

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

June 14, 2023 @ 6:00 P.M.

Visitors / Depot Center  
6730 Front St.  
Rio Linda, CA 95673

THIS MEETING WILL BE PHYSICALLY OPEN TO THE PUBLIC.

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 address the Executive Committee Chair. 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. Engineer's Update.
2. Discuss Proposed Extension of Professional Services Agreement for Pipe Replacement Project.
3. Discuss Change Order to Current Pipe Replacement Project, Service Lines and Valves.
4. Discuss the Fiscal Year 2023/2024 Preliminary Budget
5. Discuss Preliminary Response to Teamsters Local 150 Public Records Request.
6. Discuss Proposed Revisions to District Policies 2.01.150 and 2.05.200.
  - a. Discuss Draft Letter to Legal Counsel.
7. Discuss Confirming July 1, 2023 Scheduled Rate Adjustment.
8. Discuss Expenditures for April 2023.
9. Discuss Financial Reports for April 2023.

**Directors' and General Manager Comments:**

- SWRCB Executive Director's Report – Hexavalent Chromium MCL

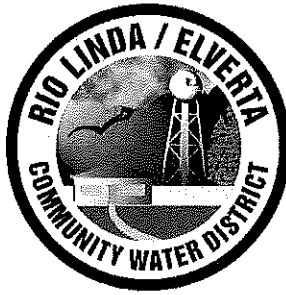
**Items Requested for Next Month's Committee Agenda:**

**Adjournment**

Next Executive Committee meeting: Wednesday , July 12, 2023, Visitors / Depot Center.

**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:** June 14, 2023  
**Subject:** General Status Update from the District Engineer  
**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.

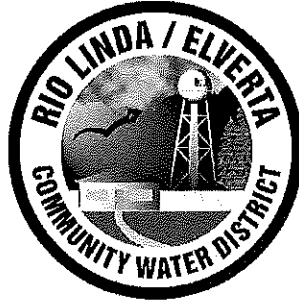
**Current Background and Justification:**

Subjects anticipated for discussion include:

1. Well 16 Pump Station DWR Grant Funding Release
2. Dry Creek Road Pipe Replacement Project
3. Low Cost Water System Capacity Hydraulic Modeling Exploration
4. 30<sup>th</sup> Street Valve Vault Cover Replacement

**Conclusion:**

I recommend the Executive Committee receive the status report from the District Engineer. Then, if necessary and appropriate, forward an item(s) onto the June 26, 2023 Board of Directors Meeting agenda with recommendations as necessary.



2

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

**Date:** June 14, 2023  
**Subject:** Proposed Extension to Pipe Replacement Agreement  
**Contact:** Mike Vasquez, PE, PLS, Contract District Engineer

### **Recommended Committee Action:**

The Executive Committee should forward this item onto the June 26<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.

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

The fully executed Professional Services Agreement (PSA) with Rawles Engineering prescribes the methodology for extending the agreement for additional pipe replacement efforts. The language in the current PSA stipulates such extension needs to be mutually agreeable to both parties (the District and Rawles).

Staff and Rawles have been discussing extending the agreement for replacement of an additional 800 linear feet of water main further down Dry Creek early in fiscal year 2023/2024.

### **Conclusion:**

I recommend the Executive Committee receive the report from the District Engineer. Then, as appropriate, forward this item onto the June 26, 2023 Board of Directors meeting.



3

## Executive Committee Agenda Item: 3

**Date:** June 14, 2023

**Subject:** Discuss the Status of a Contract Change Order for the Dry Creek Pipeline Project

**Contact:** Mike Vasquez, PE, PLS, Contract District Engineer

### **Recommended Committee Action:**

Receive a report from the District Engineer regarding a contract change order for the Dry Creek Road Pipeline Project. It is requested that the Executive Committee discuss the contract change order and forward an item onto the June 26, 2023 Board of Directors Meeting agenda with the recommendation for Board approval authorizing Staff to execute a contract change order with Rawles Engineering.

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

As construction work progressed on the Dry Creek Road Pipeline Project by Rawles Engineering, three unforeseen conditions were encountered as follows with associated costs:

1. Installation of two new water valves to allow for water shut off on the Dry Creek Pipeline. Existing valves at the Dry Creek Road and Q Street intersection were inoperable and the existing Dry Creek Road pipeline could not be shut off without the new valves. Cost: \$4,000
2. Installation of 10 new water services. During construction, 10 existing water services were found to be made of high-density polyethylene (HDPE) material that does not meet District standards. The existing HDPE material has been prone to leaks in the past. Blue coated copper water services are proposed as replacements. Cost: \$60,000.
3. Additional paving requirements. The County of Sacramento has initiated discussions with Rawles Engineering and District Staff regarding additional paving requirements to remove and replace an existing asphalt speed bump. The County did not inform Rawles Engineering or District Staff during the encroachment permit phase, and only recently brought this up during construction. Staff is currently negotiating with the County on this requirement, but this item should be considered now to avoid delays with paving operations. Cost: \$16,000 (up to, not to exceed, pending County negotiations)

The Operations Superintendent and District Engineer have reviewed the costs for the construction work described and believe they are a fair price.

The project accounting is as follows:

- Contract Amount + Previous Change Orders: \$478,843.75
- This Change Order Request: \$80,000.00
- Proposed New Contract Amount: \$558,843.75

**Conclusion:**

I recommend the Executive Committee receive the report from the District Engineer. Then, as appropriate, forward this item onto the June 26, 2023 Board of Directors Meeting agenda with recommendations as necessary.



4

## Executive Committee Agenda Item: 4

**Date:** June 14, 2023

**Subject:** Fiscal Year 2023/2024 Preliminary Budget

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

### **Recommended Committee Action:**

The Executive Committee should review the documents associated with this item, engage staff in discussion, then forward the preliminary budget onto the June 26<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.

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

District policy prescribes a preliminary budget adoption prior to the beginning of each fiscal year. The essence of this practice is to allow for Board authorized spending after July 1<sup>st</sup> (beginning of the next fiscal year), and before the prior fiscal year end balances are available due to invoices and revenues received at or near June 30<sup>th</sup>.

The Board also customarily schedules the public hearing for consideration of adopting the final Budget at the August regular meeting.

### **Conclusion:**

Forward the fiscal year 2023/2024 Preliminary Budget onto the June 26<sup>th</sup> Board agenda. Also, direct staff to place an item on the June 26<sup>th</sup> Board agenda to allow scheduling of the public hearing for final budget adoption in August.

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY OPERATING BUDGET  
2023-2024**

			2022-2023 ACTUAL JULY 23-MAR 23	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
<b>REVENUE</b>							
	<b>40000 OPERATING REVENUE</b>						
	<b>40100 Water Service Rates</b>						
	40101	Basic Service Charge	843,936.00	1,110,746.00	1,160,731.00	49,985.00	Per Water Rate Study
	40102	Usage Charge	1,196,946.00	1,753,654.00	1,832,569.00	78,915.00	Per Water Rate Study
	40105	Backflow Charge	21,431.00	29,600.00	30,500.00	900.00	Per Water Rate Study
	40106	Fire Prevention	19,356.00	23,300.00	24,300.00	1,000.00	Per Water Rate Study
		<b>Total Water Service Rates</b>	<b>2,081,669.00</b>	<b>2,917,300.00</b>	<b>3,048,100.00</b>	<b>130,800.00</b>	
	<b>40200 Water Service Fees</b>						
	40201	Application Fees	4,300.00	6,500.00	6,500.00	0.00	
	40202	Delinquency	44,285.00	90,000.00	65,000.00	(25,000.00)	Decreased for adjust for adopted Resolution 2022-08 in 11-2022
	40209	Misc. Charges	5,711.00	7,000.00	7,000.00	0.00	
		<b>Total Water Services</b>	<b>54,296.00</b>	<b>103,500.00</b>	<b>78,500.00</b>	<b>(25,000.00)</b>	
	<b>40300 Other Water Service Fees</b>						
	40301	New Construction QC	2,200.00	4,000.00	4,000.00	0.00	
	40302	Service Connection Fees	16,657.00	10,000.00	10,000.00	0.00	
	40304	Other Operating Revenue	5,955.00	6,000.00	6,000.00	0.00	
	40305	Grant Revenue-Operating	0.00	0.00	0.00	0.00	
		<b>Total Other Water Service Fees</b>	<b>24,812.00</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>0.00</b>	
	<b>TOTAL OPERATING REVENUE</b>		<b>2,160,777.00</b>	<b>3,040,800.00</b>	<b>3,146,600.00</b>	<b>105,800.00</b>	
	<b>41000 NON-OPERATING REVENUES</b>						
	41110	Investment Revenue	30.00	35.00	35.00	0.00	
	41120	Property Taxes & Assessments	80,998.00	109,100.00	138,263.00	29,163.00	Increased to adjust for prior FY revenues
	<b>TOTAL NON-OPERATING REVENUE</b>		<b>81,028.00</b>	<b>109,135.00</b>	<b>138,298.00</b>	<b>29,163.00</b>	
<b>TOTAL REVENUE</b>			<b>\$2,241,805.00</b>	<b>\$3,149,935.00</b>	<b>\$3,284,898.00</b>	<b>134,963.00</b>	



**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY OPERATING BUDGET  
2023-2024**

			2022-2023 ACTUAL JULY 23-MAR 23	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
<b>OPERATING EXPENSE</b>							
<b>60010 PROFESSIONAL FEES</b>							
	60011	General Counsel fees-Legal	\$17,091.00	\$22,800.00	\$24,000.00	\$1,200.00	Increased to adjust for projected costs
	60012	Auditor Fees	23,700.00	23,700.00	21,300.00	(2,400.00)	Decreased to adjust for projected costs
	60013	Engineering Services	40,000.00	70,000.00	115,000.00	45,000.00	Increased to include Water Use Efficiency Objectives and Water Loss Standards
	60015	Other Professional Fees	0.00	0.00	0.00	0.00	
	<b>TOTAL PROFESSIONAL FEES</b>		<b>80,791.00</b>	<b>116,500.00</b>	<b>160,300.00</b>	<b>43,800.00</b>	
<b>60100 PERSONNEL SERVICES</b>							
	60110	<b>Salaries &amp; Wages</b>					
	60111	Salary - General Manager	89,146.00	120,759.00	125,278.00	4,519.00	Increased to adjust for projected cost per contract
	60112	Staff Regular Wages	426,743.00	660,234.00	668,740.00	8,506.00	Increased to adjust per MOU 11-12-21; COLA 3.0% Assumed
	60113	Contract Extra Help	0.00	0.00	0.00	0.00	
	60114	Staff Standby Pay	13,300.00	18,250.00	18,250.00	0.00	
	60115	Staff Overtime Pay	7,505.00	11,000.00	11,000.00	0.00	
	<b>Total Salaries &amp; Wages</b>		<b>536,694.00</b>	<b>810,243.00</b>	<b>823,268.00</b>	<b>13,025.00</b>	
	60150	<b>Employee Benefits and Expenses</b>					
	60151	PERS Retirement	89,951.00	127,292.00	125,367.00	(1,925.00)	Decreased to adjust for projected costs
	60152	Workers Compensation	11,151.00	13,029.00	10,864.00	(2,165.00)	Decreased to adjust to change carrier to ACWA
	60153	Medical & Benefit Insurance	134,404.00	219,560.00	236,316.00	16,756.00	MOU Settlement Agreement 3-2023
	60154	Retirees Insurance	11,880.00	36,200.00	36,200.00	0.00	
	60155	Staff Training	0.00	5,000.00	5,000.00	0.00	
	60157	Uniforms	3,997.00	6,750.00	6,750.00	0.00	
	60158	Payroll Taxes	43,348.00	63,854.00	65,650.00	1,796.00	
	60159	Payroll Services	922.00	1,400.00	1,400.00	0.00	
	60160	457 Employer Contribution	12,634.00	18,055.00	19,000.00	945.00	Increased to adjust for MOU Renewal 11-12-21 and GM Contract
	<b>Total Employee Benefits and Expenses</b>		<b>308,287.00</b>	<b>491,140.00</b>	<b>506,547.00</b>	<b>15,407.00</b>	
	<b>TOTAL PERSONNEL SERVICES</b>		<b>\$844,981.00</b>	<b>\$1,301,383.00</b>	<b>\$1,329,815.00</b>	<b>\$28,432.00</b>	



**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY OPERATING BUDGET  
2023-2024**

			2022-2023 ACTUAL JULY 23-MAR 23	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
<b>60200 ADMINISTRATION</b>							
60205	Bank and Merchant Fees		\$1,091.00	\$3,500.00	\$2,000.00	(\$1,500.00)	Decreased to adjust for projected costs
60207	Board Member/Meeting Expense		7,575.00	15,700.00	13,900.00	(1,800.00)	Decreased to adjust for projected costs
60210	<b>Building Expenses</b>						
60211	Office Utilities		5,559.00	7,150.00	7,150.00	0.00	
60212	Janitorial		1,755.00	2,340.00	2,340.00	0.00	
60213	Maintenance		1,984.00	3,200.00	3,200.00	0.00	
60214	Security		168.00	775.00	775.00	0.00	
	<b>Total Building Expenses</b>		<b>9,466.00</b>	<b>13,465.00</b>	<b>13,465.00</b>	<b>0.00</b>	
60220	<b>Computer &amp; Equipment Maint.</b>						
60221	Computer Systems		23,708.00	29,700.00	30,000.00	300.00	Increased to adjust for projected costs
60222	Office Equipment		432.00	875.00	875.00	0.00	
	<b>Total Computer &amp; Equipment Maint.</b>		<b>24,140.00</b>	<b>30,575.00</b>	<b>30,875.00</b>	<b>300.00</b>	
60230	Office Expense		3,901.00	5,225.00	5,000.00	(225.00)	Decreased to adjust for projected costs
60240	Postage and Delivery		13,501.00	20,000.00	20,000.00	0.00	
60250	Printing		5,406.00	7,500.00	7,500.00	0.00	
60255	Meetings & Conferences		40.00	100.00	500.00	400.00	Increased to adjust for projected costs
60260	Publishing		1,206.00	1,206.00	1,500.00	294.00	Increased to adjust for projected costs
60270	Telephone & Internet		3,527.00	4,750.00	4,750.00	0.00	
60430	<b>Insurance</b>						
60431	General Liability		23,563.00	33,413.00	29,355.00	(4,058.00)	Decreased to reflect estimated premium
60432	Property		9,956.00	11,800.00	11,800.00	0.00	
	<b>Total Insurance</b>		<b>33,519.00</b>	<b>45,213.00</b>	<b>41,155.00</b>	<b>(4,058.00)</b>	
60500	<b>Water Memberships</b>						
60503	SGA		30,777.00	30,777.00	30,926.00	149.00	Increase per published membership rate
60504	ACWA		11,140.00	11,140.00	11,697.00	557.00	Increase includes 5% annual increase
60505	CSDA		8,186.00	8,186.00	0.00	(8,186.00)	Decreased - cancelled membership
60507	CRWA		1,435.00	1,435.00	1,507.00	72.00	Increase includes 5% annual increase
	<b>Total Water Memberships</b>		<b>51,538.00</b>	<b>51,538.00</b>	<b>44,130.00</b>	<b>(7,408.00)</b>	
60550	Permits & Fees		45,109.00	49,000.00	50,000.00	1,000.00	Increased to adjust for projected costs
60555	Subscriptions & Licensing		800.00	1,100.00	2,120.00	1,020.00	
60560	Elections		1,887.00	1,887.00	0.00	(1,887.00)	Decreased for Non Election Year
60565	Uncollectable Accounts		0.00	2,936.00	3,000.00	64.00	Increased to adjust for projected costs
60570	Other Operating Expenditures		0.00	0.00	500.00	500.00	
<b>TOTAL ADMINISTRATION</b>			<b>\$202,706.00</b>	<b>\$253,695.00</b>	<b>\$240,395.00</b>	<b>(\$13,300.00)</b>	



