

Minutes
Rio Linda / Elverta Community Water District
Executive Committee (Special Session)

January 11, 2021
6:00 P.M.

Minutes: The meeting was called to order at 6:00 P.M. The meeting was attended by Director Reisig (via Zoom), Director Green (via Zoom), General Manager Tim Shaw (via Zoom) and Contract District Engineer Mike Vasquez (via Zoom) and Anna Sarabian of Fieldman Rolapp (via Zoom).

Call to Order 6:00 P.M.

Public Comment. None

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.	Update from Contract District Engineer
	<i>The Contract District Engineer summarized his written report and expounded on the Well 16 Pumping Station construction final stages.</i>
2.	Presentation from Fieldman Rolapp on options for reducing Unfunded Accrued Liability (CalPERS).
	<i>Dr. Anna Sarabian of Fieldman Rolapp presented findings and recommendation for eight separate options the District could deploy for reducing the annual CalPERS Unfunded Accrued Liability (UAL) payments. The Executive Committee members engaged in thorough discussion in obtaining a firm understanding of the pros and cons of each option.</i>
	<i>The Executive Committee forwarded the item onto the January 25th Board agenda with the Committee's recommendation that the District approve Scenario #2, \$500,000 lump sum payment via an internal loan from the Capital Improvement Projects funding with a 15-year term. The Committee further directed the General Manager to prepare a Resolution for Board consideration. Such Resolution to include the terms of the internal loan via an Exhibit to the Resolution.</i>
3.	Review and discuss the expenditures of the District for the month of November 2020.
	<i>Director Green requested additional information on the expenditure to "Energy Systems" for "Pumping Maintenance" The General Manager speculated that the maintenance/repair was associated with a recent power supply issue. However, the follow up with the Operations Superintendent on January 12th identified the charge as being associated with an emergency diesel generator coolant leak.</i>
	<i>The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval.</i>
4.	Review and discuss the financial reports for the month of November 2020.
	<i>Director Reisig requested confirmation that a change of approximately \$930,000 in assets was due to Well #16 Pumping Station. The General Manager confirmed it was due to Well #16.</i>
	<i>The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval.</i>
5.	Next steps and timing for Innov8 registers and WaterScope software for customer consumption data.
	<i>The General Manager reviewed the big-picture perspective of what we hope to achieve through evaluating a scalable option for customer access to consumption data. Phase 1 has met or exceeded the District's expectation. The next phase needs to evaluate the service provider's (Metron Farnier) assertions</i>

that Innov8 registers and Waterscope data are readily integrated into CUSI billing software. There is an economy of scale for the integration process, i.e. integrating more than just the 5-accounts in phase 1. Essentially, the District would pay the upfront cost of \$300 per unit, which includes 10-years of Waterscope software use license. For example, if the District purchases 50-units, the upfront cost would be \$15,000 (50 X \$300). It should be considered that in the final stage (assuming the District moves forward), those units purchased in phase 2 would transition into the final, implemented program. The District would use those 55 units (5 units in phase 1 and 50 units in the example phase 2) as the first units issued to customers who enroll in the consumption data program and agree to pay the bi-monthly fee. If the bimonthly fee is properly sized (e.g., \$5 per billing cycle) the upfront costs the District expends will be recovered through the service life term of each unit (10-years).

The Executive Committee further discussed timing and District outreach to customers with respect to timing of the rate restricting already underway. The Executive Committee recommends the District begin outreach to customers in March-April with the expectation that customer response may be relatively weak until the rate restructuring, which discontinues the disproportionate charges to already efficient use consumers, is in full effect (July).

The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval. The Board item will entail Board approval of the up-front costs for phase 2. Metron Farnier has some zero percent financing options. However, the Executive Committee did not base their recommendation on the potential for zero interest financing. Metron has not provided any written detail on terms and conditions for such financing.

6. Discuss ongoing rate study and cost of service analysis.

The General Manager advised the Committee that the final draft of the rate study /cost of service analysis is complete. Further, the final draft of the study contemplates the funding needed for the cost of service increase associated with increased cost for UAL payments and internal loan payments within the parameters of scenarios 1 and 2 of the Fieldman Rolapp UAL reduction study. Accordingly, it would be premature to have the Board consider adopting the rate study until the Board has considered authorizing options for UAL reduction.

The General Manager suggested that; if the Board approves UAL reductions pursuant to Fieldman Rolapp scenario 1 or 2 at the January 25th Board meeting, The General Manager can distribute the final draft of the rate study / cost of services analysis on the following day (Jan 26th). This would enable Board Members a more thorough review of the draft rate study / cost of service analysis prior to Board consideration of approving the rate study as early as February 22, 2021.

The Executive Committee agreed with the General Manager's planned approach and timing.

Directors' and General Manager Comments:

The timing of the February Executive Committee was discussed in light of the similar circumstances in February as were in January, i.e., the holiday moves the Board meeting to the 4th Monday. Accordingly, the Executive committee directed the General Manager to schedule a special session of the Executive Committee for February 8, 2021 at 6:00 P.M. and cancel the February 1st regularly meeting of the Executive Committee.

Items Requested for Next Month's Committee Agenda

Adjournment 7:40 P.M.

Next Executive Committee meeting: Monday, February 8, 2021 at 6:00 p.m. Remote (no in-person attendance)