	
60158	Payroll Taxes	52,248.00	53,400.00	56,494.00	3,094.00	Increased to adjust for projected costs
60159	Payroll Services	877.00	550.00	1,200.00	650.00	Increased to adjust for projected costs related to FSA Plan

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
60160	457 Employer Contribution	8,327.00	8,765.00	9,425.00	660.00	Increased to adjust for projected costs
	<b>Total Employee Benefits &amp; Expense</b>	<b>402,458.00</b>	<b>408,099.00</b>	<b>456,863.00</b>	<b>48,764.00</b>	
<b>TOTAL PERSONNEL SERVICES</b>		<b>\$1,028,427.00</b>	<b>\$1,071,213.00</b>	<b>\$1,168,101.00</b>	<b>\$96,888.00</b>	
<b>60200 ADMINISTRATION</b>						
60205	Bank and Merchant Fees	27,082.00	26,000.00	4,500.00	-21,500.00	Decrease to adjust for Merchant Fees result of Convenience Fee policy
60207	Board of Director-Meeting Fees	13,725.00	16,770.00	10,770.00	-6,000.00	Decreased due to less ad hoc and special meeting compared to previous FY
<b>60210 Building Expenses</b>						
60211	Office Utilities	5,840.00	6,000.00	6,000.00	0.00	
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance	4,264.00	7,500.00	7,500.00	0.00	
60214	Security	336.00	400.00	400.00	0.00	
	<b>Total Building Expenses</b>	<b>12,780.00</b>	<b>16,240.00</b>	<b>16,240.00</b>	<b>0.00</b>	
<b>60220 Computer &amp; Equipment Maint.</b>						
60221	Computer Systems	29,905.00	23,000.00	25,000.00	2,000.00	Increased based on prior year actual expense
60222	Office Equipment	3,465.00	2,200.00	3,650.00	1,450.00	Increased to adjust for Neopost Maintenance Contract
	<b>Total Computer &amp; Equipment Maint.</b>	<b>33,370.00</b>	<b>25,200.00</b>	<b>28,650.00</b>	<b>3,450.00</b>	
60230	Office Expense	5,842.00	7,000.00	7,000.00	0.00	
60240	Postage and Delivery	17,465.00	17,500.00	20,000.00	2,500.00	Increased to project for Prop 218 mailing
60250	Printing	6,093.00	4,500.00	3,400.00	-1,100.00	Decreased to omit cost of billing return envelope
60255	Meetings & Conferences	5,062.00	10,000.00	4,000.00	-6,000.00	Decreased to omit cost of ACWA conference
60260	Publishing	682.00	1,300.00	800.00	-500.00	Decreased using prior year actual
60270	Telephone & Internet	4,766.00	5,500.00	5,500.00	0.00	
<b>60430 Insurance</b>						
60431	General Liability	21,665.00	22,997.00	21,221.00	-1,776.00	Decreased to reflect actual premium
60432	Property	3,997.00	5,329.00	5,611.00	282.00	Increased to reflect actual premium
	<b>Total Insurance</b>	<b>25,662.00</b>	<b>28,326.00</b>	<b>26,832.00</b>	<b>-1,494.00</b>	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>60500 Water Memberships</b>						
60501	SAWWA	103.00	225.00	110.00	-115.00	Decreased to include only 1 staff membership
60502	Regional Water Authority	9,667.00	9,667.00	9,355.00	-312.00	Decreased to adjust for actual
60503	SGA	24,866.00	24,866.00	24,210.00	-656.00	Decreased to adjust for actual
60504	ACWA	9,450.00	9,450.00	9,923.00	473.00	Increase includes 5% annual increase
60505	CSDA	6,740.00	6,740.00	7,077.00	337.00	Increase includes 5% annual increase
60506	AWWA	0.00	420.00	0.00	-420.00	Decreased to cancel membership
60507	CRWA	1,302.00	1,263.00	1,326.00	63.00	Increase includes 5% annual increase
	<b>Total Water Memberships</b>	<b>52,128.00</b>	<b>52,631.00</b>	<b>52,001.00</b>	<b>-630.00</b>	
60550	Permits & Fees	27,185.00	40,000.00	40,000.00	0.00	
60555	Subscriptions & Licensing	1,857.00	2,120.00	2,120.00	0.00	
60560	Elections	2008.00	2008.00	0.00	-2,008.00	Decreased for Non-Election Year
60565	Uncollectable Accounts	235.00	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	174.00	500.00	500.00	0.00	
<b>TOTAL ADMINISTRATION</b>		<b>\$236,116.00</b>	<b>\$257,595.00</b>	<b>\$224,313.00</b>	<b>\$-33,282.00</b>	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>64000 CONSERVATION</b>						
64001	Community Outreach	121.00	1,000.00	300.00	-700.00	Decreased to adjust for lack of prior two-year spending of \$233
64002	Rebate Program	675.00	700.00	0.00	-700.00	Decreased to eliminate program
64003	Regional Conservation Program	5,048.00	5,048.00	0.00	-5,048.00	Decreased to adjust for termination of program
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
<b>TOTAL CONSERVATION</b>		<b>\$5,844.00</b>	<b>\$6,748.00</b>	<b>\$ 300.00</b>	<b>\$-6,448.00</b>	
<b>65000 FIELD OPERATIONS</b>						
<b>65100 Other Field Operations</b>						
65110	Backflow Testing	1,536.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	4,372.00	5,500.00	5,500.00	0.00	
65130	Field Communication	3,839.00	4,500.00	2,600.00	-1,900.00	Decreased to adjust for new Verizon service contract
65140	Field IT	17,503.00	20,775.00	28,000.00	7,225.00	Increased for SCADA backup service; AMI Meter Cloud Service
65150	Laboratory Services	25,044.00	23,500.00	23,500.00	0.00	
65160	Safety Equipment	5,077.00	5,000.00	5,000.00	0.00	
65170	Shop Supplies	4,525.00	5,000.00	5,000.00	0.00	
	<b>Total Other Field Operations</b>	<b>61,896.00</b>	<b>67,275.00</b>	<b>72,600.00</b>	<b>5,325.00</b>	
<b>65200 Treatment</b>		<b>16,779.00</b>	<b>15,000.00</b>	<b>18,000.00</b>	<b>3,000.00</b>	Increased based on prior year actual expense
<b>65300 Pumping</b>						
65310	Maintenance	23,506.00	25,000.00	25,000.00	0.00	
65320	Electricity and Fuel	174,217.00	180,000.00	180,000.00	0.00	
	<b>Total Pumping</b>	<b>197,723.00</b>	<b>205,000.00</b>	<b>205,000.00</b>	<b>0.00</b>	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>65400 Transmission &amp; Distribution</b>						
65410	Distribution Supplies	30,937.00	37,000.00	37,000.00	0.00	
65420	Meter Maintenance	56,515.00	56,534.00	56,600.00	66.00	Increased for rounding
65430	Tank Maintenance	0.00	3,000.00	3,000.00	0.00	
65440	Contract Repairs	2,400.00	21,000.00	21,000.00	0.00	
65450	Valve Replacements	0.00	0.00	35,000.00	35,000.00	Increased to add new account; budgeted line item moved from Capital Budget to reflect as an operating expense
65460	Paving Repairs	0.00	0.00	25,000.00	25,000.00	Increased to add new account; budgeted line item moved from Capital Budget to reflect as an operating expense
	<b>Total Transmission &amp; Distribution</b>	<b>89,852.00</b>	<b>117,534.00</b>	<b>177,600.00</b>	<b>60,066.00</b>	
<b>67000 Transportation</b>						
67001	Fuel	12,526.00	13,000.00	13,000.00	0.00	
67002	Maintenance	4,618.00	6,000.00	6,000.00	0.00	
	<b>Total Transportation</b>	<b>17,144.00</b>	<b>19,000.00</b>	<b>19,000.00</b>	<b>0.00</b>	
<b>TOTAL FIELD OPERATIONS</b>		<b>\$383,394.00</b>	<b>\$423,809.00</b>	<b>\$492,200.00</b>	<b>\$68,391.00</b>	
<b>TOTAL OPERATING EXPENSE</b>		<b>\$1,803,560.00</b>	<b>\$1,925,344.00</b>	<b>\$2,055,645.00</b>	<b>\$130,301.00</b>	