**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY OPERATING BUDGET  
2023-2024**

			2022-2023 ACTUAL JULY 23-MAR 23	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
	<b>64000 CONSERVATION</b>						
	64001	Community Outreach	0.00	0.00	300.00	300.00	Increased to adjust for projected costs
	64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
	<b>TOTAL CONSERVATION</b>		0.00	0.00	300.00	300.00	
	<b>65000 FIELD OPERATIONS</b>						
	<b>65100 Other Field Operations</b>						
	65110	Backflow Testing	\$2,517.00	\$3,000.00	\$3,000.00	\$0.00	
	65120	Construction Equipment Maintenance	3,586.00	9,000.00	9,000.00	0.00	
	65130	Field Communication	2,453.00	3,400.00	3,400.00	0.00	
	65140	Field IT	19,112.00	35,000.00	35,000.00	0.00	
	65150	Laboratory Services	9,010.00	24,000.00	24,000.00	0.00	
	65160	Safety Equipment	318.00	6,000.00	6,000.00	0.00	
	65170	Shop Supplies	2,207.00	7,000.00	7,000.00	0.00	
		<b>Total Other Field Operations</b>	39,203.00	87,400.00	87,400.00	0.00	
	65200	Treatment	18,438.00	25,000.00	25,000.00	0.00	
	<b>65300 Pumping</b>						
	65310	Maintenance	22,250.00	25,000.00	25,000.00	0.00	
	65320	Electricity and Fuel	155,995.00	260,000.00	260,000.00	0.00	
		<b>Total Pumping</b>	178,245.00	285,000.00	285,000.00	0.00	
	<b>65400 Transmission &amp; Distribution</b>						
	65410	Distribution Supplies	23,351.00	59,950.00	40,000.00	(19,950.00)	Decreased to adjust for projected costs
	65430	Tank Maintenance	4,949.00	6,280.00	6,500.00	220.00	Increased to adjust for projected costs: Cathodic Protection Maintenance
	65440	Contract Repairs	43,665.00	79,000.00	30,000.00	(49,000.00)	Decreased to adjust for projected costs
	65450	Valve Replacements	0.00	15,000.00	15,000.00	0.00	
	65460	Paving Repairs	0.00	25,000.00	30,000.00	5,000.00	Increased to adjust for projected costs
		<b>Total Transmission &amp; Distribution</b>	71,965.00	185,230.00	121,500.00	(63,730.00)	
	<b>65500 Transportation</b>						
	65510	Fuel	12,175.00	16,000.00	16,000.00	0.00	
	65520	Maintenance	3,028.00	5,000.00	5,000.00	0.00	
		<b>Total Transportation</b>	15,203.00	21,000.00	21,000.00	0.00	
	<b>TOTAL FIELD OPERATIONS</b>		\$323,054.00	\$603,630.00	\$539,900.00	(\$63,730.00)	

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY OPERATING BUDGET  
2023-2024**

			2022-2023 ACTUAL JULY 23-MAR 23	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
<b>TOTAL OPERATING EXPENSES</b>			\$1,451,532.00	\$2,275,208.00	\$2,270,710.00	(\$4,498.00)	
<b>NON OPERATING EXPENSES</b>							
	<b>69010 Debt Service</b>						
	69100	<b>Revenue Bond 2015</b>					
	69105	Revenue Bond 2015-Principle	63,273.00	152,273.00	156,908.00	4,635.00	Per Loan Payment Schedule
	69120	Interest	24,798.00	48,650.00	44,087.00	(4,563.00)	Per Loan Payment Schedule
		<b>Total Revenue Bond 2015</b>	<b>88,071.00</b>	<b>200,923.00</b>	<b>200,995.00</b>	<b>72.00</b>	
	69125	<b>AMI Meter Loan</b>					
	69130	Principle	53,307.00	52,948.00	54,602.00	1,654.00	Per Loan Payment Schedule
	69135	Interest	5,207.00	5,566.00	3,912.00	(1,654.00)	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>	
	69200	<b>PERS ADP Loan</b>					
	69205	Principle	0.00	30,000.00	30,000.00	0.00	Per Loan Payment Schedule
	69210	Interest	0.00	1,739.00	1,628.00	(111.00)	Per Loan Payment Schedule
		<b>Total PERS ADP Loan</b>	<b>0.00</b>	<b>31,739.00</b>	<b>31,628.00</b>	<b>(111.00)</b>	
	<b>69400 Other Non Operating Expense</b>		0.00	43.00	2,300.00	2,257.00	Increased per Rate Study Table 7
<b>TOTAL NON OPERATING EXPENSES</b>			\$146,585.00	\$291,219.00	\$293,437.00	\$2,218.00	
<b>TOTAL EXPENSE</b>			\$1,598,117.00	\$2,566,427.00	\$2,564,147.00	(\$2,280.00)	



**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY OPERATING BUDGET  
2023-2024**

			2022-2023 ACTUAL JULY 23-MAR 23	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
<b>NET INCOME (Income-Expense)</b>			\$643,688.00	\$583,508.00	\$720,751.00	\$137,243.00	
<b>OPERATING FUND BALANCE</b>							
	<b>Operating Account Balance June 30</b>			\$1,452,402.00	\$1,472,637.00		
	Net Revenue			\$583,508.00	\$720,751.00		
	Transfer to GL 10010 Operating Reserve			(\$28,273.00)	\$0.00		
	Transfer to Capital Improvement Funds			(594,000.00)	(611,800.00)		
	Transfer from Capital Improvement Funds			59,000.00	0.00		
	<b>Estimated Operating Fund Balance June 30</b>			\$1,472,637.00	\$1,581,588.00		
<b>SURCHARGE 1 FUND BALANCE</b>							
	<b>Surcharge 1 Fund Balance June 30</b>			\$705,307.00	\$766,026.00		
	43010	Surcharge Revenue		523,374.00	532,380.00		
	41110	Investment Revenue		1,000.00	1,000.00		
	69155	SRF Principle		(379,389.00)	(389,231.00)		
	69160	SRF Interest		(81,966.00)	(72,124.00)		
	69220	SRF Administration		(2,300.00)	(2,300.00)		
	<b>Estimated Surcharge 1 Fund Balance June 30</b>			\$766,026.00	\$835,751.00		
<b>SURCHARGE 2 FUND BALANCE</b>							
	<b>Surcharge 2 Fund Balance June 30</b>			\$209,015.00	\$336,614.00		
	43050	Surcharge 2 Revenue		439,019.00	\$442,716.00		
	41110	Investment Revenue		500.00	100.00		
	69180	Principle		(230,000.00)	(240,000.00)		
	69185	Interest		(81,920.00)	(74,293.00)		
	<b>Estimated Surcharge 2 Fund Balance June 30</b>			\$336,614.00	\$465,137.00		
<b>LAIF FUND (CAPACITY FEES) BALANCE</b>							
	<b>LAIF Fund Balance June 30</b>			\$410,813.00	\$813,182.00		
	44100	Capacity Fee Revenue		391,000.00	200,000.00		
	41110	Investment Revenue		11,369.00	10,000.00		
	<b>Estimated LAIF Fund Balance June 30</b>			\$813,182.00	\$1,023,182.00		

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
PRELIMINARY CAPITAL BUDGET  
2023-2024**

		GENERAL	VEHICLE & LARGE EQUIPMENT REPLACEMENT	FUTURE CAPITAL IMPROVEMENT PROJECTS	HEXAVALENT CHROMIUM MITIGATION	TOTAL
<b>FUNDING SOURCES</b>						
	Fund Transfers					
	Operating Fund Transfers In	611,800.00	0.00	0.00	0.00	611,800.00
	CIP Fund Intrafund Transfers	(362,645.00)	10,000.00	352,645.00	0.00	0.00
	Investment Revenue	85.00	0.00	175.00	0.00	260.00
<b>TOTAL FUNDS AVAILABLE FOR CIP PROJECTS</b>		<b>988,713.00</b>	<b>27,948.00</b>	<b>2,358,981.00</b>	<b>1,012,398.00</b>	<b>4,388,040.00</b>
<b>PROJECTS</b>						
<b>A · WATER SUPPLY</b>						
	A-1 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	0.00	40,000.00
<b>Total A · WATER SUPPLY</b>		<b>40,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>40,000.00</b>
<b>B · WATER DISTRIBUTION</b>						
	B-1 · Service Replacements	30,000.00	0.00	0.00	0.00	30,000.00
	B-2 · Small Meter Replacements	120,000.00	0.00	0.00	0.00	120,000.00
	B-3 · Large Meter Replacements	5,000.00	0.00	0.00	0.00	5,000.00
	B-4 · Pipeline Replacement	0.00	0.00	211,200.00	0.00	211,200.00
	B-5 · Cathodic Protection Replacement - L Street Tower	45,000.00	0.00	0.00	0.00	45,000.00
	B-6 · Raising/Lowering Valve Covers	40,000.00	0.00	0.00	0.00	40,000.00
	B-7 · Well 15 Cr6 Treatment-Design	0.00	0.00	0.00	75,000.00	75,000.00
<b>Total B · WATER DISTRIBUTION</b>		<b>240,000.00</b>	<b>0.00</b>	<b>211,200.00</b>	<b>75,000.00</b>	<b>526,200.00</b>
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>		<b>280,000.00</b>	<b>0.00</b>	<b>211,200.00</b>	<b>75,000.00</b>	<b>566,200.00</b>
<b>ESTIMATED ENDING BALANCE</b>		<b>708,713.00</b>	<b>27,948.00</b>	<b>2,147,781.00</b>	<b>937,398.00</b>	<b>3,821,840.00</b>





9

## Executive Committee Agenda Item: 5

**Date:** June 14, 2023

**Subject:** RLECWD Response to Teamsters Public Records Act Request

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

**Recommended Committee Action:**

The Executive Committee should forward this item onto the June 26<sup>th</sup> Board agenda.

**Current Background and Justification:**

On May 22<sup>nd</sup>, the District received a California Public Records Act (CPRA) request from Teamsters Local 150. The CPRA from Teamsters divided the request into six bulleted items. Four items (items 2-5) were submitted to Teamsters. Items 1 and 6 will reasonably require more time and effort to respond.

Forwarding this item onto the June 26<sup>th</sup> Board agenda enables discussion of this item by all Board Members and the public.

**Conclusion:**

I recommend the Executive Committee review and discuss, then forward the item onto the June 26<sup>th</sup> Board agenda.

RIO LINDA ELVERTA



WWW.RLECWD.COM  
QUESTIONS@RLECWD.COM

Telephone:  
(916) 991-1000

10

RLECWD  
730 L Street  
Rio Linda, CA 95673-3433

COMMUNITY WATER DISTRICT

June 1, 2023

Marty Crandall  
Teamsters Local 150  
7120 East Parkway  
Sacramento, CA 95823

**Re: Preliminary Response to Public Records Act Request Received May 22, 2023**

Mr. Crandall:

The Rio Linda Elverta Community Water District (District) has received the subject public records request from Teamsters Local 150 (Teamsters). The District provides the following preliminary responses corresponding to the numbered items (1-6) in your request.

1. The District will reach out to Director Mary Harris to seek her cooperation in complying with the request for records of District correspondence on her personal devices. Due to the broad scope of records sought by your request and the need to collect the requested records from persons outside of the office, the District finds it necessary to invoke a fourteen (14) day extension. (Gov. Code, § 7922.535(b).) The District anticipates that it will be able to provide you with an initial response to your request no later than June 14, 2022.
2. Attachment A to this preliminary response is District Policy 2.01.90.
3. Attachment B to this preliminary response is District Resolutions 2008-06 and 2008-02. Both are formal disciplinary actions in response to actions taken by Director Harris.
4. The District's Response to the Sacramento County Grand Jury Report is Attachment C.
5. You have asked for "Copies of draft meeting minutes and final adopted meeting minutes where Board Member(s) requested substantial revisions to the draft minutes... This request is in the context of the revisions discussed on the video recording of the April 24, 2023 Board meeting, Consent Calendar item 3.1." Please follow the link posted below to find draft and final versions of minutes considered by the Board. The Board agendas from April 2023 and May 2023 include draft versions of minutes considered by the Board for the March 2023 meeting.

<http://www.rlecwd.com/board-documents/>

6. In the interest of providing timely and responsive records, the District requests that you specify the scope of time in which you are seeking invoices from the District's legal counsel, regarding services associated with negotiations for renewals of Memorandums of Understanding (for example, legal invoices from May 2018 to August 2018). This additional detail will assist the District in providing timely and responsive records.

The District will follow this preliminary response with the remaining documents as described above.

Sincerely,



Timothy R. Shaw  
General Manager, RLECWD



## Attachment A

Policy Manual – Revised 7-18-22

**2.01.090 Email Accounts***(Approved 12/6/2010)*

In order for the public to contact the Board of Directors each Director must establish an email account through the District's server. It is required that all Directors use their District email addresses instead of personal private email accounts for District business. An email account will be assigned to Board members as they take office.

*(Approved by 4/16/2018 Board Minutes)*

Director correspondence on matters of District business which are conducted using text messaging are to be copied (e.g. using the multiply recipients feature in text messaging) to the following District e-mail address: PRA@RLECWD.COM. This email account will not be routinely monitored but will be reviewed by appropriate staff if the District receives a Public Records on Private Accounts request. Directors are thereby enabled to delete their text messages on their personal devices after copying the text to the email address stipulated above. The settings of this email account will be such that messages greater than one year old, will be deleted to conserve resources. Director written correspondence regarding District business on social media, e.g. Facebook Private Messaging, Twitter, Instagram etc., are prohibited due to the impracticality of compliance with Public Records on Private Accounts requests when using such correspondence methods.

Attachment B

Rio Linda / Elverta Community Water District  
Resolution 2008-06

June 23, 2008  
Page 1 of 2

**RESOLUTION 2008-06**

**A RESOLUTION OF CENSURE  
ADOPTED BY THE BOARD OF DIRECTORS OF  
THE RIO LINDA-ELVERTA COMMUNITY WATER DISTRICT  
REGARDING THE CONDUCT OF  
MARY HARRIS**

**WHEREAS**, the Rio Linda-Elverta Community Water District ("District") is a county water district organized under the California Water Code; and

**WHEREAS**, Mary Harris is a member of the District Board of Directors ("Board"); and

**WHEREAS**, on April 16, 2007, the Board adopted Resolution No. 2007-02 adding Section 2.01.400 to the District Policy Manual setting forth a procedure to censure board members for misconduct or failure to meet the standards of conduct set forth in the Policy Manual; and

**WHEREAS**, at the Board meeting on May 27, 2008, at the request of President Blanchard, a majority of the Board directed that a hearing be scheduled to consider whether Mary Harris should be censured for misconduct; and

**WHEREAS**, the Board conducted a censure hearing at its June 9, 2008, meeting, and upon its conclusion directed that a resolution of censure declaring the Board's disapproval and disavowal of Mary Harris' conduct be prepared for the Board's consideration and adoption; and

**WHEREAS**, the Board has determined that this action is necessary and prudent to prevent future conduct of this nature.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE DISTRICT DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:**

The Board finds that Mary Harris has engaged in the following unauthorized and unacceptable conduct:

1. **Reporting to the County Sheriff of an Unsubstantiated Incident Involving the General Manager** Director Harris made a report to the County Sheriff alleging that General Manager Dillon committed attempted battery by throwing a water bottle at her on the evening of March 10, 2008. The incident allegedly took place after the board meeting at approximately 10:30 p.m. Both Mr. Dillon and Roger Putty, an individual who was also present, have contradicted Director Harris' representation of the incident. Director Harris has not presented any evidence to support the report. Accordingly, the Sheriff's office has not pursued the matter beyond an initial investigation. Director Harris' accusation of criminal activity by the General Manager, which is unsubstantiated

Attachment B (Continued)

Rio Linda / Elverta Community Water District  
Resolution 2008-06

June 23, 2008  
Page 2 of 2

by witnesses or other evidence, violates the following section of the District's Code of Ethics:

2.01.085(k) Directors should develop a working relationship with the General Manager wherein current issues, concerns and District project can be discussed comfortably and openly.

More generally, the report accusing the General Manager of criminal activity, unsupported by any evidence, is unethical and unprofessional.

2. Refusal to Leave a Closed Session in Which She Had an Economic Interest, Despite Direction from Legal Counsel and the Board of Directors. During a closed session meeting of the board of directors on May 12, 2008, Director Harris refused to leave the room during a discussion on potential litigation in which she had an economic interest, after both legal counsel and the board of directors directed her to recuse herself. This conduct violates Government Code Section 87100 of the Political Reform Act, which provides as follows:

Gov't. Code §87100 No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.

This conduct also violates the following sections of the District's Code of Ethics:

2.01.085(i) Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action Directors should commit to supporting such action and not to create barriers to the implementation of said action.

2.01.085(j) The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.

The Board hereby censures Mary Harris for the conduct described herein and expresses the strongest possible disapproval and disavowal thereof.

ADOPTED, SIGNED AND APPROVED this 23 day of June, 2008

AYES: Blanchard, Morris, Arbia  
NOES: Paine  
ABSTAIN: HARRIS  
ABSENT:

  
Bob Blanchard  
President of the Board of Directors

ATTEST:  
  
Dee Dillon, Secretary of the Board of Directors

Attachment B (Continued)

Attachment B (part 2)

Rio Linda/Elverta Community Water District  
Resolution 2008-02

March 10, 2008

**RESOLUTION NO. 2008-02**

**A RESOLUTION OF CENSURE  
ADOPTED BY THE BOARD OF DIRECTORS OF  
THE RIO LINDA-ELVERTA COMMUNITY WATER DISTRICT  
REGARDING THE CONDUCT OF MARY HARRIS**

**WHEREAS**, the Rio Linda-Elverta Community Water District ("District") is a county water district organized under the California Water Code; and

**WHEREAS**, Mary Harris is a member of the District Board of Directors ("Board"); and

**WHEREAS**, on April 16, 2007, the Board adopted Resolution No. 2007-02 adding Section 2.01.400 to the District Policy Manual setting forth a procedure to censure board members for misconduct or failure to meet the standards of conduct set forth in the Policy Manual; and

**WHEREAS**, at the Board meeting on November 19, 2007, at the request of Director Zack Arhies, a majority of the Board directed that a hearing be scheduled to consider whether Mary Harris should be censured for misconduct; and

**WHEREAS**, the Board conducted a censure hearing at its January 28, 2008, meeting, and upon its conclusion directed that a resolution of censure declaring the Board's disapproval and disavowal of Mary Harris' conduct be prepared for the Board's consideration and adoption; and

**WHEREAS**, the Board has determined that this action is necessary and prudent to prevent future conduct of this nature.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE DISTRICT DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:**

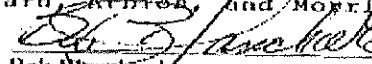
The Board finds that Mary Harris has engaged in the following unauthorized and unacceptable conduct:

1. At the February 26, 2007 Board meeting, Mary Harris participated in a decision in which she had a financial interest (voting to approve reimbursement of expenses incurred by her for attendance at an unauthorized meeting).

2. The Board declares that Mary Harris is not authorized to represent, take action, or speak for or on behalf of either the Board or the District under any circumstances unless formally authorized to do so by a majority of the Board.

**ADOPTED, SIGNED AND APPROVED** this 10<sup>th</sup> day of MARCH, 2008  
AYES, in favor hereof: (3) Blanchard, Arhies, and Morrill

NOES: (1) Paine  
Abstain: (1) Harris  
Absent: None

  
Bob Blanchard  
President of the Board of Directors

ATTEST:   
Dee Dillon, Secretary of the Board of Directors

# Attachment C

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## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

# 13



P.O. BOX 400 • 730 L STREET  
RIO LINDA, CALIFORNIA 95673  
Phone: (916) 991-1000 • Fax: (916) 991-6616  
www.rlecwd.com

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June 23, 2010

Honorable Steve White  
Presiding Judge of the Sacramento Superior Court  
720 Ninth Street, Department 47  
Sacramento, CA 95814

**Subject: Rio Linda / Elverta Community Water District Responses to the Sacramento Grand Jury Report**

Dear Judge White,

In accordance with Penal Code Section 933.05(f), the Rio Linda / Elverta Community Water District (District) hereby respectfully submits the following responses and rebuttals to the 2009/2010 Sacramento Grand Jury Report concerning the findings and recommendations provided in the interim report.

**Grand Jury Finding 1.0-** The District does not have adequate, reliable sources of water supply to meet the requirements of its existing customers based on acceptable standards of service and requirements of the California Department of Public Health (CDPH) Water Supply Permit.

**Response-** The District recognizes the need to increase the sources and amounts of water supply to meet the current and future needs of the community. To this end, the District is aggressively working with CDPH officials to overcome the deficiencies cited in Compliance Order No. 01-09-09-CO-004 by developing more Source Capacity through the installation of three new high capacity production wells positioned in strategic locations throughout our distribution system. The engineering plans have been presented to and approved by CDPH to complete the installation of one new well by fall 2010, and two additional wells by spring 2011 as required to meet the Compliance Order directives. The District has an intense construction schedule to improve or enhance all health, reliability and safety requirements throughout the system immediately.

**Grand Jury Recommendation 1.1-** The District should give immediate priority to negotiating and implementing additional emergency and peak demand water supplies from neighboring water utilities.

---

**DIRECTORS:**

Mary R. Harris / President  
Vivien Spicer-Johnson / Vice President  
Cathy Hood  
Belinda Paine

**Interim General Manager / Secretary:**

W. Mychael Cardenas  
e-mail: mcardenas@rlecwd.com

**Response-** The District installed an intertie with Sacramento Suburban Water District in the summer of 2007 with the intention of activating the connection whenever system pressures drop below safe operating levels. Records show the connection has been infrequently utilized, and only during periods when summer temperatures exceed 100 degrees, or when local production wells are being serviced. Additional studies and engineering reports suggest developing or rehabilitating wells and installing storage facilities are more viable ways to overcome the current peak demand shortages. The District's 2008-2013 Capital Improvement Plans address the need to put new wells on line immediately, and complete the installation of a storage tank shortly thereafter.

**Grand Jury Recommendation 1.2-** The District must give high priority to completion of at least one new high capacity well while at the same time proceeding expeditiously with the completion of additional supply improvements to meet CDPH water Supply Standards and satisfy conditions of its two Compliance Orders.

**Response-** As described in the response to Finding 1.0, the District is well ahead of schedule with meeting the requirements of all CDPH directives to complete the installation a high capacity well by fall 2010, and two additional wells by spring 2011. The District is on schedule to achieve these goals within an extremely short period of time.

**Grand Jury Recommendation 1.3-** The District should acquire enough standby power capacity to meet at least average system demand during an electrical power outage.

**Response-** The District's 2008-2013 Capital Improvement Plans include the need to install more generators to meet average system demands during electrical outages. The initial installations began in FY 2007/08 and will be continued until this backup power need is fully satisfied.

**Grand Jury Finding 2.0-** The defective water system poses significant risks to public health and safety. The District must make a series of improvements to mitigate these risks.

**Response-** Measures to enhance and improve the water system began prior to the release of the Grand Jury report through a series of conferences and cleanup programs with CDPH and new management incentives. Top priority has been given to this issue. The District instituted and implemented revitalization procedures and repair schedules to protect the public by enforcing better Operations and Maintenance practices. Throughout March and April 2010, the District repaired numerous leaks and failing infrastructure. Currently, CDPH and the District have mapped out preventative maintenance practices and policies to correct this serious problem.

**Grand Jury Recommendation 2.1-** The District must institute and maintain a backflow prevention program meeting all CDPH requirements.

**Response-** The District is well ahead of CDPH timelines to reinstate its Cross Connection Control and Backflow Prevention programs by developing Best Management Practices and O&M Manuals to maintain better control and monitoring in this area. Backflow Device testing began in late May 2010 and all devices within the District will be tested by late summer 2010 with reports provided to CDPH on a regular basis.

**Grand Jury Recommendation 2.2-** The District must improve its water supply for fire suppression by increasing the available water supply to meet fire flow standards of the fire code and the Sacramento Metropolitan Fire District (SMFD) throughout the distribution system.

**Response-** The District has engaged in several measures to address this recommendation. Besides constructing the three wells previously mentioned, the District has hired an engineering company to begin looking at water main replacement programs to replace small diameter and aging pipelines for better reliability and flow capacity. Looping of various sections for redundancy and installing trunk lines in key distribution areas are in the design phase to overcome this deficiency. The new Administration has also opened better communication lines with SMFD representatives to stay abreast of fire

code regulations and flow requirements within the region.

**Grand Jury Recommendation 2.3-** The District should retain an independent consultant to conduct a risk survey concerning all security and illicit access deficiencies and the District should correct them.

**Response-** The District has engaged the services of both a security control and surveillance company and its own risk management insurance agency to enhance security at all District facilities. With Homeland Security as the guideline, further enhancements will be implemented in the coming months.

**Grand Jury Finding 3.0-** The District does not have a complete inventory of all equipment and assets owned by the District

**Response-** The District has regularly maintained records of all assets and has updated them regularly. Despite this finding, a complete inventory assessment is underway to validate and update records to develop Best Management Practices to prevent errors or oversight in this area.

**Grand Jury Recommendation 3.1-** The District should immediately conduct an inventory to account for all equipment and assets.

**Response-** It is underway and anticipated to be completed by August 2010.

**Grand Jury Finding 4.0-** The District has been torn by factionalism for years. Contentious behaviors by Board of Directors, General Managers, employees, employee Unions, concerned citizens and ratepayers have led to a dysfunctional organization. Self interest has prevailed over public service.

**Response-** The current Board of Directors and management are focused on more transparency to keep all interests better informed and working together. The District is committed to its objectives to provide safe and reliable water supplies while protecting and serving the community with unbridled determination and true obligation. The District and its Board of Directors are committed to being productive and proactive in all aspects of dedication to public service and in improving District business practices.

**Grand Jury Recommendation 4.1-** The Board of Directors and staff at the District should be trained in professional management and conduct, ethics, and respect for others.

**Response-** This recommendation is at the heart of what the Administration and Board of Directors had already begun to implement and enforce prior to the release of the Grand Jury findings. The District is taking steps to educate its ranks and invite the public to participate in forums designed to improve service related communications overall. This recommendation has always been important and tantamount to our mission.

**Grand Jury Recommendation 4.2-** The Board of Directors should conform and enforce performance standards for all levels of the District.

**Response-** This is being initiated by the management team and continuously practiced and monitored by the Board moving forward.

**Grand Jury Finding 5.0-** The Board of Directors has wasted the District's assets. The Board of Directors and General Managers have spent funds on unsound purchases, investments, and legal expenses arising from inappropriate or ill-advised actions.

**Response-** In direct contrast to this finding, the District and its Board of Directors are hard at work correcting past practices of previous Administrations that proved to be detrimental and destructive to

the District. To take on such a monumental task requires dedication and funding that could be used elsewhere, but is necessary to restructure the institution from the ground up. Better accountability, transparency and communication is what the current Board is striving to achieve by engaging the services of professionals to quickly overcome and resolve several issues simultaneously. The direction the District and its Board of Directors are currently taking is in the best interest of the community to manage the District back to health with better control mechanisms and best *institutional* management practices throughout.

**Grand Jury Recommendation 5.1-** The Board should retain and take the counsel of professional experts in accounting, law, human resources, water utility management, engineering, and utility rate analysis.

**Response-** As previously mentioned, the District and the Board are involved in a variety of programs to seriously and expeditiously revamp the organization. It is one thing to look at the past to discredit and blame, and quite another to see where the District was already making significant progress with the aid of other professionals in the industry. The Grand Jury investigation and lengthy interview processes were conducted at a time when the District had already begun to take proactive steps to overcome the many problems that caused the downward spiral to occur. This recommendation is a sound one and the District had already moved into this realm before the interim Grand Jury report was published.

**Grand Jury Finding 6.0-** The Board of Directors is dysfunctional and misguided. Directors have often ignored recommendations of the General Managers and experts on financing and implementation of capital improvements to the detriment of the District. The Board has interfered with the day-to-day operations of the District.

**Response-** The Board fully understands its role to set policy and manage at a higher level. The Board continues to set standards that previous Boards only promised. The fact is this finding is dated because the new business direction was already being implemented when the Grand Jury was completing its fact finding campaign. The current Board of Directors is cutting to the chase by getting more facts and researching alternatives before venturing beyond their capabilities. This is where the essential need for better communications and education come into play after the misguidance and factional elements are effectively removed. Inasmuch as the Board has involved itself by delving into the operational framework of the District, it has done so to provide Administrative support so new Managers, who have no institutional knowledge of the District, do not make the same mistakes and/or follow misguided engineering and financial schemes that previous Administrations and General Managers directed. The record shows that the factional nature that has plagued the organization for years under previous Administrations resulted in several projects that went off course due to miscommunications and assumptions that were not warranted nor fully understood. While the Board is recognized as the policy making and leadership component of the District, it can only be effective in fulfilling its oversight responsibilities in accordance with the information they are given by the General Manager, District staff, or by independent sources. The General Manager appropriately seeks and appreciates the institutional knowledge, guidance and advice provided by the Board.

**Grand Jury Recommendation 6.1-** The Board of Directors should adhere to its own internal policies and stop micromanaging the daily operations of the District.

**Response-** The Board understands and respects the role of the General Manager. It also understands that the General Manager's primary responsibility to run the daily operations of the District. The Board intends to ensure that the General Manager continues to fulfill his duties and responsibilities without Board interference, while also ensuring the Board does not fall short of its oversight obligations.

**Grand Jury Finding 7.0-** On numerous occasions Board members have violated the Brown Act and their own regulations regarding public meetings.



**Response-** This finding is baseless, unfounded, without true merit, and is categorically denied. The District and its Board members, at all times, ensure that they conduct all business pursuant to the mandates of the Brown Act. To that end, whenever the District has any Board meetings, it ensures that its General Counsel is present to guide on all legal matters, including compliance with the Brown Act.