Non-Operating Expense

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>69010 Debt Service</b>						
<b>69100</b>	<b>Revenue Bond 2015</b>					
69105	Revenue Bond 2015-Principle	133,163.00	133,163.00	139,015.00	5,852.00	Per Loan Payment Schedule
69120	Interest	65,726.00	65,726.00	61,717.00	-4,009.00	Per Loan Payment Schedule
	<b>Total Revenue Bond 2015</b>	<b>198,889.00</b>	<b>198,889.00</b>	<b>200,732.00</b>	<b>1,843.00</b>	
<b>69125 AMI Meter Loan</b>						
69130	Principle	46,818.00	46,818.00	48,281.00	1,463.00	Per Loan Payment Schedule
69135	Interest	11,696.00	11,696.00	10,233.00	-1,463.00	Per Loan Payment Schedule
	<b>Total AMI Meter Loan</b>	<b>58,514.00</b>	<b>58,514.00</b>	<b>58,514.00</b>	<b>0.00</b>	
69400	Other Non-Operating Expense	0.00	2,000.00	2,000.00	0.00	
<b>TOTAL NON-OPERATING EXPENSE</b>		<b>\$257,403.00</b>	<b>\$259,403.00</b>	<b>\$261,246.00</b>	<b>\$1,843.00</b>	
<b>TOTAL OPERATING &amp; NON-OPERATING EXPENSE</b>		<b>\$2,060,963.00</b>	<b>\$2,184,747.00</b>	<b>\$2,316,891.00</b>	<b>\$132,144.00</b>	
<b>NET REVENUE (Revenue-Expense)</b>		<b>\$529,823.00</b>	<b>\$550,082.00</b>	<b>\$479,940.00</b>	<b>\$-70,142.00</b>	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,590,786.00	\$2,734,829.00	\$2,796,831.00	\$62,002.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,060,963.00	\$2,184,747.00	\$2,316,891.00	\$132,144.00
<b>NET REVENUE (Revenue-Expense)</b>	<b>\$529,823.00</b>	<b>\$550,082.00</b>	<b>\$479,940.00</b>	<b>\$-70,142.00**</b>

\*\*Note: The net revenue decrease of \$70,142.00 is the direct result of \$60,000.00 budgeted GL 65450 Valve Replacements and GL 65460 Paving Repairs previously classified as a Capital Improvement expense. The remaining net revenue decrease \$10,142.00 is a culmination of revenue and expense adjustments.

## Fund Balances

OPERATING FUND BALANCE		2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
<b>Operating Account Balance June 30</b>		\$634,454.00	\$634,536.00		
Net Revenue		550,082.00	479,940.00		
Transfer to CEBRT Funds		0.00	-20,000.00	20,000.00	Increased to budget for new CEBRT account
Transfer to Operating Reserve		0.00	-50,000.00	50,000.00	One-time adjustment to equal 1 months operating expenditures
Transfer to Capital Improvement Funds		-550,000.00	-409,940.00	-140,060.00	Decreased to adjust for available funds
<b>Estimated Operating Fund Balance June 30</b>		<b>\$634,536.00</b>	<b>\$634,536.00</b>		
<b>SURCHARGE 1 FUND BALANCE</b>					
<b>Surcharge 1 Fund Balance June 30</b>		\$497,603.00	\$565,413.00		
43010	Surcharge Revenue	523,374.00	523,374.00		
41110	Investment Revenue	8,000.00	8,000.00		
69155	SRF Principle	-342,540.00	-351,403.00	8,863.00	Per Loan Payment Schedule
69160	SRF Interest	-118,814.00	-109,952.00	-8,862.00	Per Loan Payment Schedule
69220	SRF Administration	-2,210.00	-2,100.00	110.00	Zions Investment Advisor Fees per prior FY actual
<b>Estimated Surcharge 1 Fund Balance June 30</b>		<b>\$565,413.00</b>	<b>\$633,332.00</b>		
<b>SURCHARGE 2 FUND BALANCE</b>					
<b>Surcharge 2 Fund Balance June 30</b>		\$399,687.00	\$71,936.00		
43050	Surcharge 2 Revenue	439,019.00	439,019.00	0.00	
41110	Investment Revenue	20.00	20.00	0.00	
	Surcharge 2 Surplus Repayment	-435,752.00	-110,201.00	-325,551.00	Per District Repayment Schedule
69180	Principle	-195,000.00	-210,000.00	15,000.00	Per Loan Payment Schedule
69185	Interest	-136,038.00	-118,818.00	-17,220.00	Per Loan Payment Schedule
<b>Estimated Surcharge 2 Fund Balance June 30</b>		<b>\$71,936.00</b>	<b>\$71,956.00</b>		

<b>CERBT FUND BALANCE</b>				
<b>CERBT Fund Balance June 30</b>		\$0.00	\$16,355.75	
10625	Annual Deposit from Operating Revenues	0.00	20,000.00	20,000.00 Increased for new budgeted amount
41110	Investment Revenue	0.00	500.00	500.00 Estimated Only
	Deposit Transfer from LAIF	16,355.75	0.00	-16,355.75 Carryover from prior year only
<b>Estimated CERBT Fund Balance June 30</b>		<b>\$16,355.75</b>	<b>\$36,855.75</b>	
<b>LAIF FUND (CAPACITY FEES) BALANCE</b>				
<b>CERBT Fund Balance June 30</b>		\$0.00	\$205,000.00	
44100	Capacity Fee Revenue	0.00	40,000.00	40,000.00 Used prior year budget amount
41110	Investment Revenue	0.00	500.00	500.00 Estimated Only
	Deposit Transfer Prior Year Connection Balance	205,000.00	0.00	-205,000.00 Carryover from prior year only
<b>Estimated CERBT Fund Balance June 30</b>		<b>\$205,000.00</b>	<b>\$245,500.00</b>	

**CAPITAL BUDGET**

The Capital Budget is formatted to reflect the beginning and ending balance of each Capital Improvement Fund. Each fund will include the funding source and project expenditures. The funds are divided into the following groups:

**GENERAL** – Capital expenditures include those that are not grouped in the remaining following categories. All General Plant Assets expenditures will be included in this category with the exception of Vehicle Replacements. Funding sources may include Operating Fund Transfers and Investment Revenue.

**CHROMIUM (Cr6) MITIGATION & NEW WELLS** – Capital projects that include all Cr6 mitigation and construction of new wells. The projects are funded by the new Surcharge 2 Rate and other sources such as loans and grants.

**VEHICLE REPLACEMENT** – Capital expenditures identified as General Plant Assets: Transportation Equipment. Funding sources may include Operating Fund Transfers and sale proceeds on disposals of transportation equipment.

**TOTAL** – The last column is the sum of all funding sources.

FUND	BEGINNING BALANCE	ENDING BALANCE	CHANGES	TOTAL
GENERAL	100,000	100,000	0	100,000
CHROMIUM (Cr6) MITIGATION & NEW WELLS	0	0	0	0
VEHICLE REPLACEMENT	0	0	0	0
<b>TOTAL</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>

Capital Budget by Funds

	CAPITAL IMPROVEMENT FUNDS			
	GENERAL	CHROMIUM	VEHICLE	TOTAL
		MITIGATION & NEW WELLS	REPLACEMENT	
<b>ESTIMATED BEGINNING BALANCE</b>	1,903,391.00	-29,592.00	10,000.00	1,883,799.00
<b>FUNDING SOURCES</b>				
Fund Transfers				
<i>Operating Fund Transfers In</i>	409,940.00	0.00	0.00	409,940.00
<i>CIP Fund Intrafund Transfers</i>	-5,000.00	0.00	5,000.00	0.00
Surcharge 2 Surplus Repayment	0.00	110,201.00	0.00	110,201.00
Contributed Funding				
<i>Contributed Facilities (Developers)</i>	0.00	0.00	0.00	0.00
<i>Grant Revenue</i>	0.00	516,500.00	0.00	516,500.00
Loan Proceeds	0.00	2,033,500.00	0.00	2,033,500.00
Investment Revenue	350.00	0.00	0.00	350.00
Sale of Fixed Assets	0.00	0.00	0.00	0.00
<b>TOTAL FUNDS AVAILABLE FOR CIP PROJECTS</b>	<b>2,308,681.00</b>	<b>2,630,609.00</b>	<b>15,000.00</b>	<b>4,954,290.00</b>
	GENERAL	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
A-1 · Wellhead Ion-Exchange Cr6 Treatment/Design	0.00	50,000.00	0.00	50,000.00
A-2 · Well 16	0.00	2,500,000.00	0.00	2,500,000.00
A-4 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	40,000.00
<b>Total A · WATER SUPPLY</b>	<b>65,000.00</b>	<b>2,550,000.00</b>	<b>0.00</b>	<b>2,590,000.00</b>
B-1 · Service Replacements	30,000.00	0.00	0.00	30,000.00
B-2 · Large Meter Replacements	5,000.00	0.00	0.00	5,000.00
<b>Total B · WATER DISTRIBUTION</b>	<b>35,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>35,000.00</b>
C-1 · Contingency (10% of Est A & B)	7,500.00	255,000.00	0.00	262,500.00
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>	<b>82,500.00</b>	<b>2,805,000.00</b>	<b>0.00</b>	<b>2,887,500.00</b>
<b>ESTIMATED ENDING BALANCE</b>	<b>2,226,181.00</b>	<b>-174,391.00</b>	<b>15,000.00</b>	<b>2,066,790.00</b>

## Capital Budget Technical Memorandum

The Technical Memorandum (TM) provides the revised budget descriptions for the proposed 2018/19 Rio Linda/Elverta Water District's (District) Capital Budget. The following are a list of the budget items along with their descriptions:

### A · Water Supply

#### **A-1 · Wellhead Hexavalent Chromium (Cr6) Treatment of an existing well – 50,000**

This budget item is associated with ion-exchange treatment of an existing production well. The budgeted amount reflects the anticipated costs for revising the existing design to reflect feasible treatment techniques.

#### **A-2 · Well 16 – Ground Water Pumping Station – 2,500,000**

The budget item is for the cost for the new pumps, piping motor control equipment, SCADA etc. for the groundwater pumping station for Well #16.