**Grand Jury Recommendation 7.1-** The Board of Directors should regularly seek and follow legal advice concerning their obligations under existing meeting laws and regulations.

**Response-** The Board regularly seeks legal advice from the District's General Counsel and follows its General Counsel's legal recommendations.

**Grand Jury Finding 8.0-** Without major changes in governance, management, and resource utilization, the District is unable to satisfactorily correct its problems and provide high quality water utility services to its present service area and the remainder of the District area.

**Response-** This finding has been addressed throughout this response letter and the current Administration uses the proper governance and better management policies necessary to deliver quality service and better customer satisfaction. Major changes were already implemented during the Grand Jury's fact finding period, and the primary objectives of the District are to deploy all necessary resources to ensure the needs of the community as a whole are more than adequately met. Under the current Administration, preventative measures are already in place with aggressive monitoring plans being laid to enhance management practices, and additional programs are being instituted to encourage and improve information sharing between the District and its ratepayers for the betterment of the community. The District's Board and staff are committed to serving and protecting the interests of Rio Linda and Elverta by promoting quality assurance and customer satisfaction on a regular basis.

**Grand Jury Recommendation 8.1-** One solution to these problems is a reorganization of the District. All affected public agencies (CDPH, SacLAFCo, Sacramento Board of Supervisors, SMFD, Sacramento County Department of Health and Human Services, Rio Linda-Elverta Chamber of Commerce) and interest groups should formally urge the District's Directors to declare their intent to reorganize the District.

**Response-** The Rio Linda / Elverta Community Water District effectively serves the best interests of the community. Every governmental entity can always do better, but the District is committed to serving its customers under the current organizational structure, and is confident that it will do so better than any other entity. We are already exploring any and all options that will enhance the operations of the District to continue to provide safe, reliable water and better services to our customers. Massive overhauling has begun with the aid of many organizations, both locally and beyond. This recommendation touches on only one solution, but our goal is to leapfrog beyond very quickly and effectively by aligning with industry standards that have been overlooked for far too long. The Rio Linda and Elverta communities are hotbeds for developer funded growth, and the District is doing everything necessary to prepare to meet the new challenges as the community expands further. Reorganization is one option, and not necessarily in the best interests of the community, but we are moving toward restructuring from within for the betterment of the District and the customers we serve.

**Recommendation 8.2-** SacLAFCo should immediately initiate a reorganization proceeding which includes completion of a Municipal Service Review (MSR), and a study of feasibility and alternatives for reorganization of the District.

**Response-** It is interesting that this recommendation came last because it suggests one agency might be the incentive, remedy, or push the District needs to repair its capacity and management problems

before it dissolves into another agency. We have begun the MSR process with the commission, and anticipate favorable recommendations will come as a result of it, but this Grand Jury recommendation fails to recognize the many other remedies the District can embark upon. Reorganization and the resultant dismantling of what is already in place could potentially help destroy the community interests if the proper safeguards are not in place beforehand. The District is taking massive steps to revamp our entire structure and service capacity. We have aggressively and effectively aligned our scope with that of CDPH, and are moving quickly to beat the clock to better serve our customers with more reliability with greater water supply and quality. New programs are in the design process to rebuild sections of our distribution system that are weak or failing. We are working with SMFD to incorporate storage facilities for adequate standby fire protection. Our planning also involves more conservation efforts and community outreach to help sustainability. The District office and staff are evolving toward more professional representation and policy enforcement to protect and serve our customers more effectively. These are only a handful of examples of where the District is dramatically changing its image and business practices. This is not simply a declaration of what we intend to do, but rather, a report of what are in the works right now and will continue to be on an ever increasing level.

In closing, and on behalf of the entire Rio Linda / Elverta Community Water District, I would like to assure you that the Sacramento Grand Jury Report was well received by the Board of Directors and District staff because it was important to bring many issues to light. The intent of the District is to take the issues cited to heart and address them appropriately to keep our community vibrant and safe with better business practices and policies on the forefront of what we are doing each and every day.

I would like to take this opportunity to thank the members of the Grand Jury for their dedication and focus to conduct the investigation with fairness and openness. It is because of their determination our community will benefit.

The District respectfully submits this letter with appreciation for your time and interest to receive it. If you have any questions or require additional information, please contact me at 916-991-1000 or [mcardenas@rlecwd.com](mailto:mcardenas@rlecwd.com) as your needs arise.

Respectfully and earnestly,

RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

W. Mychael Cardenas  
Interim General Manager

Cc: RLECWD Board of Directors  
Grand Jury Coordinator  
Sacramento County Board of Supervisors  
California Department of Public Health  
California Department of Water Resources  
SacLAFCo Commission  
Rio Linda-Elverta Chamber of Commerce  
Sacramento Metropolitan Fire District  
Sacramento County Water Agency  
Sacramento Groundwater Authority  
Regional Water Authority  
Ravi Mehta, District Counsel  
File

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**RIO LINDA/ELVERTA COMMUNITY  
WATER DISTRICT**



P.O. BOX 400 • 730 L STREET  
RIO LINDA, CALIFORNIA 95673  
Phone: (916) 991-1000 • Fax: (916) 991-6616  
[www.rlecwd.com](http://www.rlecwd.com)

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July 18, 2011

Hon. Steve White, Presiding Judge

720 9<sup>th</sup> St. Dept 47

Sacramento, Ca. 95814

Honorable Judge Whiting ,

Please find below the Rio Linda/Elverta Community Water District response to the 2010-11 Grand Jury report

Finding #1.1 The Board of Directors is receiving training from the California Rural Water Assoc. There are two classes titled How to be a Board member and Board roles and responsibilities which are being scheduled at this time.

Finding 1.2 The new General Manager has met with the Lafco Board and requested 6 months to get things in order before a peer review is done if needed. Lafco has agreed.

Finding 1.3 The District has a policy guide in effect it is being updated by 2 board members 1 public member and the new General Manager. The new policy guide will be reviewed by the entire Board and approved before it is put into effect.

Finding 2.1 The backlog of minutes has been put on the highest priority for the office staff to complete. There are only a few left to bring the minutes up to current day.

Finding 2.2 Minutes and Resolutions are now posted as soon as they are approved by the Board of Directors.

Finding 3.1 The Board will create a supportive climate for the Manager to perform effectively. The District has hired a General Manager with many years of experience in all phases of the water industry including 18 years of management experience at another services district.

Finding 4.1 The General Manager has completed a wage and benefit survey of similar agencies in the area. She is currently trying to determine appropriate staffing for our agency.

Finding 4.2 The District has been and will continue to discuss the labor negotiations at every meeting until they are finalized. The current version of the labor negotiation is almost complete and it is hoped that this will be the last version necessary for the dispute to be resolved.

Finding 4.3 The first thing the Manager did when accepting the position was review current job descriptions versus duties with staff and is in the process of updating the job descriptions.

Finding 4.4 The General Manager will perform annual performance evaluations before the annual wage review is done to determine if staff has performed their duties as described and is eligible for a wage increase.

Finding 5.1 The Board , staff and General Manager are trying very hard to restore mutual respect, trust and confidence.

Finding 5.2 Micro-management was a problem in the past the new Board has hired a new General Manager who is eliminating all micro-management.

Finding 6.1 Our new bookkeeper has a 4 yr bachelors degree concentrating in accounting, has worked 19 yrs for the Federal Government as a financial analyst, been the controller of 2 private businesses and worked for 1 ½ yrs as junior accountant in a CPA firm. She is also a certified fraud examiner.

Finding 6.2 Our 2009-10 audit is almost complete per our auditor and our new bookkeeper is currently updating all of the accounting records.

Finding 7.1 The new Manager has already prepared a preliminary budget for the current fiscal year it will be finalized at a public hearing before our August board meeting. It will be reviewed monthly and revised if necessary quarterly.

Finding 7.2 The District does provide monthly budgeted versus annual figures for the Board's review beginning 7/1/11 the beginning of the new fiscal year.

Find 7.3 Since the new manager has been here she reviews accounts payable aging schedules weekly.

Finding 7.4 The District is preparing Comprehensive Annual Financial Reports for the fiscal year ending 2010-11. We will be scheduling the audit for 2010-11 as soon as the audit for fiscal year 2009-10 is complete.

Finding 8.1 The District Bookkeeper will be compiling a district accounting policies and procedures manual as soon as she completes updating the accounting records.

Finding 9.1 Our accounting firm Richardson & Co. has already been assigned to do a forensic audit of our bank accounts for the last 5 years.

Finding 9.2 The District Attorney is currently in the middle of investigating the personal use of the district's credit card.

Finding 11.1 The District feels that the above noted remedies to the Grand Jury's findings will be implemented and that there will be no need for the District to be put into receivership.

We hope that these answers to the Grand Jury's findings are sufficient. Please feel free to contact me if you need any additional information on the responses presented above.

Sincerely,

Mary Henrici  
General Manager  
Rio Linda/Elverta  
Community Water District

Courtney Caron  
Board President  
Rio Linda/Elverta  
Community Water District



**SUPERIOR COURT OF CALIFORNIA**  
 COUNTY OF SACRAMENTO  
 Grand Jury

**Don Prange Sr.**  
**Foreman**

**Ronald BARGONES**

**Russ Campbell**

**Bernard Donnelly**

**Robert Garbutt**

**Carol Goldberg**

**Cecil Gordy**

**Lois Graham**

**LuAnne Hansen**

**Barbara Henderson**

**Betty Knopf**

**Joe Koopman**

**Adrienne Leach**

**Arnold Maldonado**

**Jim Monteton**

**William Olmsted**

**Judith Parise**

**H. Joseph Perrin Sr.**

**Karen Richmond**

May 16, 2011

Honorable Raymond M Cadei  
 Sacramento Superior Court  
 720 Ninth St.  
 Sacramento, California 95814

Dear Judge Cadei and the Citizens of Sacramento County:

The Sacramento County Grand Jury began their term on July 1, 2010. We reviewed the final report by the previous grand jury which included a report on the Rio Linda/Elverta Community Water District with findings and recommendations. The water district was to answer the findings and recommendations in the manner required by law. While the district responded in a timely manner, this grand jury believed the responses did not adequately address the issues.

The current grand jury received several complaints about the sitting water board. The infighting we witnessed while attending board meetings reminded some of us of the "Hatfields and McCoys." Complaints were hurled back and forth during the meetings, and members of the grand jury witnessed this sideshow several times. After careful review of these complaints about this district, the grand jury voted to open an investigation into the allegations and problems. The complainants were subpoenaed and interviewed. Complaints ranged from interference by the board members with the general manager, who they fired before year end, and meddling and trying to micro manage the employees on a daily and weekly basis. Some board members decided to spend many hours during the week in the office for one reason or another. The board fired the general manager just before the November election, and then hired a new general manager with no water district credentials after the election. His contract was so structured that he would receive thousands of dollars if fired by the new board.

Naturally, when the new board was sworn in they did fire the newly hired manager. The grand jury subpoenaed the old board, the new board, old and new general managers, and the district's legal counsel, who became the interim general manager every time a general manager was fired. This altered the legal counsel's salary depending on which hat he was wearing at the time. The grand jury met with the California Department of Public Health, LAFCO and the Sacramento Metro Fire Department. Metro Fire stated that when they received a call in Rio Linda, they had to bring a water truck, as most of the time the water pressure was too low to do any good, or there was little or no water in the hydrant. The district was to drill new wells, however financing was a problem. The grand jury reviewed hundred of documents, invoices, and credit card receipts in an attempt to find out why things are so bad in the water district.

A new general manager with experience has been hired and will start June 1, 2011. This may improve the situation. The first order of business should be to stop the hostility displayed by the board members. Next, there should be an attempt to accomplish something for the district without being negative, bring some sanity to the meetings, and attempt to be civil toward one another.

Sincerely,

Donald W. Prange, Sr.  
Foreman 2010-2011  
Sacramento County Grand Jury

DP/bc

## Rio Linda/Elverta Community Water District

### Legacy of Dysfunction

#### Summary

Numerous citizen complaints about the Rio Linda/Elverta Community Water District (RLECWD or the District) have been brought to the attention of the Sacramento County Grand Jury. This grand jury found mismanagement of the District, its personnel, and finances. Dating back to 2007, the District failed to fulfill the California Department of Public Health (CDPH) compliance orders to provide adequate water supply and pressure. In the last year, CDPH issued two citations. A review of the financial documentation suggests the District may be in financial jeopardy, and leaves its continued financial viability in doubt. Ultimately, the direction and management of the District is the responsibility of the board of directors. The grand jury found grave concerns about the performance of the board of directors (the Old Board) that held office until December 2010. Whether the board that took office in December (the New Board) will be able to overcome the legacy of dysfunction and improve the District is uncertain.

#### Foreword

The Rio Linda/Elverta Community Water District (RLECWD) is an independent special district formed to deliver the essential and desirable public service of providing water to its geographic area. It is formed under and enabled by state law. It is governed by a five member board of directors whose members are elected by voters residing within the district. The District is a local government agency and is within Sacramento County. It is, therefore, subject to review by the Sacramento County Grand Jury.

#### Issues and Reasons for Investigation

One year after the 2009–2010 Sacramento County Grand Jury issued its report on the Rio Linda/Elverta Community Water District that stated it faces an “uncertain future,” that future is still in doubt. Most of the recommendations made in that report have not been implemented because the District’s board of directors has not taken the required actions.

The major issues for this year’s investigation are as follows:

- The continued mismanagement by the RLECWD Board of Directors
- The inability of a parade of general managers and interim general managers to manage the District’s operations
- The internal conflicts among staff, the general manager and the board of directors which interfere with the operation of the District
- The uncertain financial viability of the District.

Citizen complaints are still being received by the Sacramento County Grand Jury. Their main concerns are with the management’s inability to alleviate the volume and pressure inadequacies of the water system. Further concerns are with the mismanagement and



contentious atmosphere exhibited by the District's board of directors, the general managers, and the field and office staff.

The grand jury will also comment on how the regulatory agencies, the California Department of Public Health (CDPH) and the Sacramento Local Agency Formation Commission (LAFCo), are trying to help the District overcome its problems.

### **Method of Investigation**

The grand jury interviewed RLECWD ratepayers, past general managers, past and present board members, the District's legal counsel, financial auditors and former employees. The grand jury also met with representatives of CDPH and the Sacramento LAFCo, and subpoenaed and reviewed relevant documents from the District and other agencies. Grand jury members attended many District board meetings, LAFCo hearings and meetings of an adjacent water district.

### **Background and Facts**

The Rio Linda Water District was formed in 1948 to provide water services to citizens in the unincorporated community of Rio Linda. In 1988, the water district annexed Elverta, and in 1998 changed its name to the Rio Linda/Elverta Community Water District. A new development was proposed under the Elverta Specific Plan and approved in 2007. If this development were to be completed, it has the potential to double the number of service connections.

The water supply is entirely groundwater. The nine active wells are connected to 16.2 miles of pipeline, much of which is over 50 years old. There are about 4,600 connections to the system, most being residential. The population of the area is almost 15,000. Unlike most other water districts in the county, in this District there are a substantial number of residents who rely on their own private wells. These non-ratepayers are allowed to vote for, as well as to serve on, the board of directors.

The area served by the District covers 17.8 square miles. Adjacent water suppliers include the Placer County Water Agency to the north, the City of Sacramento to the south, the Sacramento Suburban Water District (SSWD) to the southeast and the California American Water Company (CalAm) to the northeast. The Sacramento County Water Authority provides water in a nearby area. The District maintains an inter-connection with SSWD that can be opened in emergency situations.

In 2006, when two RLECWD wells were taken off-line for exceeding new federal arsenic standards, the District fell short of being able to supply adequate water for periods of peak demand. Since 2007, CDPH issued two compliance orders and two citations against the District. On November 19, 2007, CDPH filed a compliance order<sup>i</sup> against the District for "...inadequate source capacity and inadequate water pressure in its distribution system." This order imposed a moratorium on all new connections within the system. A second compliance order<sup>ii</sup>, issued on December 28, 2009, incorporated the outstanding directives of the first order, cited two ensuing years of violations, specified that the District install three new wells, and set a timetable for compliance.

On May 6, 2010, CDPH issued a citation<sup>iii</sup> to the District. This citation required immediate reporting of several routine tests and the test results for about 500 backflow

prevention devices in the district. In this citation CDPH also requested an analysis of the adequacy of the District's staff/operator levels for the water system and an updated Operations and Maintenance (O&M) Plan. On March 30, 2011, CDPH cited<sup>iv</sup> the District for not meeting the deadlines imposed in the previous citation. The District failed to meet deadlines for two important elements in the District's O & M Plan: schedules and procedures for flushing dead end mains and schedules and procedures for routine exercising of water main valves. This citation could result in fines of up to \$100 per day per issue unless the District complies.

The District needs to construct three wells to satisfy CDPH compliance orders. The new wells will provide increased water supply and pressure to meet peak water demands and fire safety concerns. Drilling of the first well (#15) commenced in April 2011.

The District is eligible to obtain a \$7.5M loan from the Safe Drinking Water State Revolving Fund (SRF), but only if it can show that it can afford to pay off the loan and to keep an amount in reserve to ensure loan repayment. In May 2009, the Old Board implemented a surcharge on all ratepayers. Based on the District's own financial records, which show several years of deficits, CDPH determined that the amount of the surcharge was inadequate to provide for loan repayment. CDPH stated that the District would need to collect an additional average of \$5.46 per connection per month to secure the SRF loan. The Board commissioned a rate study as prescribed by Proposition 218. The rate study recommended an average rate increase of \$8.90 per connection per month to adequately repay the loan and finance long delayed capital improvements.

The situation at the district remains in flux. After the required public hearing in March 2011, the Board agreed to a rate increase that is enough to satisfy the minimum requirements of the loan, but not enough to pay for capital improvements. Citizens are challenging the amount of the rate increase as well as the legality of the procedures used to establish the rate increase.

### **The Board of Directors**

The grand jury found that many problems of the District, reported last year, have existed for many years and continue to exist. The Old Board failed to provide clear, short term and long term vision and directions, even in the face of compliance orders and citations. Not enough was done to correct the problems identified by CDPH and the 2009–2010 Sacramento County Grand Jury report. The problems and bickering that consumed the Old Board is a legacy that continues to interfere with the conduct of District business.

A successful board of directors provides direction and oversight by selection of a competent general manager, scrutiny of budget and expenditures, and establishment of policies. In contrast, the Old Board has not been successful in doing any of these things. In the last 12 months the District had multiple short term general managers. Also, the Board lacked a thorough understanding of its financial situation and did not follow its own policy manual.

The continual turnover in general managers documented in the previous grand jury report persisted in the past twelve months. In the last year, two general managers were fired: one an interim manager who was hired and fired by the Old Board, and the other a manager hired by the Old Board just after the November 2010 election and fired just six

weeks later by the New Board. During the times when no general manager is on staff, the District's legal counsel assumed the duties of the general manager at an hourly rate of over \$150. On April 18, the board hired a new general manager who will assume duties on June 1, 2011.

Under the District's Policy Manual, a general manager is to have "...full charge and control of administration, maintenance, operation, and construction of the water works system of the district." The short tenures of the various general managers created a host of problems that interfered with running the District. It was difficult for short term general managers to establish a rapport or working relationship with the employees. Most of the employees worked for the District for many years, had their own way of doing their jobs and were disinclined to take direction from a short term manager. The constant turnover allowed employees to run operations in the way they chose, a situation that opened the door to abuse and inefficiency. The lack of a working relationship hampered the effectiveness of the general manager in controlling the District's operations. In addition, the managers had little time during their short tenures to establish operational and financial systems to effectively manage the District.

Further, the Old Board failed to hire general managers who could handle the entire job as described in the policy manual. One interim general manager had water experience, but no experience in the financial aspects of running a water district. The general manager hired in November 2010, completely lacked experience in running any sort of water district or public agency, but did have experience in running a business. The District's legal counsel, who serves as interim general manager, has no experience in running a water district.

The attitudes of some board members towards the staff poison the relationship between general managers and the staff. Board members have said, in public, that the staff was overpaid and lazy. Protracted and unresolved labor negotiations with the Old Board produced an impasse that has persisted since July 2009. Initially, the Old Board had proposed eliminating full time positions and replacing them with part-time positions. The Old Board imposed a Last, Best and Final Offer (LBFO) that acts as the basis for reduced compensation and reductions in employee status. General managers testified that staff expected to be fired upon the beginning of a new general manager's tenure. Former general managers reported problems in communicating with staff that seemed hostile to, or at least wary of, the intentions of the managers. The New Board inherited this state of employee affairs.

The Old Board lacked adequate financial information and did not appropriately exercise fiscal oversight. Board members complained that they did not know where the District stood financially, and seemed unable to direct the general manager to correct the situation. Financial information was not kept current. Audits have regularly been late. Board members did not routinely receive a comparison of expenditures versus budgeted amounts, making it difficult for directors to understand the financial status of the District at any given time. No district can properly plan or make decisions if it lacks reliable financial information. Regardless of who is at fault for the lack of audits and financial data, it is a board's responsibility to find a way to get the information it needs. Hiring a competent general manager can help the board get that information.

The lack of valid financial information prevented the Old and New Boards from making sound, long and short-range financial decisions. For example, the Old Board exhibited difficulty in addressing the financial components of obtaining the State Revolving Fund loan. The Board's imposition of a surcharge insufficient to raise enough money to qualify was the result of a misunderstanding of the District's financial status. The Board finally commissioned a Proposition 218 rate study after the November 2010 election. The New Board struggled to determine the appropriate amount to raise rates.

The actions of the Old Board remain an impediment to the effective running of the District. The Old Board committed to two three-year contracts that contain severance clauses that entitled the general legal counsel and general manager to receive money if terminated before the end of the contract. The general manager's contract was made just after the November election, following LAFCo's recommendations against entering into long term contracts, and before the swearing in of the New Board. The Old Board hired a general manager after a cursory search and interview process. The person hired, as mentioned before, had no experience with operating a water district. The Old Board testified that these contracts were done in an attempt to show "stability" in the management of the District. In reality, the contracts set the District up for paying out large sums of money if it decides to terminate either of these individuals. With the firing of the general manager, the severance clause will be the subject of controversy and potential litigation. Either a payout or litigation over the severance clauses will drain finances from the already stressed District.

The Old Board failed to keep the public informed of its decisions. Under the Brown Act, decisions of elected boards must be made available to citizens. Most modern agencies rely heavily on their websites to provide information. RLECWD has a website. Unfortunately, the current website does not contain updated information. While meeting notices and the agendas appear within the Brown Act required time frames, minutes of the board meetings have not been updated for the six months prior to the writing of this report. The way the website is organized makes it difficult to even locate the minutes that are available. The history of the District and its work is contained in a section called "Resolutions and Ordinances." It contains detailed information of the past, but very little is posted after December 2008 leaving a curious citizen to wonder if any decisions were made. The "Labor Negotiations" page of the website said it is "under construction." If the District intends to use the website to provide information to citizens, it should keep that site current.

A large portion of the Old Board's dysfunctional legacy lies in the patterns of behavior among board members, staff, and even the general public. The relationships of the Old Board were marked with arguing, acrimony, and rudeness involving board members, staff and the public. Despite the District's policy manual providing a guide in conducting dignified and functional meetings, the New Board seems to follow the same old patterns. Board meetings were, and continue to be, conducted in a non-orderly and dysfunctional manner with spontaneous outbursts from the audience and Board members. Board members bicker among themselves in full view of the public, in a local newspaper, and in on-line blogs. Board bickering usually breaks down into arguments between the remaining Old Board members and some of the New Board members. Board meetings have unproductive agenda items such as cross censure motions filed by board members

against other board members. The short relationship between the New Board and the six week general manager was less than cordial. A New Board member spends time in the District office trying to “micromanage,” much as former board members did. The New Board president is trying to change this behavior, but the pattern of years of such behavior makes this a difficult thing to accomplish.

It appears to this grand jury that the Old Board’s goal to keep rates low overshadowed their duty to operate the District in a sound manner. Both Old and New Board members are mired in controversy with each other and are unable to find consensus on how to do the District’s business. The board’s legacy of dysfunction distracts it from accomplishing the mission of providing safe and adequate water to the ratepayers.

### **Staff**

The District has generally employed a small staff of six to ten: three to four in the office and the remainder in the field. In 2005, the employees formed an employee association and later became affiliated with the Teamsters.

The Old Board had a desire to cut District costs to keep from raising rates. Their targets were employee salaries and benefits. They talked of hiring only part-time employees, and using volunteers or recruiting high school interns to perform typical staff duties. Members of this board published staff wages in printed flyers and in one member’s newspaper. The board members believed that a small district such as theirs did not need to provide wages and benefits comparable to larger districts.

In 2006, the District signed a Memorandum of Understanding (MOU) with the employee association. When the MOU’s June 30, 2009 expiration date approached, negotiations began in earnest with the Teamsters who were representing the employees. The Board wanted to make cuts in wages and eliminate or severely restrict benefits; the employees wanted raises and continued benefits. Negotiations were protracted and costly for the District. No accord was reached and an impasse resulted. The Board imposed a “Last, Best, and Final Offer” (LBFO) effective July 1, 2009 through June 30, 2010. District employees are still working under this LBFO because no new contract has been agreed upon.

The LBFO eliminated two supervisory positions and created two new job titles to replace the eliminated supervisory titles. The LBFO states that the “District agrees to furnish Union with one (1) copy of each job description presently established and of such up-to-date job description as it may prepare in the future.” The District’s current policy manual contains job descriptions for the old job titles, but job descriptions for the new titles have not been agreed upon. In addition to changing some job titles, the LBFO eliminated three steps in the salary schedule for all employees, thereby lowering staff wages by 15-20%.

The grand jury heard testimony that job performance decreased following imposition of the Last, Best, and Final Offer. There developed a pattern of behavior where the employees were reluctant to perform the duties they previously performed, in part claiming that the duties were not in their current job descriptions. The work environment became contentious. The imposed LBFO and disputed job descriptions caused disruption of normal staff operations, and damaged the working relationship between management

and staff. When attempting to direct or discipline staff, general managers were often met with grievances filed by employees.

A critical example of mismanagement and lack of staff direction occurred when tasks were dropped after the imposition of the LBFO. The board adopted new job titles and a wage schedule without corresponding job descriptions. When the field supervisor job title was eliminated, confusion arose over who was responsible for reporting test results to the state. When directed by the general manager, employees responded in effect, "that is not my job." As a consequence of this confusion, CDPH cited the District for not reporting test results. New job descriptions still have not been ratified.

Other instances of staff duties no longer being done have occurred. Testing of backflow prevention devices was not done for approximately two years. As a result, a general manager authorized a refund of about \$30,000 charged for this testing. General managers hired additional staff and employed an engineering contractor to perform some of these duties, resulting in increased costs to the District.

Numerous witnesses testified that many confrontations with the staff occurred, specifically with the lead water utility operator. Confrontations ranged from an outright refusal to work to intimidating behavior on the employee's part. To resolve issues of critical tasks being completed, the lead water utility operator's rate of pay, but not benefits, was restored. The employee has resumed the testing and reporting required by CDPH.

Newly hired general managers have heard from staff members that they believed the general manager was hired specifically to fire staff. General managers in return reported being harassed by the staff, board members and the public. Several witnesses reported instances of yelling and disruptions in the office.

The frequent turnover of general managers has led to inconsistent application of policies. Staff often interpreted policies to their own best interest. For example, over several years employees received payment of vacation and sick leave in violation of District policy, whereas payout was only available on termination. Further, with managerial consent, vacation hours were accrued in excess of policy, an employee on workers compensation leave accrued vacation/sick leave hours, and a temporary employee accrued vacation/sick leave hours. In 2008, there were allegations that employees sold retired water meters and kept the cash. One employee was fired for this.

Another example of an employee taking advantage of the lax oversight by a general manager was the use of the District business credit card for personal expenses. The bookkeeper, over a period of time, charged thousands of dollars of personal expenses on this card. The bookkeeper claimed to have reimbursed the district for personal charges. Some of the charges were covered by applying points accumulated on the card. This bookkeeper was fired. The grand jury recommends that the Sacramento County District Attorney pursue the investigation of these credit charges.

### **Financial Concerns**

The financial status of RLECWD is unclear. What is clear is that the District has significantly reduced its cash and has not issued comprehensive financial reports since the 2007/08 fiscal year. Sound financial management has been hindered by a lack of

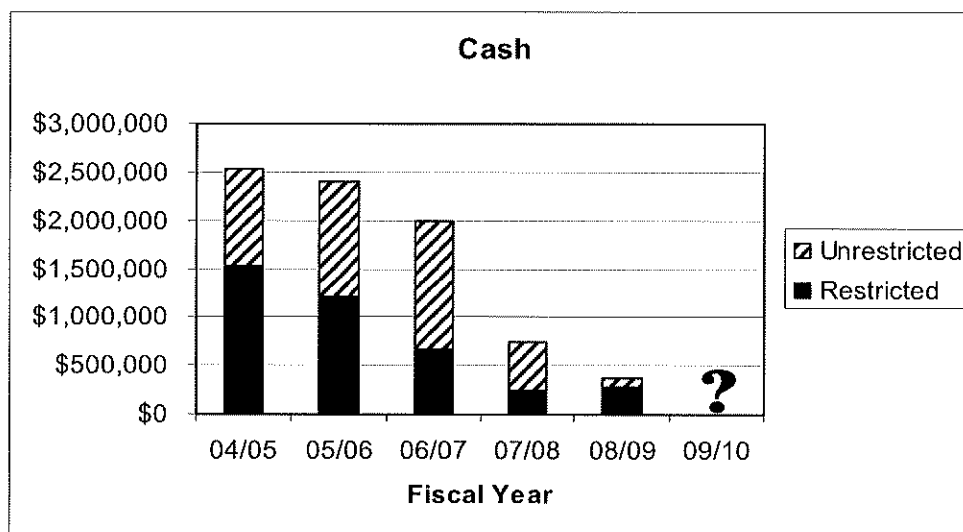
adequate and timely financial information, by insufficient accounting policies and procedures, and by budget reports, when prepared, that are not updated sufficiently. Taken together, these deficiencies open the door for abuse. The District's financial viability is uncertain.