The funding source are Opus Bank loan (debt service via Surcharge #2) and a Proposition 84 Grant (reallocated from the A-1 project above pending approval of DWR) that is being administered by the Regional Water Authority. This project is planned to be completed by September 2020.

#### **A-3 · Miscellaneous Pump Replacements – 40,000**

The budget item is for the replacement or repair of any well pump and/or motor that fails in the budgeted year.

### B · Water Distribution

#### **B-1 · Service Replacements – 30,000**

The budget item is to replace leaking services that require replacement throughout the budgetary year.

#### **B-2 · Large Meter Replacements – 5,000**

The budget item is to replace large water meters that are underreporting their water usage due to age.

### C · Contingency

#### **C-1 · Contingency**

This budget item accounts for the cost of unbudgeted projects that are not planned for in the capital budget. The budgeted cost is based on 10% of the total Capital Budget.

## GLOSSARY

**ACCRUAL BASIS** The method of accounting whereby income and expense items are recognized as they are earned or incurred, even though they may not have been received or actually paid in cash.

**ACWA** Association of California Water Agencies

**AMI** Advanced Metering Infrastructure (AMI) is the new term coined to represent the networking technology of fixed network meter systems that go beyond Automated Meter Readers (AMR) into remote utility management. The meters in an AMI system are often referred to as smart meters, since they often can use collected data based on programmed logic.

**ASSET** A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events (i.e., cash receivables, equipment, etc.)

**AWWA** American Water Works Association

**BEGINNING BALANCE** The beginning balance is comprised of residual funds brought forward from the previous fiscal year.

**BUDGET** A financial plan showing authorized planned expenditures and their funding sources.

**BUDGET PROCESS** The schedule of key dates or milestones, which the District follows in the development, preparation, adoption, and administration of the budget.

**CAPITAL ASSETS** Long-lived tangible and intangible assets obtained or controlled as a result of past transactions, events or circumstances. Current District policy is to capitalize any asset cost of \$1,500 with a useful life or 2 years or more.

**CAPITAL IMPROVEMENT PROGRAM (CIP)** Authorized expenditures for tangible and long-term physical improvements or additions of a fixed or permanent nature.

**CRWA** California Rural Water Association

**CSDA** California Special Districts Association

**FISCAL YEAR (FY)** A 12 month period to which the annual budget applies and at the end of which a government determines its financial position and the results of its operations. For RLECWD the fiscal year is July through June 30.

**FUND** Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**HEXAVALENT CHROMIUM (Cr6)** Refers to chemical compounds that contain the element chromium in the +6 oxidation state.

**INCREMENTAL BUDGETING METHOD** An incremental budget is a budget prepared using a previous period's budget or actual performance as a basis with incremental amounts added for the new budget period. The allocation of resources is based upon allocations from the previous period. Moreover it encourages "spending up to the budget" to ensure a reasonable allocation in the next period.

**MOU** Memorandum of Understanding agreement

**OPERATING BUDGET** An operating budget is a combination of known expenses, expected future costs, and forecasted income over the course of a year. Operating budgets are completed in advance of the accounting period, which is why they require estimated expenses and revenues.

**OPERATING REVENUES AND EXPENSES** Cost of goods sold and services provided to customers and the revenue thus generated.

**PCWA** Placer County Water Agency

**PERS** Public Employees Retirement System

**PROPOSITION 218** Prop 218 amended the California Constitution to protect taxpayers by limiting the methods by which local governments can create or increase taxes, fees, and charges without taxpayer consent. Prop 218 requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees.

**RWA** Regional Water Authority

**SAWWA** Sacramento Area Water Works Association

**SCADA** Supervisory Control and Data Acquisition uses computer technology to monitor and control remote facilities such as pumps and reservoirs.

**SGA** Sacramento Ground Water Authority





## Executive Committee

### Agenda Item: 4

**Date:** August 5, 2019

**Subject:** Amend Prior Authorization for Board Member Attendance for All ACWA Conferences

**Staff Contact:** Timothy R. Shaw, General Manager

#### **Recommended Committee Action:**

The Executive Committee should forward this item onto the August 19<sup>th</sup> Board agenda with its recommendation that the Board amend its previous authorization for Board Member attendance for all ACWA and ACWA JPIA conferences

#### **Current Background and Justification:**

At a Board meeting in 2018, the Board authorized Board Member attendance for all ACWA/ACWA-JPIA conferences.

The District has expended up to \$10,000 per year in airfare, accommodations, registration, etc. for Board Member attendance for both the spring and fall ACWA conferences. Much of the material covered at one of the ACWA conferences is covered at the next conference. Furthermore, ACWA typically publishes the material and presentations from each session of their conferences within a few days following the conference.

Every other year, the spring ACWA conference is held in Sacramento. Regularly throughout the year, the ACWA holds meetings of it's Groundwater Committee and Water Quality Committee at the ACWA office facility in Sacramento. Most of the areas relevant to the District are discussed at these committee meetings in Sacramento.

**Conclusion:**

I recommend the Executive Committee forward an item onto the August 19<sup>th</sup> Board agenda with a recommendation that the Board amend its policy to only authorize attendance of ACWA /ACWA-JPIA meetings held in Sacramento. Other ACWA events can be authorized on a case by case basis.



## **Executive Committee Agenda Item: 5**

**Date:** August 5, 2019

**Subject:** Planning for Compliance with SB-606, Minimum Water Efficiency

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

There is no direct need for Board Action in August. However, the Executive Committee should review the material associated with this item and forward this item onto the August 19<sup>th</sup> Board agenda for discussion and exchange of ideas.

### **Current Background and Justification:**

SB-606 became law in 2018. The reporting, compliance and penalty phases are stipulated to become effective over the next few years. Once RLECWD's minimum water use efficiency, which entails limits for indoor water use, outdoor water use and commercial, institutional and industrial (CCI) water use efficiency is established, the District will be fined if our gallons per day per capita limits are exceeded.

The overwhelmingly most effective means for eliminating inefficient use (motivating efficient use) is price. However, as illustrated in the documents included with your Committee packets, it is not as simple as increasing the per unit cost of drinking water. SB-606 is modeled from the Allocation Block Rates (AKA tiered rates) structure. The price per unit should be different for indoor use than outdoor use and commercial use.

Additionally, in terms of simple motivation toward efficient use, RLECWD has the highest fixed charge percentage amongst the 11 area water agencies examined. A high fixed price percentage is that opposite of motivating efficient use. High fixed price percentages mean you will virtually receive the same bill whether you are efficient or not.

**Conclusion:**

I recommend the Executive Committee forward this item and materials onto the August 19<sup>th</sup> Board agenda for discussion. The discussion should include timing and vision for the next rate adjustment process. The first step will be Board authorization for a rates study consultant.

**Rev.1 on 8-9-2019 to correct inadvertent omission of surcharges at RLECWD**

Fixed charge percentage is an impediment to complying with SB-606 requirements. The below table shows that RLECWD has the highest percentage of fixed charges amongst the 11-agencies I examined.

In order to make the apples to apples comparison, I compared monthly rates for a 1-inch service consuming 20-CCF of water and consuming 10-CCF of water. I also noted which of these 11-agencies have tiered rates (AKA conservation rates).

Obviously and simply, SB-606 does two things; 1) establishes a penalty (utility fine) for water purveyors who fail to meet minimum water efficiency criteria, and 2) differentiates between indoor water consumption and outdoor water consumption. Water purveyors with high percentages of fixed charges and no tiered rate structure are more challenged to compel customers to use water more efficiently. Therefore, high fixed charge percentages are more likely to be fined for inefficient water use.

<b>20 CCF per month Reflects Modest Use during Warm/Dry months</b>		
Agency	% of Fixed Monthly Charge	Tiered Rates
RLECWD	<b>86%</b>	No
Fair Oaks	78%	No
Sac Suburban	76%	<b>Yes</b>
San Juan	75%	No
PCWA	73%	<b>Yes</b>
Citrus Heights	65%	No
Roseville	62%	No
Lincoln	61%	No
Carmichael	59%	No
Folsom	40%	<b>Yes</b>
Sac County Water Agency	32%	No

<b>10 CCF per month Reflects Typical Use during Cool/wet months</b>			
Agency	% of Fixed Monthly Charge	Tiered Rates	Monthly Bill
RLECWD	<b>92%</b>	No	<b>\$72.96</b>
Fair Oaks	87%	No	\$40.81
Sac Suburban	87%	<b>Yes</b>	\$75.49
San Juan	86%	No	\$64.10
PCWA	85%	<b>Yes</b>	\$101.37
Citrus Heights	78%	No	\$47.90
Roseville	77%	No	\$54.77
Lincoln	76%	No	\$72.54
Carmichael	74%	No	\$56.31
Folsom	58%	<b>Yes</b>	\$25.80
Sac County Water Agency	49%	No	\$31.75



# Water Rates in the Age of Efficiency

CalWEP Peer to Peer, May 2019

Martha Davis  
Mlcmartha@gmial.com

Tom Ash  
tom.ash27@outlook.com

## What Keeps Agencies Up at Night?

Why do we lose necessary revenue when less water is sold?