### ***Reduced Cash***

For financial reporting purposes, deposits held at various financial institutions or invested in the state investment pool are combined and reported as "cash and investments". For purposes of this grand jury report, "cash and investments" are collectively referred to as cash. The District designates its cash as either restricted or unrestricted. Unrestricted cash is used for current operations including payroll. The use of restricted cash is limited by legal requirements and/or board policy. Generally, cash is restricted for:

- bond debt service
- customer deposits
- capital projects
- long-term maintenance and improvements
- contractual obligations
- post employment benefits
- emergencies.

The following chart illustrates the decrease in restricted and unrestricted cash. This information was obtained from the District's financial statements.<sup>v</sup>



The District has been depleting both its restricted and unrestricted cash from a total of \$2,537,000 in 2004/05 to \$ 377,000 in 2008/09. Cash balances for 2009/10 have not been published as of this writing. The reduction in cash could be attributed to legal expenses, installation of system monitoring equipment and electronic meters, and drilling a well that is unsuitable as a drinking water source due to its high levels of arsenic (well #14). Testimony revealed that the District is not confident it knows where the cash actually went.

The District is struggling to manage its cash flow. The March 16, 2011 Accounts Payable Summary shows more than \$150,000 in unpaid bills that are over 90 days past due. The legal counsel, acting as general manager, has been trying to negotiate payment terms with the creditors. Previous general managers testified of their efforts to negotiate payments on delinquent bills. Additionally, the grand jury heard testimony that water bills were sent out early in hopes that some customers would pay promptly and bring needed cash into the District.

### ***Comprehensive Financial Statements & Audits***

Public agencies generally have an annual audit of their financial statements. The time between the close of the fiscal year (June 30) and the issuance of an audit report for RLECWD has been increasing. An auditor testified they would expect audit reports to be completed by October. The following table illustrates the delays since 2006/07.

<b>Fiscal Year</b>	<b>Audit Report Date</b>	<b>Time since end of fiscal year</b>
2006/07	December 2007	6 months
2007/08	July 2009	13 months
2008/09	March 2010	9 months
2009/10	not started as of March 2011	greater than 9 months

Governmental accounting standards identify a Comprehensive Annual Financial Report (CAFR) as including an audit report, basic financial statements, management's analysis and discussion, and required supplementary information. The CAFR is designed to provide a more complete financial picture of an organization and is a governmental agency reporting standard. The last CAFR prepared by the District was for the 2006/07 fiscal year. While the financial statements for 2007/08 and 2008/09 were audited, the financial reports lacked the required supplemental information to be considered a CAFR. No CAFR has been prepared for the fiscal years 2007/08, 2008/09, and 2009/10.

These annual audit delays coupled with the absence of CAFRs are weaknesses that significantly hinder the Board and public from knowing the status of operations and where the District stands financially.

### ***Financial Management and Oversight***

The general manager functions as both the chief fiscal officer and the chief executive officer. Several general managers interviewed by the grand jury did not appear to have the training and skills necessary to perform the function of the chief financial officer. The Board must ensure that a properly qualified individual is selected to be general manager, and that individual fulfills the "Fiscal Officer" responsibilities described in the District's policy manual. Additionally, a competent bookkeeper knowledgeable in accounting principles is essential to the operation of the District.

A good accounting system provides management with sufficient financial information to make informed decisions. The grand jury heard testimony from several current and



former board members about the lack of clear and comprehensive financial information. The grand jury reviewed a variety of financial documents dating back to 2001. Up until about 2008, the board regularly received financial packets that contained detailed expenditures, budget information, and comparisons of actual costs to budgeted costs. Since 2008, these financial reports to the board have been sporadic at best.

This lack of financial information prevents the Board from making informed decisions. For example, in early 2011, the Board considered increasing rates to cover the cost of needed capital improvements such as drilling new wells and improving existing infrastructure. A consultant prepared a draft of a Proposition 218 rate study using historic financial information and estimates. This historic information included audited costs through fiscal year 2007/08. Unfortunately, estimates were used for fiscal years 2008/09 and 2009/10 because actual information was not available. The board approved the full amount proposed in the rate study, however, only imposed a rate increase of about 70% of the proposed rate. While the higher rate would have provided much needed cash, the Board was reluctant to impose a higher rate without reliable financial information. The amount and legality of this increase is being challenged.

Budgets are a plan of operations that identify anticipated expenditures and sources of revenue to pay for those expenditures. Auditors expressed concerns that these budgets were not updated at least quarterly for operational changes. They were concerned that variances between budgeted and actual figures were not analyzed for errors, erroneous assumptions, or changes in business or economic factors. The lack of budget control may have allowed for substantial expenditures beyond current income and led to the subsequent reduction in cash reserves.

The District's accounting policies, as described in its policy manual, are very limited. The District does not have a formal accounting procedures manual. The separation of duties needs to be clearly defined and documented to ensure accountability. Establishing adequate separation of duties to provide checks and balances is essential, even though it is a challenge for a small organization. Auditors reported that having an up to date accounting policies and procedures manual could provide for efficient training of new staff, more effective and timely financial reporting, and consistency within the administrative department.

The District has not established adequate procedures to ensure the timely recording of liabilities (unpaid bills). When invoices are received, they are given to the general manager for approval. They are not entered into the system until they are paid. When a new general manager was hired in November 2010, numerous unpaid bills totaling over \$300,000 were found. Prior to finding these invoices, the Board was not aware of these outstanding liabilities. These invoices had not been recorded so they were not reflected in the accounting system. They were not tracked and no accounts payable aging schedule was prepared. An aging schedule, a list of unpaid bills, is very helpful in managing cash flow.

### ***Financial System Weaknesses***

The District has significant weaknesses in its financial management including:

- poor financial records

- no audit since 2008/09
- lack of accounting policies and procedures
- weaknesses in budgeting
- weaknesses in financial oversight
- high turnover of general managers.

Collectively, these weaknesses put the District at risk for fraud and abuse and several witnesses testified that they believe it has occurred. The District contacted an accounting firm to perform a forensic audit of bank statement records and transfers for the past six years. The District Attorney has been contacted and may proceed if any illegal activity is found.

Both the 2007/08 and 2008/09 audit reports stated that "...the District has expended the majority of its operating reserves and continues to run deficit budgets. These conditions raise substantial doubt about its ability to continue as a going concern." This means the auditors were concerned about the District's ability to pay its bills timely and maintain operations sufficiently to remain in business. In other words, the financial security of the District may be in jeopardy.

### **California Department of Public Health**

CDPH monitors water providers for compliance with state and federal regulations concerning water quality and sufficiency. The department issued two compliance orders and two citations against the District. CDPH has been active in trying to help the District update its procedures and operations to bring it into compliance. It has defined specific actions the District must take including drilling three new wells at an estimated cost of \$7.5M. The deadlines for compliance have been extended repeatedly because the District has not met any of the dates. Until the latest citation, CDPH has not fined the District, even though it has the authority to do so.

CDPH administers a loan program, the Safe Drinking Water State Revolving Fund (SRF), to help communities finance costly water system improvements. The SRF rates are very favorable, especially compared to private bank financing. Through a Notice of Acceptance of Application (NOAA), CDPH has reserved SRF funds for the District. This was done with the understanding that up to date financial reports will verify the District's financial viability. The NOAA can be withdrawn if the above conditions are not satisfied. The District needs to demonstrate that it can repay the loan while still maintaining operations, including long and short-term maintenance. Even though the District instituted a surcharge (\$19 per connection per billing period) in 2008, CDPH required an additional rate increase to ensure repayment of the loan. The water district completed a rate study and approved a rate hike that is scheduled to begin in May 2011.

CDPH staff has spent many hours discussing the District's needs and future plans with several contractors, as well as a parade of general managers and board members. The state agency routinely bills water districts for this type of assistance. RLECWD has paid thousands of dollars for this service, and several of the CDPH invoices remain unpaid. Board members seemed to be surprised that they were billed for these meetings, emails,

and phone conversations even though they have signed checks to pay these invoices in prior years.

Many questions have been raised about RLECWD's ability to provide adequate and safe water to its customers. While CDPH is concerned about the District's lagging progress, it continues to support the District in its efforts to remain an independent water district. That department believes the District's slow process would still be preferable to take over of the District by another entity. The one tool the department could use to take over district operations is receivership authorized by the court system. CDPH says the standards for receivership are extremely high because a district has to be "unable or unwilling to adequately serve their users" or is "unresponsive to the rules or orders of the department." Under receivership the operator is usually replaced, but not the board of directors. CDPH feels the District has been trying, but the question still remains, are they able to maintain operations responsibly?

### **Local Agency Formation Commission**

A Local Agency Formation Commission (LAFCo) is required in each California county. It governs formation, consolidation and reorganization of special districts. In May 2010, the Sacramento County Grand Jury recommended that LAFCo "should immediately initiate a reorganization proceeding which includes completion of a Municipal Service Review (MSR), and a study of feasibility and alternatives for reorganization of RLECWD." LAFCo began the MSR process soon thereafter.

Much of the responsibility for assembling data for an MSR lies with the special district being examined. At the November commission meeting (one day after the November 2010 election), LAFCo staff confirmed that they still did not have an approved MSR. The LAFCo Commission recommended that RLECWD:

- move quickly to hire a qualified general manager
- immediately initiate the Proposition 218 process for rate adjustments
- provide missing information to LAFCo for the MSR
- not enter into any new contracts that would obligate the incoming Board.

At the November LAFCo meeting, the commissioners directed its staff to immediately explore consolidation options rather than wait for completion of the MSR. LAFCo initially identified three potential consolidation candidates: the Sacramento County Water Agency (CWA), Sacramento Suburban Water District (SSWD) and California American Water Company (CalAm). LAFCo staff contacted CWA and SSWD to determine their interest in consolidating with RLECWD. LAFCo staff found it difficult to convince either agency to consider consolidation with the District. A comprehensive analysis would be necessary to sort out the uncertain condition of the infrastructure, finances and outstanding obligations at the District. SSWD estimated an adequate study would cost at least \$40,000. LAFCo cannot fund this study.

SSWD indicated a qualified interest in consolidation with RLECWD. However, it would need outside funding for the necessary comprehensive study. SSWD wants to protect their ratepayers from assuming liabilities and costs that might come from consolidation.

Having been formed by a merger, SSWD has experience with consolidation. One of the districts merged into SSWD, Northridge, had a failed joint project with RLECWD.

The Sacramento County Water Agency indicated they were unable to even consider consolidation during this period of severe budget restrictions. The CWA operates water systems in several non-contiguous areas of the county. The board that guides these operations is composed of members of the county board of supervisors. While the chances for this reorganization seem remote, it presents an interesting potential solution.

LAFCo dismissed the idea of approaching CalAm to assess their interest in taking on RLECWD, saying they preferred to keep the District in public operation rather than having it turned over to a private company. CalAm, however, has written to the RLECWD Board to indicate their interest in buying the District. Because water rates are such an issue in Rio Linda, the grand jury believes that ratepayers would not readily consider this option.

LAFCo strongly suggested that the Board consider entering voluntary receivership, or seeking management and operational oversight from other water districts. The New Board has accepted the assistance of outside agencies and individuals to help complete initial interviews and evaluations to fill the vacant general manager position. LAFCo has encouraged other regional water agencies to assist RLECWD by providing peer review and evaluation of the District's operations and management. The Board will discuss this opportunity after a new general manager is in place.

<sup>i</sup> Compliance Order 01-09-07-CO-004

<sup>ii</sup> Compliance Order 01-09-09-CO-004

<sup>iii</sup> Citation No. 01-09-10-CIT-003

<sup>iv</sup> Citation No. 01-09-11-CIT-001

<sup>v</sup>District's cash balance extracted from financial statements.

	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
Unrestricted	\$1,001,940	\$1,191,744	\$1,309,482	\$488,276	\$90,235	Not Available
Restricted	1,535,086	1,210,026	676,239	248,608	287,207	Not Available
Totals	\$2,537,026	\$2,401,770	\$1,985,721	\$736,884	\$377,442	Not Available

## **Findings and Recommendations**

**Finding 1.0** The Board of Directors lacks vision and does not exercise appropriate oversight of the District.

**Recommendation 1.1** The Board of Directors should undergo formalized management training.

**Recommendation 1.2** The Board of Directors should coordinate with LAFCo to seek peer reviews by other water agencies.

**Recommendation 1.3** The Board of Directors should work with the general manager to assure that the District policy manual is complete and up to date.

**Finding 2.0** Decisions of the Board of Directors are not adequately documented.

**Recommendation 2.1** Minutes of the board meetings should be finalized in a timely fashion. At a minimum, minutes should be available for approval at the next scheduled board meeting.

**Recommendations 2.2** Minutes and resolutions should be posted on the District's website in a timely fashion.

**Finding 3.0** The Board has repeatedly failed to hire and retain a qualified general manager.

**Recommendation 3.1** The Board should create a supportive climate within the District so that the general manager can function effectively.

**Finding 4.0** Protracted labor negotiations and disputed job descriptions cause disruption of normal staff operations and damage the working relationship between management and staff.

**Recommendation 4.1** The District should conduct a survey of water districts to determine appropriate staffing requirements and fair wages and benefits for comparable work.

**Recommendation 4.2** The District must resolve the long-standing labor dispute and ensure all parties understand the agreement.

**Recommendation 4.3** The general manager should establish and update job duties, qualifications, and titles.

**Recommendation 4.4** The District should implement and enforce a policy of annual performance reviews of all employees.

**Finding 5.0** The general work environment at the District is contentious and unpleasant. Staff members have not always worked in the best interest of the District. Trust and respect among staff, management, and Board of Directors is lacking.

**Recommendation 5.1** The Board, general manager and staff should make it a priority to restore mutual respect, trust and confidence.

**Recommendation 5.2** The Board must refrain from interfering with the authority of the general manager. The Board must refrain from micro-managing.

**Finding 6.0** The financial status of the District is unclear.

**Recommendation 6.1** The District should hire and retain an experienced qualified bookkeeper.

**Recommendation 6.2** The District should update all accounting records and complete the audit for 2009/2010.

**Finding 7.0** The Board is not receiving up to date financial information that will permit informed decisions.

**Recommendation 7.1** The District should prepare realistic budgets and update them at least quarterly.

**Recommendation 7.2** The District should provide monthly comparisons of actual expenses and income to budget projections.

**Recommendation 7.3** The District should monitor accounts payable by preparing aging schedules.

**Recommendation 7.4** The District should resume the preparation of Comprehensive Annual Financial Reports (CAFRs).

**Finding 8.0** The District does not have an accounting policies and procedures manual.

**Recommendation 8.1** The District should prepare and follow a comprehensive manual. The manual should be kept current.

**Finding 9.0** Oversight of the district's finances was so lax that the door was open for fraud and abuse.

**Recommendation 9.1** The district should conduct a forensic audit of its bank records.

**Recommendation 9.2** The District Attorney should investigate the personal use of the district's business credit card.

**Finding 10.0** Both CDPH and LAFCo are actively trying to help RLECWD solve its problems and properly serve the ratepayers.

**Recommendation 10.1** CDPH and LAFCo should continue to use their combined influence and authority to assist the RLECWD to become a financially sound and capable provider of safe and adequate water.

**Recommendation 10.2** CDPH should continue to aggressively monitor and enforce compliance of RLECWD with water quality and quantity standards.

**Finding 11.0** The District is clearly operating in a substandard manner that impedes success in attaining the stated mission of "...supplying water to existing and future customers in a cost effective manner while operating the District in a financially sound manner."