Do customers understand what we do?

How do we pay for system upgrades to supply water?

Are we going to meet the new efficiency regulations?

## What Keeps Customers Up-in-Arms?

“You asked us to save water, then you raise rates?”

“My property values will go down without water”!

“I don’t understand anything on the water bill and we could not possibly use this much water!”

“I save but I see water running down the street every day!?”

# Water Budgets:

## Concept: Univ. of California

ET Weather Station Network for Ag (1982) and Urban Landscapes (1991).....



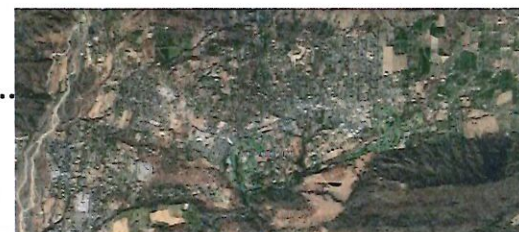
Colorado River Basin .....



State of California.... Water Efficiency Targets (SB 606, AB 1668)

$$(\text{Agency Population}) (55 \text{ GPCD}) + (\text{ET}) (\text{Irrig. Area}) (\text{Effici. Factor}) = \text{Agency WB}$$

Watershed Level (Localizing California Water) .....



## Agency WB Rates

$$(\text{Parcel Level})... (\# \text{ Res}) (55 \text{ GPCD}) + (\text{ET}) (\text{Irrigated Area}) (\text{Eff. Factor}) (\text{Drought Factor}) = \text{Individual WB}$$

# Efficiency or Conservation?

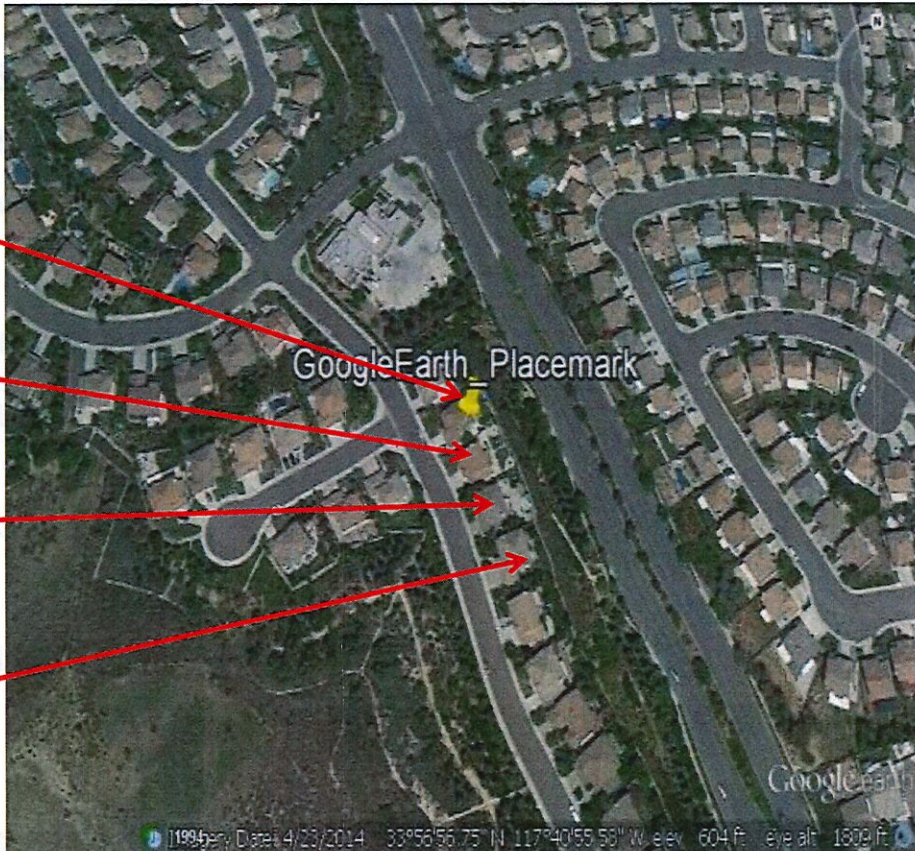
2015: 28% Conservation Mandate Reduction (Target = 115 GPCD)

•12  
CCF/Month  
75 gpcd

•25 CCF's  
155 gpcd

•39 CCF's  
243 gpcd

•25 CCF's  
155 gpcd



**Fairness** = impartiality, objective, open-minded

**Equal** = the same as, uniform

**Equity** = fairness, impartiality, justice, parity, comparative

**Proportional** = relative, rational, comparative (Prop 218)

**Scientific** = objective, comparative, logical

**Budget** = reasonable, plan

**Manage** = achieve, oversee, govern...



# Water Rates in the Age of Efficiency

Item 5

Rates MUST Solve for:

1. Revenue Stability
2. Water Use Efficiency
3. Customer Satisfaction
4. Board Approval (“don’t get us un-elected!”)
5. Legality (Prop 218)



## Water Budget Rate Features:

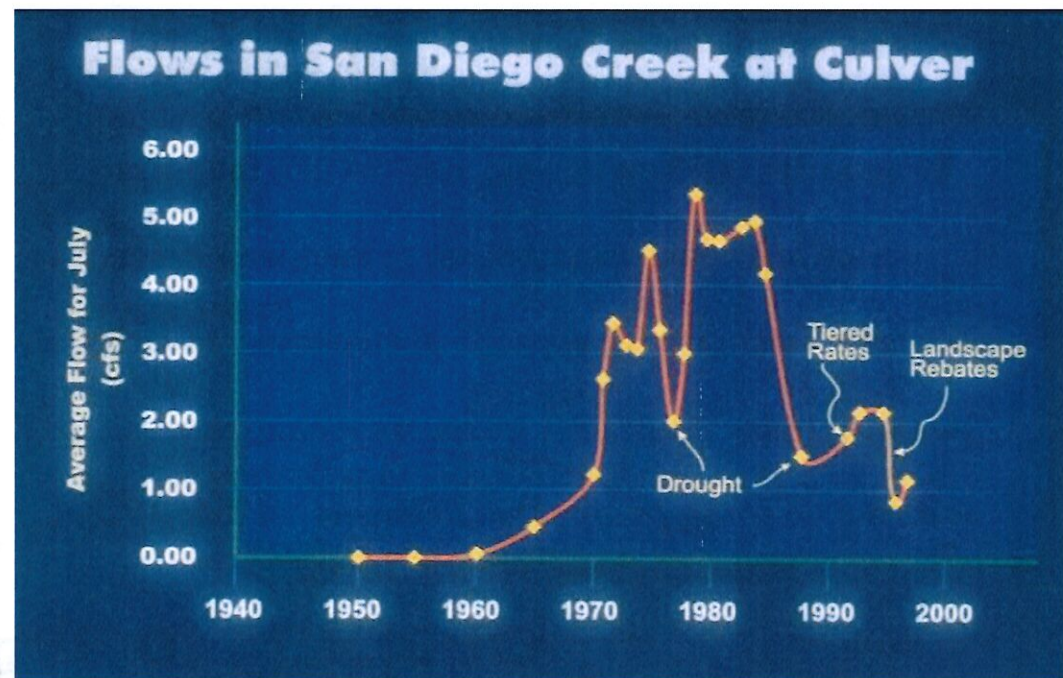
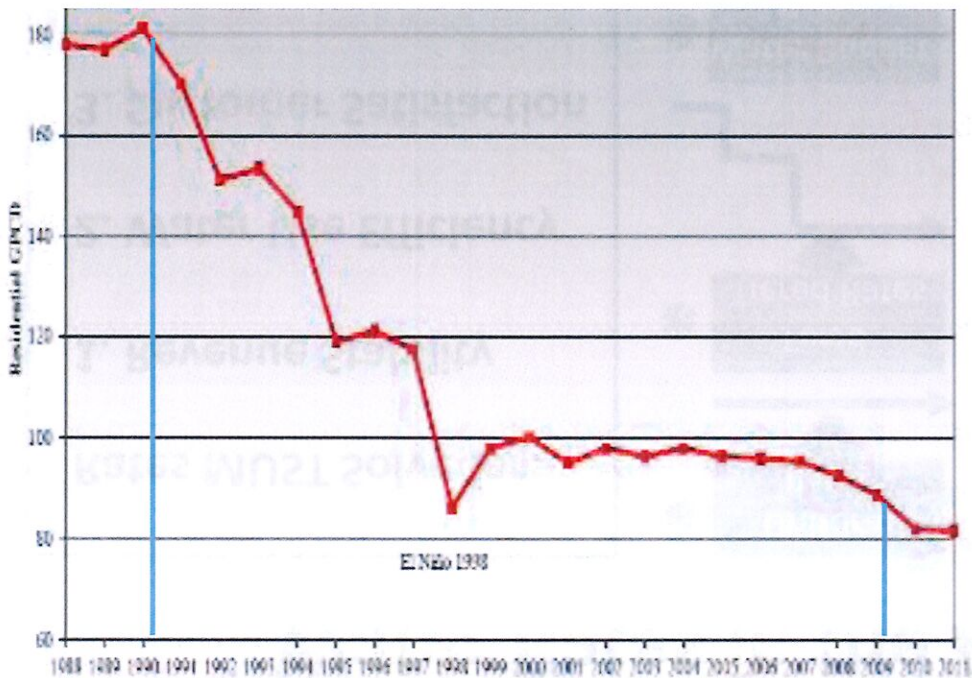
- Individualized customer allocations / based on the same efficiency standard  
 $(\# \text{ Res}) (\text{Indoor Standard}) + (\text{ET}) (\text{Irrig. Area}) (\text{Outdoor Standard})$
- Customer level data (# of residents, landscape area, special water needs)
- Daily or Real-time ET (evapotranspiration) for each billing cycle
- Tier names that educate the end user (social norming)
- Variance or allocation adjustment program
- Capable billing system
- Agency Philosophy of Business Transparency (fixed & variable cost recovery)
- Trained Staff