**Recommendation 11.1** If District operations do not show substantial signs of improvement by December 31, 2011, the Board should institute voluntary receivership proceedings, undertake to reorganize into a neighboring water district, or allow itself to be sold.

**Recommendation 11.2** Both CDPH and LAFCo must use their influence and authority to assist the District and force reorganization or receivership, if the District does not show substantial signs of improvement by December 31, 2011.

### **Response Requirements**

**Penal Code sections 933 and 933.05 require that specific responses to indicated findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento County Superior Court by August 14, 2011, from:**

- **The Rio Linda/Elverta Community Water District (Findings 1.0 thru 9.0 and 11.0)**
- **Sacramento County Local Agency Formation Commission (Findings 10.0 and 11.0)**
- **The Sacramento County District Attorney (Finding 9.0)**

**The Grand Jury requests the following entities respond to this report:**

- **California Department of Public Health (Findings 10.0 and 11.0)**

**Mail or hand-deliver a hard copy of the response to:**

**Hon. Steve White, Presiding Judge  
Sacramento County Superior Court  
720 9th Street, Dept. 47  
Sacramento, CA 95814**

**In addition, email the response to Rebecca Castaneda, Grand Jury Coordinator, at [castanb@saccourt.com](mailto:castanb@saccourt.com)**





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**Executive Committee  
Agenda Item: 6**

**Date:** June 14, 2023  
**Subject:** Revisions to District Policies 2.01.150 and 2.05.200  
**Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee should forward this item onto the June 26th Board agenda with the Committee's recommendation for Board approval.

**Current Background and Justification:**

Recent events have demonstrated the need to revise District policies to preclude unanticipated and unintended outcomes regarding individual Board Members' outreach to Legal Counsel. Individual Board Members should not be authorized to take actions which unilaterally result in charges to the District ratepayers/taxpayers for legal services. Furthermore, individual Board Members contacting attorneys at the law firm other than the primary attorney circumvents policies and terms included in the Engagement Agreement with Legal Counsel.

In consideration of the above, and in response to Board Members' expressed concerns, staff has prepared draft revisions to District policies 2.01.150 and 2.02.500.

**Conclusion:**

I recommend the Executive Committee review and discuss, then forward the item onto the June 26<sup>th</sup> Board agenda.

**2.01.150 Agendas.**

(Amended Resolution 2008-08, 3/30/09 minutes)

The Secretary shall prepare the agenda for the meeting containing a brief description of each agenda item and post it at least 72 hours prior to the regular Board meeting ~~after consultation with the President~~. If a Board member twenty-four (24) hours prior to the posting of the agenda requests a matter be placed on an agenda, the Secretary shall include an item on the agenda to permit discussion of the matter, ~~subject to approval by the President~~. However, individual Board Members may NOT add items to the agenda if the proposed added agenda item is reasonably anticipated to result in charges from Legal Counsel, e.g., closed session items. – Revised 7-18-22

**2.05.200 Duties of General Counsel.**

The District's general counsel

- (a) shall provide legal advice to the Board and other officers of the District;
- (b) shall represent the District in legal matters before the courts;
- (c) shall perform such other duties as appropriately requested by the Board or the General Manager;
- (d) shall review all contracts and ordinances of the District prior to approval by the Board;
- (e) may, and when requested shall, attend meetings of the Board and its committees;
- (f) upon receipt of an inquiry from a member of the Board regarding District matters (exclusive of matters personal to the Director), shall respond in writing to the entire Board with a copy to the General Manager.
  - Individual Board Member inquiries must be directed to the primary attorney representing the District and may not be directed to other attorneys at the law firm. Should one of the non-primary attorneys receive outreach from an individual Board Member, the non-primary attorney shall redirect that Board Member to the primary attorney.
- (See Ca Gov. Code §53060; Ca Water Code §31088 and Engagement Agreement with Legal Counsel)



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## Executive Committee Agenda Item: 6a

**Date:** June 14, 2023

**Subject:** Draft Letter to Legal Counsel

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

**Recommended Committee Action:**

The Executive Committee should forward the draft letter to Legal Counsel onto the June 26<sup>th</sup> Board agenda with the Committee's recommendation for Board authorization.

**Current Background and Justification:**

Recent events have demonstrated the need to correct and clarify the District's expectations when an individual Board Member reaches out to Legal Counsel.

The current Engagement Agreement with White Brenner LLP stipulates that the primary attorney must coordinate with the District prior to charged consultation with other attorneys at White Brenner. However, a Board Member recently contacted a non-primary attorney directly. Which circumvents the requirements described above.

The draft letter is intended to preclude future circumventions. The draft letter also makes Legal Counsel aware of policy revisions further intended to preclude unauthorized charges resulting from individual Board Member actions.

**Conclusion:**

Forward the draft letter onto the June 26<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.

RIO LINDA ELVERTA



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Telephone:  
(916) 991-1000

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RLECWD  
730 L Street  
Rio Linda, CA 95673-3433

COMMUNITY WATER DISTRICT

June 26, 2023

Josh Varinsky  
White Brenner LLP  
1414 K Street, 3rd Floor,  
Sacramento, CA 95814

**Re: Clarifications and Expectations Regarding District Board Member Outreach to Legal Counsel**

Josh:

Recent events have demonstrated the need for changes to the way Board Member outreach to Legal Counsel is addressed. As we have discussed, the current Engagement Agreement stipulates that the primary attorney at White Brenner LLP shall coordinate with the District prior to charged consultation with other attorneys at White Brenner.

As we have now experienced, the above-described term does not contemplate a Board Member directly reaching out to a non-primary attorney at White Brenner. Accordingly, the District has revised Policies 2.01.150 and 2.05.200 to preclude recurrence of the recent circumvention.

The District hereby formally requests that White Brenner respond to any future individual Board Member outreach to a non-primary attorney by redirecting such Board Member to the primary attorney.

Sincerely,

Timothy R. Shaw  
General Manager, RLECWD



**Executive Committee  
Agenda Item: 7**

**Date:** June 14, 2023

**Subject:** Confirm July 1, 2023 Water Rates

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

**Recommended Committee Action:**

The Executive Committee should forward this item onto the June 26th Board agenda with the Committee's recommendation for Board approval.

**Current Background and Justification:**

The objectives and Prop 218 requirements for a multi-year rate adjustment entails the process of projecting increases in the cost of service over the span of the multi-year adjustment. The obvious and most typical adjustment is for anticipated inflation in the cost of service. Fuel, electricity and admin expenses virtually never stay flat. The amount of inflation the entire country continues to experience is far greater than the 3% assumed in the Rate Study / Cost of Service adopted by the Board in August of 2021.

In addition to inflation adjustments, multi-year costs of service projections evaluate the anticipated increases to the cost of service due to regulatory and operational changes, e.g., water treatment requirements. The State Water Resources Control Board has already published their Standardized Regulatory Impact Analysis regarding re-establishing the Hexavalent Chromium Maximum Contaminant Level (MCL) at 10-parts per billion. The Latest email from the State Board indicates their schedule for publishing the Notice of Proposed Rulemaking is later this month.

Exhibit A to Resolution 2021-03 is included as a document associated with this item.

**Conclusion:**

I recommend the Executive Committee review and discuss, then forward the item onto the June 26<sup>th</sup> Board agenda.

**Exhibit A  
 Water Rates**

**TABLE 1: Proposed Bimonthly Water Rates – Normal Water Year  
 Rate Study / Cost of Service Study  
 Rio Linda Elverta Community Water District**

Meter Size	Current FY 2021	September 15, 2021	Proposed on or after			
			July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
5/8"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
3/4"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
1"	\$99.77	\$55.25	\$56.38	\$57.83	\$60.34	\$62.94
1.5"	\$199.53	\$105.87	\$108.03	\$110.79	\$115.60	\$120.59
2"	\$319.25	\$166.61	\$170.01	\$174.35	\$181.92	\$189.77
3"	\$698.37	\$358.95	\$366.28	\$375.63	\$391.94	\$408.84
4"	\$1,257.06	\$642.41	\$655.52	\$672.24	\$701.43	\$731.68
Inactive	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
<b>Single Family Residential Inoperable Meter Fees (fixed bimonthly fee, no additional volume charges; cold weather period is November to April; warm weather period is May to October)</b>						
5/8" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
5/8" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
3/4" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
3/4" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
1" - Cold Weather		\$88.85	\$90.57	\$92.99	\$97.06	\$101.24
1" - Warm Weather		\$141.17	\$143.85	\$147.71	\$154.18	\$161.00
Commercial, institutional, and industrial (CII) and irrigation inoperable meter rates may be based on past average consumption						
<b>Volume Rates \$/ccf</b>						
Current Rate per ccf (over 6 ccf)	\$0.81					
<b>Single Family Residential</b>						
Tier 1: 0-17 ccf		\$1.72	\$1.75	\$1.80	\$1.88	\$1.96
Tier 2: 17+ ccf		\$2.18	\$2.22	\$2.28	\$2.38	\$2.49
CII (all use)		\$1.94	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation (all use)		\$2.22	\$2.27	\$2.33	\$2.43	\$2.54
<b>Standby Fire Protection (Fixed Bimonthly Charge)</b>						
1.5"	\$4.12	\$4.12	\$4.31	\$4.50	\$4.70	\$4.91
4"	\$40.00	\$54.38	\$56.83	\$59.39	\$62.06	\$64.85
6"	\$60.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
8"	\$80.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
<b>Backflow Prevention (Fixed Bimonthly Charge)</b>						
Per device	\$8.33	\$9.00	\$9.27	\$9.55	\$9.84	\$10.14



**Executive Committee  
Agenda Item: 8**

**Date:** June 14, 2023  
**Subject:** Expenditure Report  
**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee should review the Expenditures of the District for the month of April 2023, then forward the report onto the June 26, 2023 Board agenda with the Committee's recommendation for Board approval.

**Current Background and Justification:**

The Expenditures report summarizes all payments made by the District for the reporting period.

**Conclusion:**

Consistent with District policies, Expenditures are to be reviewed by this committee and presented to the Board of Directors to inform Board Members and the public of all expenditures of public funds.

**Rio Linda Elverta Community Water District  
Expenditure Report  
April 2023**

Type	Date	Num	Name	Memo	Amount
Liability Check	04/05/2023	EFT	QuickBooks Payroll Service	For PP Ending 04/01/23 Pay date 04/06/23	27,291.17
Liability Check	04/06/2023	EFT	CalPERS	For PP Ending 04/01/23 Pay date 04/06/23	2,817.54
Liability Check	04/06/2023	EFT	CalPERS	For PP Ending 04/01/23 Pay date 04/06/23	1,182.24
Liability Check	04/06/2023	EFT	Internal Revenue Service	Employment Taxes	8,833.08
Liability Check	04/06/2023	EFT	Employment Development	Employment Taxes	1,477.54
Liability Check	04/06/2023	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	1,876.18
Bill Pmt -Check	04/06/2023	EFT	Adept Solutions	Computer Maintenance	1,333.00
Bill Pmt -Check	04/06/2023	EFT	Comcast	Phone	108.48
Bill Pmt -Check	04/06/2023	EFT	Republic Services	Utilities	129.50
Check	04/06/2023	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	17,000.00
Transfer	04/06/2023	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	49,500.00
Bill Pmt -Check	04/06/2023	2515	ABS Direct	Printing, Postage	112.33
Bill Pmt -Check	04/06/2023	2516	ACWA/JPIA Powers Insurance Authority	EAP	23.80
Bill Pmt -Check	04/06/2023	2517	BSK Associates	Lab Supplies	1,882.00
Bill Pmt -Check	04/06/2023	2518	Corelogic Solutions	Subscription	100.00
Bill Pmt -Check	04/06/2023	2519	EKI Environment & Water	Engineering	5,000.00
Bill Pmt -Check	04/06/2023	2520	Elk Grove Security Systems	Security	84.00
Bill Pmt -Check	04/06/2023	2521	Intermedia.net	Telephone	70.42
Bill Pmt -Check	04/06/2023	2522	Metron-Farnier	Distribution Supplies	449.00
Bill Pmt -Check	04/06/2023	2523	O'Reilly Automotive	Transportation Maintenance	127.89
Bill Pmt -Check	04/06/2023	2524	Phelan, Michael	Retiree Insurance	3,150.00
Bill Pmt -Check	04/06/2023	2525	Rio Linda Hardware & Building Supply	Shop Supplies	230.35
Bill Pmt -Check	04/06/2023	2526	SMUD	Utilities	13,282.41
Bill Pmt -Check	04/06/2023	2527	USA BlueBook	Treatment	544.68
Bill Pmt -Check	04/06/2023	2528	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	04/06/2023	2529	Verizon Wireless	Internet	45.06
Liability Check	04/17/2023	EFT	ARCO	Fuel	699.61
Check	04/24/2023	EFT	Wageworks	FSA Administration Fee	76.25
Liability Check	04/19/2023	EFT	QuickBooks Payroll Service	For PP Ending 04/15/23 Pay date 04/20/23	19,570.08
Liability Check	04/20/2023	EFT	CalPERS	For PP Ending 04/15/23 Pay date 04/20/23	3,130.27
Liability Check	04/20/2023	EFT	CalPERS	For PP Ending 04/15/23 Pay date 04/20/23	1,182.24
Liability Check	04/20/2023	EFT	Internal Revenue Service	Employment Taxes	7,366.14
Liability Check	04/20/2023	EFT	Employment Development	Employment Taxes	3,450.09
Bill Pmt -Check	04/20/2023	EFT	Adept Solutions	Computer Maintenance	273.50
Liability Check	04/20/2023	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,012.44
Liability Check	04/20/2023	EFT	Kaiser Permanente	Health Insurance	2,186.97
Bill Pmt -Check	04/20/2023	EFT	PGE	Utilities	105.90
Liability Check	04/20/2023	EFT	Principal	Dental & Vision Insurance	1,765.52
Liability Check	04/20/2023	EFT	Western Health Advantage	Health Insurance	12,092.92
Bill Pmt -Check	04/20/2023	EFT	Umpqua Bank Credit Card	Computer, Office, Postage, Pump Maint, Shop Supplies	1,418.75
Bill Pmt -Check	04/20/2023	EFT	Verizon	Field Communication, Field IT	497.00
Bill Pmt -Check	04/20/2023	EFT	Voyager Fleet Commander	Fuel	484.39





**Rio Linda Elverta Community Water District  
Expenditure Report  
April 2023**

Type	Date	Num	Name	Memo	Amount
Check	04/20/2023	EFT	RLECWD - SURCHARGE ACCOUNT 1	Bi-monthly Transfer	88,164.44
Check	04/20/2023	EFT	RLECWD - SURCHARGE ACCOUNT 2	Bi-monthly Transfer	73,217.68
Check	04/20/2023	2530	Customer	Final Bill Refund	84.24
Bill Pmt -Check	04/20/2023	2531	DirectHit Pest Control	Building Maintenance	80.00
Bill Pmt -Check	04/20/2023	2532	VOID	VOID	0.00
Bill Pmt -Check	04/20/2023	2533	Oreilly Automotive	Transportation Maint, Shop Supplies	33.38
Bill Pmt -Check	04/20/2023	2534	Pacific Shredding	Office Expense	40.32
Bill Pmt -Check	04/20/2023	2535	Ramos Oil Inc.	Transportation Fuel	121.16
Bill Pmt -Check	04/20/2023	2536	Rio Linda Elverta Recreation & Park	Meeting Expense	100.00
Bill Pmt -Check	04/20/2023	2537	Sacramento Metropolitan AQMD	Permit Fees	1,464.00
Bill Pmt -Check	04/20/2023	2538	Sierra Chemical Company	Treatment	1,386.00
Bill Pmt -Check	04/20/2023	2539	Spok, Inc.	Field Communication	15.48
Bill Pmt -Check	04/20/2023	2540	Unifirst Corporation	Uniforms	342.44
Bill Pmt -Check	04/20/2023	2541	White Brenner, LLP	Legal	1,960.00
Bill Pmt -Check	04/20/2023	2542	WellTec, Inc.	Capital Improvement: Misc Pump Replacements	5,312.79
<b>Total 10020 - Operating Account Budgeted Expenditures</b>					<b><u>365,489.67</u></b>

Bill Pmt -Check	04/06/2023	2514	Teamsters	Union Dues	679.00
Liability Check	04/06/2023	EFT	California State Disbursement Unit	Employee Garnishment	227.53
Liability Check	04/15/2023	EFT	AFLAC	Employee Funded Premiums	745.84
Liability Check	04/20/2023	EFT	California State Disbursement Unit	Employee Garnishment	227.53
EFT	04/30/2023	EFT	WageWorks	FSA Expenditures - Employee Funded	431.61
<b>Total 10020 - Operating Account Non-Budgeted Expenditures: Employee Paid Pass-throughs</b>					<b><u>2,311.51</u></b>

Rio Linda Elverta Community Water District  
Expenditure Report  
April 2023

Type	Date	Num	Payee	Memo	Amount
Transfer	04/20/2023	EFT	RLECWD	Capital Improvement Transfer for Funds paid with Operating: Refer to check 2498 and 2542	6,642.78
<b>10475 - Capital Improvement-Umpqua Bank</b>					<b><u>6,642.78</u></b>

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**Executive Committee  
Agenda Item: 9**

**Date:** June 14, 2023

**Subject:** Financial Statements

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

**Recommended Committee Action:**

The Executive Committee should review the Finance Reports of the District for the month of April 2023, then forward the report onto the June 26, 2023 Board agenda with the Committee's recommendation for Board approval.

**Current Background and Justification:**

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

Once each quarter (including this report) staff provides an expanded version of the Finance Reports to provide additional finance details to the Board and public.

**Conclusion:**

Consistent with District policies, these financials are to be reviewed by this committee and presented to the Board of Directors to inform the Board Members and the public on the District's financial condition.

Rio Linda Elverta Community Water District

Balance Sheet  
As of April 30, 2023

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ASSETS

Current Assets

100 · Cash & Cash Equivalents	
10000 · Operating Account	
10020 · Operating Fund-Umpqua	1,492,712.60
Total 10000 · Operating Account	<u>1,492,712.60</u>
10475 · Capital Improvement	
10480 · General	640,455.30
10485 · Vehicle Replacement Reserve	17,948.49
Total 10450 · Capital Improvement	<u>658,403.79</u>
<b>Total 100 · Non-Restricted Cash &amp; Cash Equivalents</b>	<b>2,151,116.39</b>

102 · Restricted Assets	
102.2 · Restricted for Debt Service	
10700 · ZIONS Inv/Surcharge 1 Reserve	504,094.10
10300 · Surcharge 1 Account	1,003,996.49
10350 · Umpqua Bank - Revenue Bond	116,264.75
10380 · Surcharge 2 Account	336,404.15
Total 102.2 · Restricted for Debt Service	<u>1,960,759.49</u>
102.4 · Restricted Other Purposes	
10385 · Available Funding Cr6 Projects #1	557,898.12
10481 · Available Funding Cr6 Projects #2	454,500.00
10490 · Future Capital Imp Projects	1,630,856.04
10600 · LAIF Account - Capacity Fees	813,182.04
10650 · Operating Reserve Fund	337,450.93
Total 102.4 · Restricted Other Purposes	<u>3,793,887.13</u>
<b>Total 102 · Restricted Assets</b>	<b><u>5,754,646.62</u></b>

Accounts Receivable	219,559.26
Other Current Assets	
12000 · Water Utility Receivable	53,608.70
12200 · Accrued Revenue	150,000.00
12250 · Accrued Interest Receivable	1,614.60
15000 · Inventory Asset	52,310.62
16000 · Prepaid Expense	42,286.08
Total Other Current Assets	<u>299,820.00</u>
<b>Total Current Assets</b>	<b>519,379.26</b>

Fixed Assets	
17000 · General Plant Assets	685,384.68
17100 · Water System Facilites	25,039,859.58
17300 · Intangible Assets	373,043.42
17500 · Accum Depreciation & Amort	-11,137,668.41
18000 · Construction in Progress	424,288.05
18100 · Land	576,672.45
Total Fixed Assets	<u>15,961,579.77</u>

Other Assets	
18500 · ADP CalPERS Receivable	470,000.00
19000 · Deferred Outflows	478,923.00
19900 · Suspense Account	-29.48
Total Other Assets	<u>948,893.52</u>

<b>TOTAL ASSETS</b>	<b><u>17,429,852.55</u></b>
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Rio Linda Elverta Community Water District

Balance Sheet

As of April 30, 2023

LIABILITIES & NET POSTION

<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	26,963.33
Credit Cards	66.00
Other Current Liabilities	938,607.16
<b>Total Current Liabilities</b>	<u>965,636.49</u>
<b>Long Term Liabilities</b>	
23000 · OPEB Liability	66,836.00
23500 · Lease Buy-Back	558,032.27
25000 · Surcharge 1 Loan	3,094,197.71
25050 · Surcharge 2 Loan	2,325,040.16
26000 · Water Rev Refunding	1,506,424.00
26500 · ADP CalPERS Loan	440,000.00
27000 · AMI Meter Loan	140,123.22
29000 · Net Pension Liability	4,903.00
29500 · Deferred Inflows-Pension	4,280.00
29600 · Deferred Inflows-OPEB	56,611.00
<b>Total Long Term Liabilities</b>	<u>8,196,447.36</u>
<b>Total Liabilities</b>	9,162,083.85
<b>Net Position</b>	
31500 · Invested in Capital Assets, Net	8,829,942.46
32000 · Restricted for Debt Service	705,225.24
38000 · Unrestricted Equity	5,588,376.42
Net Income	1,049,987.59
<b>Total Net Position</b>	<u>16,173,531.71</u>
<b>TOTAL LIABILITIES &amp; NET POSTION</b>	<u><u>25,335,615.56</u></u>

Rio Linda Elverta Community Water District  
 Operating Profit & Loss Budget Performance  
 As of April 30, 2023

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	<u>Annual Budget</u>	<u>Apr 23</u>	<u>Jul 22-Apr 23</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>	3,040,800.00	161,195.98	2,321,972.92	76.36%	718,827.08
<b>41000 · Nonoperating Revenue</b>					
41110 · Investment Revenue					
41112 · Interest Revenue	35.00	3.71	33.40	95.43%	1.60
<b>Surcharg Total 41110 · Investment Revenue</b>	35.00	3.71	33.40	95.43%	1.60
41120 · Property Tax	109,100.00	0.00	80,998.16	74.24%	28,101.84
<b>Total 41000 · Nonoperating Revenue</b>	109,135.00	3.71	81,031.56	74.25%	28,103.44
<b>Total Income</b>	3,149,935.00	161,199.69	2,403,004.48	76.29%	746,930.52
<b>Gross Income</b>	3,149,935.00	161,199.69	2,403,004.48	76.29%	746,930.52
<b>Expense</b>					
<b>60000 · Operating Expenses</b>					
60010 · Professional Fees	116,500.00	6,960.00	87,750.67	75.32%	28,749.33
<b>60100 · Personnel Services</b>					
60110 · Salaries & Wages	810,243.00	67,865.11	604,559.71	74.62%	205,683.29
60150 · Employee Benefits & Expense	491,140.00	35,143.73	343,430.50	69.93%	147,709.50
<b>Total 60100 · Personnel Services</b>	1,301,383.00	103,008.84	947,990.21	72.85%	353,392.79
60200 · Administration	250,438.00	11,281.85	213,988.31	85.45%	36,449.69
64000 · Conservation	300.00	0.00	0.00	0.00%	300.00
65000 · Field Operations	603,630.00	30,099.34	353,153.35	58.51%	250,476.65
<b>Total 60000 · Operating Expenses</b>	2,272,251.00	151,350.03	1,602,882.54	70.54%	669,368.46
<b>69000 · Non-Operating Expenses</b>					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	152,273.00	0.00	63,273.00	41.55%	89,000.00
69110 · Interest	48,650.00	0.00	24,797.52	50.97%	23,852.48
<b>Total 69100 · Revenue Bond</b>	200,923.00	0.00	88,070.52	43.83%	112,852.48
69125 · AMI Meter Loan					
69130 · Principle	52,948.00	0.00	53,307.14	100.68%	-359.14
69135 · Interest	5,566.00	0.00	5,206.78	93.55%	359.22
<b>Total 69125 · AMI Meter Loan</b>	58,514.00	0.00	58,513.92	100.00%	0.08
69200 · PERS ADP Loan					
69205 · Principle	30,000.00	0.00	0.00	0.00%	30,000.00
69210 · Interest	1,739.00	0.00	0.00	0.00%	1,739.00
<b>Total 69100 · PERS ADP Loan</b>	31,739.00	0.00	0.00	0.00%	31,739.00
<b>Total 69010 · Debt Service</b>	291,176.00	0.00	146,584.44	50.34%	144,591.56
69400 · Other Non-Operating Expense	3,000.00	0.00	0.00	0.00%	3,000.00
<b>Total 69000 · Non-Operating Expenses</b>	294,176.00	0.00	146,584.44	49.83%	147,591.56
<b>Total Expense</b>	2,566,427.00	151,350.03	1,749,466.98	68.17%	816,960.02
<b>Net Ordinary Income</b>	583,508.00	9,849.66	653,537.50		
<b>Net Income</b>	583,508.00	9,849.66	653,537.50		

**Rio Linda Elverta Community Water District**  
**CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2022-23**  
 As of April 30, 2023

	GENERAL		FUTURE CAPITAL IMPROVEMENT PROJECTS		VEHICLE & LARGE EQUIPMENT REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
<b>FUNDING SOURCES</b>						
Fund Transfers						
Operating Fund Transfers In	594,000.00	495,000.00	-	-	-	-
Operating Fund Transfers Out	(59,000.00)	(59,000.00)				
CIP Fund Intrafund Transfers	(312,737.00)	-	302,737.00	-	10,000.00	-
PERS ADP Loan Payment						
Principle			30,000.00	-		
Interest			1,739.00	-		
Investment Revenue	85.00	79.53	110.00	136.67	-	-
<b>PROJECTS</b>						
<b>A - WATER SUPPLY</b>						
A-1 - Miscellaneous Pump Replacements	40,000.00	6,642.78				
<b>Total A - WATER SUPPLY</b>	<b>40,000.00</b>	<b>6,642.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B - WATER DISTRIBUTION</b>						
B-1 - Service Replacements	30,000.00	-	-	-	-	-
B-2 - Small Meter Replacements	120,000.00	46,153.59	-	-	-	-
B-3 - Large Meter Replacements	5,000.00	-	-	-	-	-
B-4 - Pipeline Replacement	-	-	478,844.00	79,650.00	-	-
<b>Total B - WATER DISTRIBUTION</b>	<b>155,000.00</b>	<b>46,153.59</b>	<b>478,844.00</b>	<b>79,650.00</b>	<b>-</b>	<b>-</b>
<b>M - GENERAL PLANT ASSETS</b>						
M-1 - Urban Water Management Plan	50,000.00	50,000.00	-	-	-	-
<b>Total M - GENERAL PLANT ASSETS</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>	<b>245,000.00</b>	<b>102,796.37</b>	<b>478,844.00</b>	<b>79,650.00</b>	<b>-</b>	<b>-</b>

**Tim Shaw**

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**From:** Hall, Melissa@Waterboards <melissa.hall@waterboards.ca.gov>  
**Sent:** Thursday, June 1, 2023 9:30 AM  
**To:** Tim Shaw  
**Subject:** Re: Hexavalent Chromium MCL Re-Adoption

Good morning.

We expect to publish the notice of proposed rulemaking later this month—probably the 16th or 23rd.

Please let me know if you have any additional questions.

Thank you.

-Melissa

On Jun 1, 2023, at 8:09 AM, Tim Shaw <GM@rlecwd.com> wrote:

EXTERNAL:

Melissa:

The last item I saw published by DDW indicated the Notice of Proposed rulemaking in February / March 2023.

Today is June 1<sup>st</sup>, but I have not seen any sort update on projected publishing of the Notice.

Do you have an update?

*Timothy R. Shaw*  
General Manager  
Rio Linda / Elverta Community Water District  
(916) 991-8891

**From:** Hall, Melissa@Waterboards <melissa.hall@waterboards.ca.gov>  
**Sent:** Thursday, August 25, 2022 12:45 PM  
**To:** Tim Shaw <GM@rlecwd.com>  
**Subject:** Re: Hexavalent Chromium MCL Re-Adoption

Good afternoon.

We have been following up on comments received, especially regarding cost assumptions, including revisions to residuals disposal cost estimates and consideration of the impacts of additional source water quality characteristics.

We have completed cost estimate revisions and are circulating the revised assumptions and new estimates for internal review.



### **Direct Potable Reuse Regulation Update**

Staff is preparing the Direct Potable Reuse (DPR) regulatory package necessary to initiate the rulemaking process under the Administrative Procedure Act (APA). DDW anticipates that the notice of regulatory action will be published by the Office of Administrative Law in the California Regulatory Notice Register in the May-June 2023 time frame, which initiates the 45-day public comment period and starts the one-year clock to complete rulemaking. DDW staff plans to hold an APA public hearing at a board workshop date in the July 2023 time frame. DDW staff anticipates board adoption of the DPR regulations in December 2023 to meet the deadline established by the legislature in AB 574 (Water Code, Division 7, Chapter 7.3) and commitment by the State Water Board in the Governor's 2022 California's Water Supply Strategy.

### **Hexavalent Chromium Reuse Regulation Update**

The Chrome-6 Standardized Regulatory Impact Assessment (SRIA) required for this major regulation and supporting documents (e.g., Form DF-131) was submitted to the Department of Finance in December 2022 and received comments in return on 12 January 2023. DDW staff are finalizing rulemaking documents and responses to Finance's comments and coordinating with the Offices of Public Participation and Public Affairs for translation services and outreach associated with the projected **May-June** publication and June-July public hearing dates.

## **DIVISION OF ADMINISTRATIVE SERVICES**

### **Update on Water Quality, Water Rights, Drinking Water and Environmental Laboratory Accreditation Program (ELAP) Fees Stakeholder Process**

Staff are planning to hold the following stakeholder meetings to discuss FY 2023-24 fees: June 12 – Water Quality and Water Rights and June 13 – Drinking Water and ELAP.

## **OFFICE OF ENFORCEMENT**

### **Public Notices**

#### **Opportunity for Public Comment on Proposed Amendments to the Water Quality Enforcement Policy**

The State Water Board will accept written comment on the proposed updates to the Water Quality Enforcement Policy in accordance with the [Notice of Opportunity for Public Comment](#). Written comments must be received no later than 12:00 P.M. (Noon) on April 28, 2023.