**Bottom Line: WBR are Individualized, Flexible to Changes, Education w/Every Bill, Transparent to Agency Business, have multiple benefits, and provide a separate funding source for efficiency programs.**

# Water Budget Rates Work on Multiple Levels

Item 5

- Significant demand reduction
- Stable revenue
- New funding source for programs paid only by those who over-use
- 80% non-point source water run-off reduction (5CFS to 1CFS)
- Held in place since 1997
- Fish/wildlife and Bay health improved



# Who Has Water Budget Rates & What Do They Say? Item 5

## WBR Implementations:

IRWD (1991)

Highlands Ranch, Co. (2004)

Castle Rock, Co. (2005)

Boulder, Co. (2007)

Palmdale WD, (2008)

Coachella Valley WD (2008)

Eastern Municipal WD, (2009)

City of Corona (2009)

Rancho California WD (2010)

Elsinore Valley MWD (2010)

El Toro WD (2010)

Moulton Niguel WD (2011)

Western Municipal WD

(2011)

Las Virgenes WD (2015)

Santa Margarita WD (2017)

5 agencies in SAWPA region

- *“People now pay attention to leaks and water waste.” PWD*

- *Agency cost recovery is right where we estimated even with significant water savings.” RCWD*

- *“85% of our users meet the water efficiency standards.” MNWD*

- *“We have 90%+ Customer Satisfaction.” IRWD*

- *“We had a payback for the new rate structure implementation within 6 months.” WMWD*

## Las Virgenes MWD 2013:

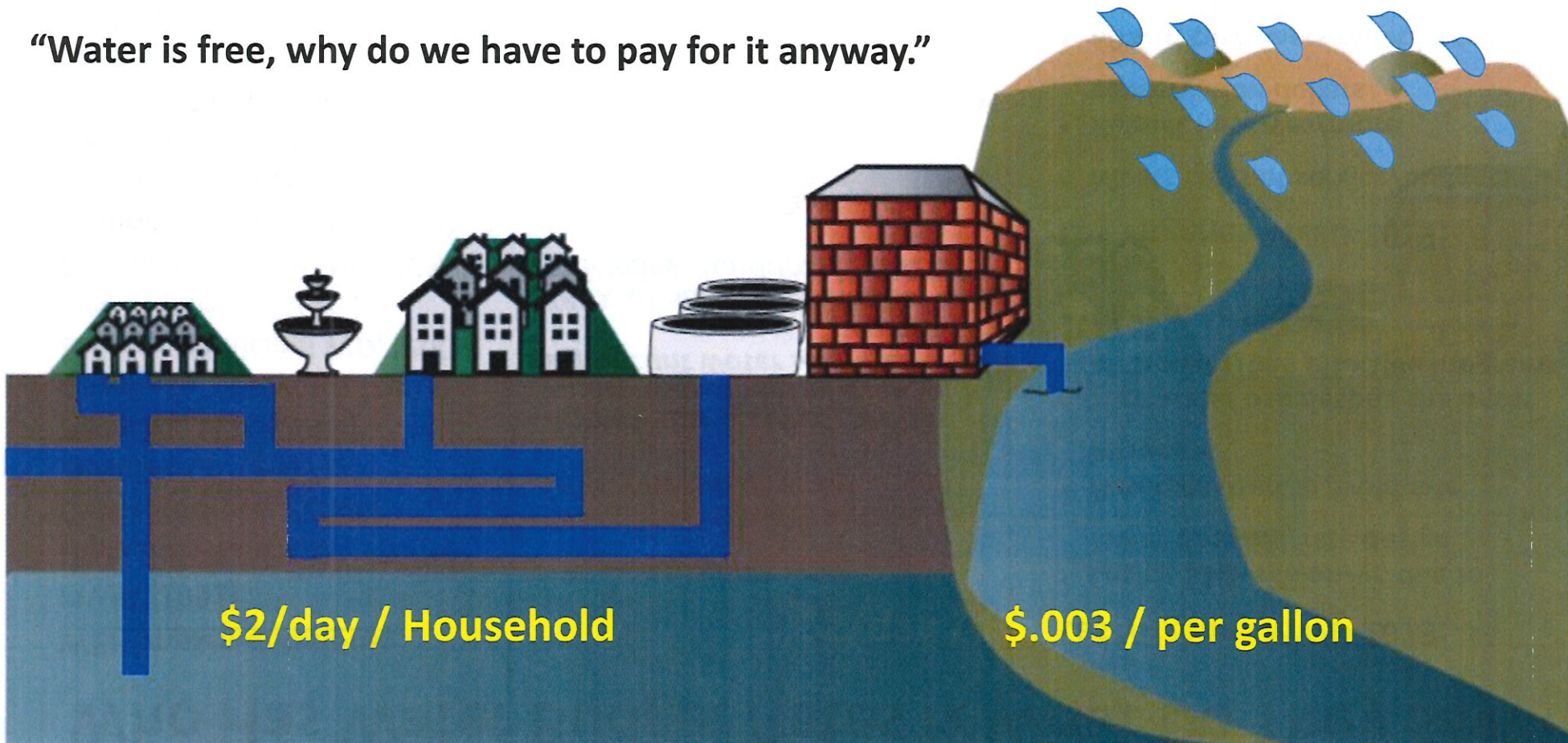
- Losing \$1.5 million/yr. due to lower demand/rate design
- Reserves used to avoid rate increases
- High water use despite the onset of drought/few effective programs
- Discord on Board

## Las Virgenes MWD 2019:

- Meets costs of service/budgets
- Rebuilt Reserves/more conservation dollars
- 60% of customers meet budgets
- Board is very happy
- 4 Prop 218 protests (out of 23,000)

# Tell The Real Water Agency Story with Rates:

“Water is free, why do we have to pay for it anyway.”



# Rate

	Scenario 1	Scenario 2
Fixed =	75%	25%
Variable =	25%	75%

# Modeling

### Allocations Inputs - SFR customers

Total Parcel Area (TA)	8,000 sq ft
Area Factor (AF)	45% of total area
Landscape factor (LF)	70% of ETo by State of California Code of Regulation Title 23, Section 490-495
Household size (Size)	4 residents per acct
GPCD	60 gallons per capita day
Drought factor	100% to control demand at different water supply conditions

### Tier Definitions

	% of water budgets
Tier 1	100%
Tier 2	125%
Tier 3	150%
Tier 4	175%
Tier 5	above 175 %

$$Indoor(ccf) = \frac{GPCD * Size * Days}{\left(\frac{748 \text{ gallons}}{1ccf}\right)}$$

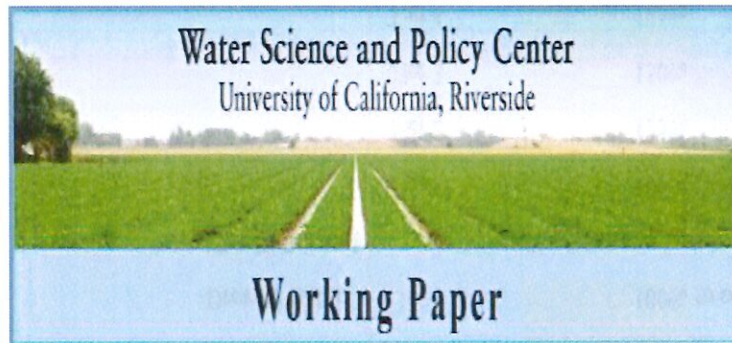
$$Outdoor(ccf) = \frac{ET_0 * TA * AF * LF * DF}{\left(\frac{12 \text{ inch}}{ft}\right) \left(\frac{100 \text{ ft}^3}{1ccf}\right)}$$

### Conservation factor

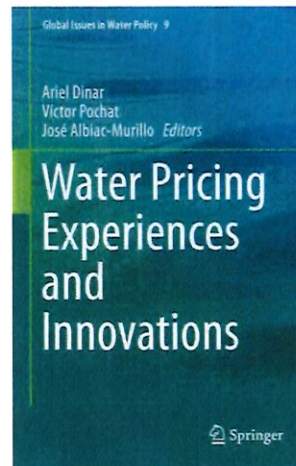


	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
Conservation factor	100%	98%	97%	97%	98%	99%

# UC Riverside Economists Study and Validate Impacts of Water Budget Rates?



- “Reduced use 18% **without negative economic impact to the public agency.**”
- “To achieve a similar water use reduction would have required a **30% increase in water rates.**”



Allocation-Based Water Pricing  
Promotes Conservation While Keeping User Costs Low  
Ken Baerenklau, Kurt Schwabe, and Ariel Dinar

## Can Allocation-Based Water Rates Promote Conservation and Increase Welfare? A California Case Study

Kenneth A. Baerenklau\* and María Pérez-Urdiales†

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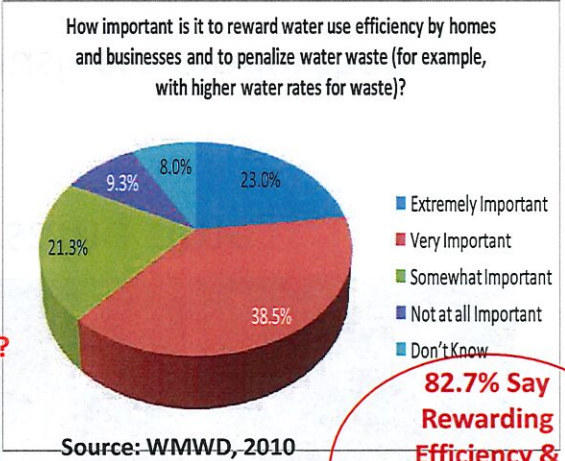
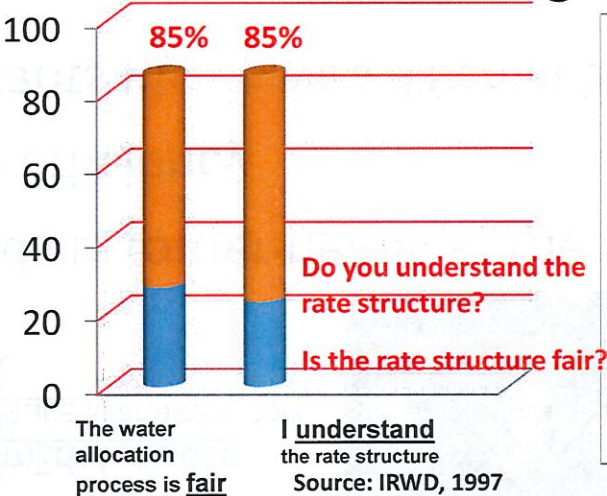
# Myths

- “Takes too much data”
- “It costs too much”
- “Customers won’t understand”
- “Tiered rates are illegal”
- “It’s too hard”



# Reality

- “You ask us to save and then you raise rates. We will vote you out.”
- There is a financial risk to not changing
- Customers “get” Water Budgets



**82.7% Say Rewarding Efficiency & Penalizing Water Waste is Important!**

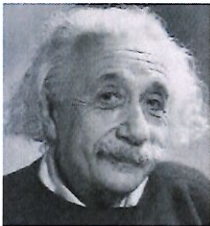
# Take-a Ways

[https://www.youtube.com/watch?v=mZdoL\\_5qdac](https://www.youtube.com/watch?v=mZdoL_5qdac)

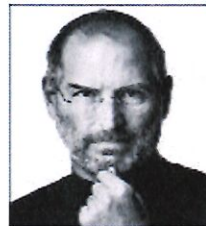
(click here to see GM's, Board Members & Finance Managers talk about water budget rates)



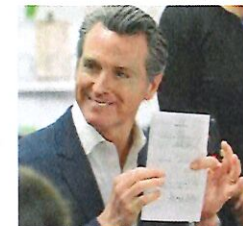
- You Can solve for agency and customer needs at the same time
- Customers need a target for efficiency
- Closely manage rate consultants (they have a different business model than agencies...)
- Measure in order to manage...(establish water budgets as the impartial, equitable and scientific method to measure water use efficiency)



**“Think Differently!”**



**“Think Differently!”**







## **Executive Committee Agenda Item: 6**

**Date:** August 5, 2019

**Subject:** Completing and Adopting RLECWD Strategic Plan

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

The Executive Committee should review and discuss the next steps for completing and adopting the RLECWD Strategic Plan, then forward (as necessary) an item onto the August 19<sup>th</sup> Board agenda.

### **Current Background and Justification:**

The District began the strategic planning process over a year ago. The process entailed, among other efforts, obtaining feedback from the Board Members on vision, objectives and goals for the District. Since the workshops where such Board Member input was obtained, three of the original five Board Members have resigned.

The process of finalizing the strategic plan prior to the resignation of three Board Members was protracted due to several factors. Chief among these factors were the negotiation for renewal of the collective bargaining agreement and the unexpected deterioration of the strategic plan consultant's involvement. I had worked with this strategic plan consultant before, and I had apprised this consultant of the limited personnel resources at RLECWD even before we engaged his services. I was disappointed in his approach after all the workshops and meetings were complete. All the raw data was submitted to me to refine and polish.

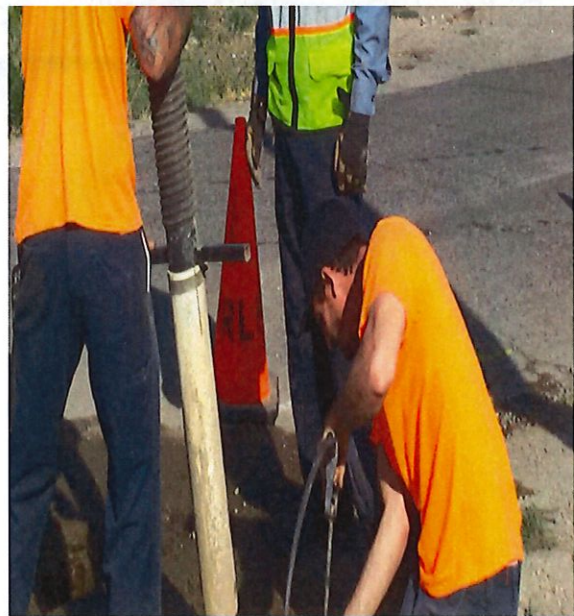
Regardless of the justification for delay, the next steps remain necessary and appropriate. It is reasonable to seek input from new Board Members instead of asking them to endorse the vision and values of the departed Board Members. Accordingly, it necessary to decide if we're going to conduct an additional workshop to obtain new Board Member input, and whether we want to pay

a consultant to facilitate, moderate and focus such a workshop. I do not recommend we continue to engage the existing consultant. The last task remaining on his contract was a “tone check workshop” (a workshop with the Board to review and refine (if necessary) the draft strategic plan.

**Conclusion:**

I recommend the Executive Committee forward this item and materials onto the August 19<sup>th</sup> Board agenda for discussion and action (if deemed appropriate). The Committee’s recommendation for next steps should be documented and included with the August 19<sup>th</sup> Board agenda item.

***RLECWD***  
***Five-year Strategic Plan***  
***2019-2024***  
***August 19, 2019***



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**Board of Directors**

John Ridilla, Board President

Mary Harris, Board Vice President

Chris Gifford., Director

Jason Green, Director

Robert Reisig, Director

**District Leadership Staff**

Tim Shaw, General Manager

Pat Goyet, Operations Superintendent

Renita Lehman, Administrative Assistant

Deborah Denning, Accounting Specialist

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**DRAFT**

## Introduction

A Strategic Plan is a top-level planning document for an organization to set clear direction for the operational aspects of its mission over a given timeframe. For the Rio Linda Elverta Community Water District, it serves as a roadmap for decision making over a five-year period, while affecting the long-term future. It is a disciplined effort to produce fundamental decisions that shape what a District plans to accomplish by selecting a collective course of action by the Board of Directors and Staff. Beginning with foundational statements, the District's Mission and Strategic Vision, the overall structure of this Strategic Plan was developed by the Board in a series of workshops.

Within the framework of that structure, strategies and tactics were developed by District staff to sustain and, where appropriate, prepare and improve the District over the next five years. At its highest level, this Strategic Plan seeks to strengthen and build upon opportunities while addressing areas of concern.

This plan also identifies actions, activities, and to leverage and implement planning efforts that are currently underway and which are needed for continued success in operations and management of the District, and provides for periodic reviews and updates.



## Strategic Planning Definitions

**Mission Statement:** A declaration of the District's purpose which succinctly describes why the District exists. All activities of the District should be in support of the Mission Statement. The District's Mission statement also reflects the values to which the District Board is dedicated. The

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Board of Directors adopts the Mission Statement. The Mission Statement is reviewed annually but is intended to be constant over the long term.

Vision Statement: A statement that articulates where the District wants to be over

the life of the Strategic Plan. It outlines the key changes at the highest level that must be achieved by the Strategic Plan. The Vision creates and drives strategy and tactics identified elsewhere in the Strategic Plan. The Board of Directors adopts the Vision Statement. The Vision Statement will be reviewed annually and will typically change more frequently than the Mission Statement to reflect the direction the Board wants to take the District over the five-year time horizon of the Strategic Plan.

Core Values: These are values, framed in question form, are the values to which the Board of Directors are fiercely dedicated. They are anchored in community values and are used by the Directors as decision filters for the myriad of decisions in the future.

Strategic Elements: The broad and primary areas of District operations, planning, and management that are addressed and supported by the Strategic Plan goals. These essentially serve as the outline and organization of the Strategic Plan. The Board of Directors adopts the Strategic Elements. The Strategic Elements are reviewed annually but are intended, absent major new issues to be faced, to be relatively constant over the life of the five-year Strategic Plan.

Objective/Strategy statement: A concise statement associated with each Strategic Element that describes what the Objective for that Element is and how it will be achieved.

**Strategic Goals**: The goal statement is supported by a narrative that more fully explains the nature of the goal and the issues that the goal intends to address. The Strategic Goals are prepared by District staff and accepted by the Board. The Strategic Goals may change from year-to-year when the annual assessment is made of the progress on each Strategic Element. The Strategic goals define the line between policy (Board responsibility) and implementation (staff responsibility) and as such are a collaborative effort of both the Board and staff.

## Strategic Plan Development

In 2018 the District retained the services of a strategic planning consultant to facilitate and coordinate the development of the District's five-year Strategic Plan. To prepare for the workshops the Consultant interviewed the District Board members individually on matters they thought were most relevant to future strategy for the District. The following topics were discussed at all of the input gathering meetings:

Mission	Weaknesses
Vision	Opportunities
Strengths	Threats

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The Board supported this process as a way to allow all to participate in the foundation of the Strategic Plan. A public Board workshop was held on July 10, 2018. At this workshop the Board reviewed inputs, reviewed and endorsed the District's draft formal Mission Statement and discussed and created Vision Strategies Focus Areas which serve as Vision for the District. On August 6, 2018, the District conducted another strategic planning workshop to receive input from community partners and the public in general.

In the Spring of 2019, the District's Board of Directors experienced substantial turnover. In unrelated incidents, which bear no reflection on the volatility or instability of the District, three of the five Board Members resigned. A majority of the current Board Members did not participate in the strategic planning sessions in July and August 2018. Accordingly, a more deliberate process for the final workshop in September 2019 was performed to incorporate the new Board Members' input.

Using this process the Strategic Plan was assembled in a way that best articulates the Board's Vision and Strategy for the District over the next five years.

The implementation of the strategic focus areas having been proposed by staff was then checked with the Board to serve as a check to assure that implementation properly addressed the Vision of the Board. Formal Board adoption of the Plan occurred on September 16, 2019.

#### Maintenance of the Plan

A key part of the Strategic Planning process is to conduct an annual review to update the Plan. These reviews allow for regular maintenance of the Plan so that it reflects the actual progress and conditional needs of the District. The reviews will be documented and followed up with by either a Plan supplement or an updated Plan. A five-year planning horizon will be maintained with each review effort developing a new fifth year of actions, projects and initiatives.

## Mission Statement and Five-year Strategic Focus Areas

### *DISTRICT MISSION*

*Our Mission is to provide, in a cost-effective manner to the Customers, a water supply that is safe and reliable (according to state and federal standards) and that meets both current and future needs.*

*“(Proposed as a shorter version:*

*Our Mission is to provide a safe and reliable water supply in a cost-effective manner.)”*



## District Vision Statements

### In 5 years, we'd like to be able to say...

- VS-1 We have made significant progress in the funding needed replacements of district infrastructure, including the office facility.
- VS-2 We are continuing to provide drinking water that meets all state and federal limits,
- VS-3 We have improved the coverage provided by our Automated Metering Information (AMI) infrastructure to reduce the need for manual reading.
- VS-4 We have improved the district's public image
- VS-5 We are meeting statewide water use efficiency and water loss standards.
- VS-6 We establish a rate structure and rate adjustment practices that fairly balance operational needs, water use efficiency and water affordability.
- VS-7 We remain financially healthy and have reduced the overall District debt and unfunded liabilities.
- VS-8 We have adequate staffing and a stable, satisfied and productive workforce

## District Strategic Focus Areas

Strategic Focus Areas represent the vital areas of the District's operation and management that must be addressed in the strategic plan. They are created by the Board of Directors and link the implementation work to the Mission and Vision. Strategic elements are derived from the foundational Mission and Vision statements of the District. They are linked to action and results through the Strategic Goals written in each area and the Strategic Work Plan. Within the five-year period covered by this Strategic Plan, these areas assure that all aspects of District operations are well supported; moving forward in a way that reflects Board priorities and creates balanced implementation. The Strategic Work Plan which contains the supportive actions and initiatives organized and prioritized by year within the planning period, is presented along with each Strategic Goal and is also consolidated in tabular form in Table 1 - Strategic Plan "At-a-Glance" (pg. 12). Business Plans and employee goals can be derived from these and are not a part of the Strategic Plan, but tactical; these are developed on a one to two-year timeframe with tasks and are handled within the management structure of the District.

*In 5 years, we must deal with the following strategic focus areas (in no particular order) ...*

- 1.0 Water Sources –
- 2.0 Infrastructure (including Administrative Offices)-
- 3.0 Rate Adequacy and Financial Stability-
- 4.0 Partner Relations –
- 5.0 Organization and Workforce -
- 6.0 Readiness for residential development and other opportunities –

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*7.0 Readiness for Regulatory Shifts*

## Strategic Implementation

The Implementation Plan below contains tactics organized around the focus areas. They are then sorted by year within the planning period. They are provided in tabular form in Table 1 - Strategic Plan “At-a-Glance” (pg. 12).



### 1. Water Sources

*Our objective is to be confident with the District's ability to provide a safe and reliable water supply to our ratepayers. Our strategy is to continually study, optimize, clarify and report our water needs and to make solid decisions on investing in, protecting and developing water sources.*

- 1.1. Clearly outline options for the development of water sources
- 1.2. Refine and choose viable options for other water sources for RLECWD
- 1.3. Clearly communicate with the public regarding options
- 1.4. Properly adopt and implement water use efficiency and water loss requirements.

### 2. Infrastructure

*Our objective is to manage infrastructure needs of the District over the long-term. Our strategy is to commission professional studies as needed and then support needed repairs and improvements to assure that we are appropriately positioned to proactively provide the water system needed by our ratepayers.*

- 2.1. Update Water Master Plan and ancillary documents
- 2.2. Administrative Building
- 2.3. Capital Improvement Plan (clearly communicate the public need)

### **3. Rate Adequacy and Financial Stability**

*Our objective is to be confident with the efficient use of the public's resources yet fulfill our commitment to the overall Mission of the District. Our strategy is to regularly study, carefully analyze costs and rates remain open about our business methods and principles to make highest and best use of the public resource.*

- 3.1. Set Rate Philosophy
- 3.2. Conduct Rate Study (SB-606, Hexavalent Chromium, licensed treatment operators, conservation mandates, operations reserve fund, other Gaps)
- 3.3. Initiate Periodic Rate Studies; both informal, in-house and formal, outsourced.
- 3.4. Continue our good finance reporting practices and promote our excellence in financially transparency.
- 3.5. Review and revise fees to ensure we maintain the required correlation between the cost of providing service and the fee we charge.
- 3.6. Implement the previously established direct assessment process to recover debt from those customers whose non-payment are effectively a liability to the rest of the customers.
- 3.7. Strive to reduce debt and the fixed charges in our rate structure therefrom.
- 3.8. Transition to proactive financing of needed infrastructure replacement instead of reactive, to avoid having to borrow money to catch up and/or pay for deferred maintenance in a crisis mode.

### **4. Partner Relations**

*Our objective is to build on our partnerships with other agencies and professional organizations to the benefit of the District. Our strategy is to actively participate in groups that share common interests and to support and lead where appropriate within our industry associations.*

- 4.1. Discuss and adopt professional standards for our interactions with partners and professionals with whom the District interfaces.
- 4.2. Continuously review where the District's participation and level of participation optimally complies with cost-benefit criteria.
- 4.3. Be open and inviting to ways the District can maintain and improve the way it is perceived by other agencies and by the regulatory environment.

## **5. Organization and Workforce**

*Our objective is to make optimal use of the current employee base and assure that those who are employed in the future are equally competent and productive. Our strategy is to hire carefully, supervise and manage at the highest levels and employ methods that assure a top-notch and satisfied workforce for the future.*

- 5.1. Address the isolation and compartmentalization tendencies in the organization
- 5.2. Conduct periodic and proper compensation studies to assess and when necessary adjust where the District exists among within the regional employment market.
- 5.3. Consider ROP and/or apprentice type programs to augment personnel resources and provide a potential source of future employees.
- 5.4. Increase job satisfaction and retention of qualified, competent employees.
- 5.5. Maintain, and where needed, improve employee professional development programs and opportunities.

## **6. Readiness for Large-Scale Residential Development and other Opportunities**

*Our objective is to assure that the District takes full advantage of all benefits that large-scale residential development projects offers those currently within the District along with future District ratepayers. Our strategy will be to make clear and deliberate policy decisions regarding what the District will require and how the District will interact with those who propose to develop and need a reliable and safe source of water in the future.*

- 6.1. Clarify District position regarding the water supply in growth areas.
- 6.2. Re-evaluate the District's planning documents in the context of land use authority planning documents and policies, e.g. Rio Linda Elverta Community Plan and PF-8.
- 6.3. Remain cognizant of the need for contingency planning if/when large-scale development projects of delayed or suspended.

## 7. Readiness for Regulatory Shifts

*Our objective is to meet all regulations, both State and Federal, while keeping our ratepayers well informed and prepared to meet the challenges that they present. Our strategy is to get and keep leading edge knowledge of the regulations and be aware of any changes to them or any emerging through the legislative or bureaucratic systems.*

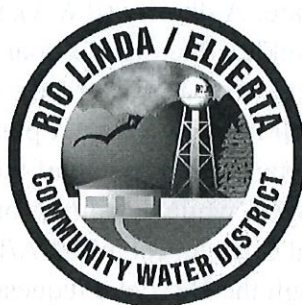
- 7.1. Keeping well informed and involved with relevant emerging regulations
- 7.2. Be proactive with regulations and plan for compliance before the deadline.
- 7.3. Interact with partner agencies and professional organizations to learn for the experience and insights of other, similar agencies.
- 7.4. Guard against compartmentalization/isolation. Don't assume those who need to know do know, those who need to do have done.

**Table 1 –The Strategic Plan “At a Glance”**

<b>STRATEGIC ELEMENTS</b>	<b>STRATEGIC GOALS</b>	<b>Estimated Completion Date</b>
		<i>Fiscal Year Completed</i>
<b>1. Water Sources</b>		
	1.1	
	1.2 xxx	
	1.3 xxx	
<b>2. Infrastructure</b>		
	2.1	
	2.2 xxx	
	2.3 xxx	
<b>3. Rate Adequacy and Financial Stability</b>		
	3.1 xxx	
	3.2 xxx	
	3.3 xxx	
<b>4. Partner Relations</b>		
	4.1	
	4.2	
	4.3	

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<b>5. Organization and Workforce</b>		
	5.1	
	5.2 xxx	
	5.3 xxx	
<b>6. Readiness for Residential Development and Other Opportunities</b>		
	6.1	
	6.2 xxx	
	6.3 xxx	
<b>7. Readiness for Regulatory Shifts</b>		
	7.1	
	7.2 xxx	
	7.3 xxx	



## **Executive Committee**

### **Agenda Item: 7**

**Date:** August 5, 2019

**Subject:** Opus Bank Loan Withdrawal Amount Determination

**Staff Contact:** Timothy R. Shaw, General Manager

#### **Recommended Committee Action:**

The Executive Committee should forward an item onto the August 19<sup>th</sup> Board agenda to have the Board discuss and potentially decide on the amount of the Opus Bank loan to withdraw for Hexavalent Chromium mitigation project(s).

#### **Current Background and Justification:**

In 2016, the District adopted a rate adjustment which included Surcharge #2 as designated and restricted funding for Hexavalent Chromium mitigation. In February 2018, the Board authorized a municipal financing loan through Opus Bank and all appurtenant terms and documents. The designated source of funding for the Opus Bank loan debt service is Surcharge #2. The loan terms provided for an 18-months draw period, which was very advantageous to the District given the uncertainty of the need and cost of Hexavalent Chromium mitigation projects in February 2018. The end of the draw period is September 1, 2019. Very simply, the District will not have to pay interest on money it does not draw. On or before September 1, 2019, the District must decide how much of the \$3.75 million the District believes it will need to complete the project(s).

If we draw more than we ultimately need, the District will pay 3.25% interest while we wait for the projects to eventually move forward. If the District draws less than it needs, it will need to terminate or downsize the project(s). If such project termination and/or downsizing is deemed permanent, the District may need to decrease the bimonthly amount of Surcharge #2 or the number of years it is charged to ratepayers.



The \$500,000 grant from Regional Water Authority (RWA) and the Department of Water Resources (DWR) is an additional wrinkle affecting the Board's decision on how much of the Opus Bank loan to draw. The grant was originally awarded to the District for a Hexavalent Chromium treatment project at the Well #10 groundwater pumping facility prior to the Court ruling to invalidate the MCL. As uncertainty and timing of the Hexavalent Chromium Maximum Contaminant Level (MCL) has prolonged, while deadlines for grant use came and past, the Board of Director authorized submittal of a request to RWA/DWR for reallocating the grant award to the Well #16 project. Although the District's request has been at RWA/DWR for more than a month, we're still waiting for a response. On July 30th, RWA conveyed an additional request for data, which the District provided the next day. RWA/DWR have been made aware of the District's critical need to know and the timing.

If the grant award allocation is authorized and if/when the state re-adopts the Hexavalent Chromium MCL, the District will need both funding sources to complete both Hexavalent Chromium mitigation projects, Well #16 and Well #10 (or similar well-head treatment). The current issue is timing.

**Conclusion:**

I recommend the Executive Committee forward onto the August 19<sup>th</sup> Board agenda. Due to the pending status as of the writing of this report, a recommendation is premature. The Board will be provided the updated status at the August 19<sup>th</sup> meeting.



Item 7  
1410 Rocky Ridge Drive, Suite 140  
Roseville, CA 95661

**END OF DRAW PERIOD NOTICE**

July 31, 2019

Tim Shaw  
**Rio Linda/Elverta Community Water District**  
730 L Street  
Rio Linda, CA 95673

RE: Installment Sale Agreement dated March 1, 2018 ("Agreement") between the Rio Linda/Elverta Community Water District ("District") and Opus Bank as assignee ("Assignee")

Dear Tim,

This notice is to inform you that, pursuant to Section 3.1 of the Agreement, on **September 1, 2019** the draw period under the Agreement will come to an end. On or before such date, the District may either:

- 1) Reduce the Authorized Amount under the Agreement to the total amount advanced to such date, and any further funds shall lapse and will not be available for advance thereafter; or
- 2) Submit a final advance request for all, or a remaining portion, of the Authorized Amount, into a restricted interest-bearing deposit account controlled by Assignee, but in the name of the District (the "Restricted Project Fund"). To the extent the final advance request is for an amount less than the remaining portion of the Authorized Amount, the amount not so advanced shall lapse and will not be available for advance thereafter.

If the District intends to draw funds into the Restricted Project Fund for use after September 1, 2019, please contact me at your earliest convenience to establish the Restricted Project Fund account.

Amounts deposited into the Restricted Project Fund may be later withdrawn by the District to pay Project Costs after the District provides Assignee supporting evidence of Project Costs incurred, such as invoices. Requests for disbursement from the Restricted Project Fund shall be in writing, substantially in the form required by Assignee, and executed by an authorized individual of the District.

Please contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Crystal Williams", with a long horizontal flourish extending to the right.

Crystal Williams  
VP, Portfolio Manager  
Opus Bank  
1410 Rocky Ridge Drive, Ste. 140  
Roseville, CA 95661  
(916) 945-5134



## Executive Committee Agenda Item: 8

**Date:** August 5, 2019

**Subject:** Annual Performance Review of the General Manager

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

The Executive Committee should forward an item onto the August 19<sup>th</sup> Board agenda, closed session, to commence the annual performance review.

### **Current Background and Justification:**

The annual performance review is delineated the General Manager's Employment Agreement. The process has been misunderstood in past practices, so increasing lead time may result in a more efficient process. The past awkwardness seems to stem from the Board Members not benefitting from a facilitator of the process, i.e. no one to lead and keep the group on track and on task. Normally, that role would be served by the GM, but obviously not appropriate in this circumstance.

### **Conclusion:**

I recommend the Executive Committee discuss ways they can mitigate the absence of a facilitator in this process. For example, the Executive Committee could take the lead. The area in the process most in need of a facilitator(s) is the feedback from the Board aspect of the performance review. The Board needs to speak as a unit to its employee. It won't help anyone if one Board Member conveys one thing and another Board Member insists it's the opposite.



## **Executive Committee Agenda Item: 9**

**Date:** August 5, 2019

**Subject:** Authorization for Board Member Participation at Annual County Fair

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

The Executive Committee should forward this item onto the August 19<sup>th</sup> Board agenda with its recommendation for Board Approval.

### **Current Background and Justification:**

Pursuant to District Policy, the Board must authorize Board Member participation in functions relating to the District' purview. Such authorization is further stipulated by statute as a prerequisite to Board Member compensation.

Last year, the Board considered and declined to blanket authorized Country Fair participation. The Board expressed the preference for continuing to authorize on a case-by-case basis. Last year, the Board authorized the attendance by all 5 Board Members, yet less than a quorum were present at any given time.

### **Conclusion:**

I recommend the Executive Committee forward onto the August 19<sup>th</sup> Board agenda with a recommendation that the Board authorize participation in the September 21, 2019 Country Fair.



## **Executive Committee**

### **Agenda Item: 10**

**Date:** August 5, 2019  
**Subject:** General Status Update from the District Engineer  
**Staff Contact:** Mike Vasquez, PE, PLS, Contract District Engineer

#### **Recommended Committee Action:**

Receive a status report on specific focus items currently being addressed by the District Engineer.

#### **Current Background and Justification:**

Subjects anticipated for discussion include:

- Well 16 Groundwater Pumping Station
  - 60% Design
  - 95% Design
  - Construction Cost Estimate
  - Schedule
- Proposition 84 RWA/DWR \$505K Grant Agreement

#### **Staff recommendation:**

I recommend the Executive Committee receive the status report from the District Engineer. Then, if necessary and appropriate, forward an item(s) onto the August 19, 2019 Board of Directors Meeting agenda with recommendations as necessary.