

Agenda
Rio Linda / Elverta Community Water District
Executive Committee

April 10, 2024 @ 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. Contract District Engineer's Update.
2. Discuss DRAFT Professional Services Agreement with Provost and Pritchard.
3. Discuss Board Member Disciplinary Process.
4. Discuss the Annual Doubtful Recovery Debt Declaration.
5. Discuss Options to Encourage Compliance with Board Member Mandatory Training and Submittals.
6. Discuss District Website Redesign Services Unsolicited Proposal.
7. Discuss Expenditures for February.
8. Discuss Financial Reports for February.

Directors' and General Manager Comments:

X – Reminder About Changed Date for May 2024 Board Meeting.

Y – Water Forum Purveyor Specific Agreement

Z - Water Forum Template Purveyor Specific Agreement

Items Requested for Next Month's Committee Agenda:

Adjournment

Next Executive Committee meeting: Wednesday, May 8, 2024, 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: April 10, 2024

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. 2024/2025 FY Dry Creek Road Pipeline Replacement Project
2. L Street Reservoirs Cathodic Protection
3. Elkhorn Boulevard Valve Cover Lowering/Raising
4. Development: Gas Station, Convenient Store, & Pair of Fast-Food Restaurants at the northwest corner of West Elkhorn Boulevard and Marysville Boulevard, by Well 9.

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 April 22, 2024 Board of Directors Meeting agenda with recommendations as necessary.



Executive Committee Agenda Item: 2

Date: April 10, 2024

Subject: Draft Professional Services Agreement with Provost and Pritchard

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive committee should engage staff in discussion regarding the Draft Professional Services Agreement, then provide direction to staff.

Current Background and Justification:

The District generally uses a template for professional services agreements to, among other things, mitigate recurring charges from Legal Counsel for reviewing contracts. However, occasionally the need for legal review resurfaces when there has been a statutory changes or court ruling affecting public contracting. In kind, the normal and customary language in contracts tends to evolve in response to statutory changes and/or court rulings.

Provost and Pritchard recently advised staff of one such statutory change and corresponding standard contract language change regarding mandated insurance. Staff feel the changes are appropriate. Nevertheless, the changes should be reviewed by Legal Counsel.

Conclusion:

I recommend the Executive Committee review the Draft Professional Service Agreement with a focus on the changes recommended by the services provider, then provide direction to staff.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

PROJECT: Well 15 Hexavalent Chromium Treatment Design, Bidding, & Engineering Services During Construction

PROJECT NO. 2024-02

AGREEMENT FOR CONSULTING SERVICES

THIS ENGINEERING SERVICES AGREEMENT (“Agreement”) is made and entered into this 22nd day of April, 2024, by and between the Rio Linda Elverta Community Water District, a county water district of the State of California (“District”) and Provost & Pritchard Consulting Group, (“Consultant”) (each individually a “Party” and collectively the “Parties”). There are no other parties to this Agreement.

RECITALS

- A.** Consultant represents to District that it is a duly qualified and licensed firm experienced in providing professional engineering consulting services in support of the Well 15 Hexavalent Chromium Treatment Design, Bidding, & Engineering Services During Construction Project (the “Project”).
- B.** In the judgment of the Board of Directors of District, it is necessary and desirable to employ the services of Consultant to perform consulting services on the Project.
- C.** Specific services to be provided are described in **Exhibit A** (“Services”). All compensation shall be based on a time and materials not to exceed basis using billing rates and budgets provided in **Exhibit A**.

NOW, THEREFORE, in consideration of the promises and covenants set forth below, the Parties agree as follows:

AGREEMENT

Section 1. Recitals. The recitals set forth above (“Recitals”) are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 18 of this Agreement, Sections 1 through 18 shall prevail.

Section 2. Term. This Agreement shall commence on the Effective Date and continue for three (3) years (“Term”), provided that either Party may terminate the Agreement by providing thirty (30) days written notice to the other Party.

Section 3. Effective Date. This Agreement shall only become effective once all of the Parties have executed the Agreement (the “Effective Date”). Consultant, however, shall not commence the performance of the Services until it has been given notice by District (“Notice to Proceed”).

Section 4. Work.

(a) *Services.* Subject to the terms and conditions set forth in this Agreement, Consultant shall perform the Services as described in **Exhibit A** and as provided in approved Task Orders. Consultant shall not receive additional compensation for the performance of any services unless they are approved by the District in writing.

(b) *Modification of Services.* Only the District’s General Manager may authorize extra or changed work. Failure of Consultant to secure such a written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the Agreement price or Agreement time due to such unauthorized work and thereafter Consultant shall be entitled to no compensation whatsoever for the performance of such work. Consultant further waives any and all right or remedy by way of restitution or quantum meruit for any and all extra work performed without such express and prior written authorization of the General Manager.

Section 5. Time of Performance. Consultant warrants that it will commence performance of the Services within thirty (30) calendar days of the Notice to Proceed, and shall conform to the requirements of the Services provided in **Exhibit A** or as provided in an approved Task Order. The time of performance is a material term of this Agreement relied on by District in entering into this Agreement.

Section 6. Payment. The District shall pay Consultant for all Services described in **Exhibit A**, which are performed and invoiced by Consultant.

Consultant shall submit monthly invoices to District for Services performed and expenses incurred during the preceding month. District shall pay Consultant within 30 days of receipt of each invoice. Each invoice shall identify all services performed and any expenses for which reimbursement is requested. Prior to payment, District may require Consultant to furnish supporting information and documentation for all charges for which payment is sought.

Section 7. Representations of Consultant. District relies upon the following representations by Consultant in entering into this Agreement:

(a) *Standard of Care.* District has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant hereby **represents warrants** that it is qualified to perform the Services as provided in the Task Orders and that all of its services will be performed in accordance with the generally accepted engineering consultant practices and standards, in compliance with all applicable federal, state and local laws.

(b) *Independent Consultant.* In performing the services hereinafter specified, Consultant shall act as an independent Consultant and shall have control of the work and the manner in which it is performed. Consultant is not to be considered an agent or employee of

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District, and is not entitled to participate in any pension plan, insurance, bonus, or similar benefits District provides its employees. In the event District exercises its right to terminate this Agreement, Consultant expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees. Nothing contained herein shall be construed as creating an employment, agency or partnership relationship between District and Consultant.

(c) *Authority.* Consultant represents that it possesses the necessary licenses, permits and approvals required to perform the Services or will obtain such licenses, permits or approvals prior to the time such licenses, permits or approvals are required. Consultant shall also ~~represent~~ ensure that all sub-consultants are similarly licensed and qualified. Consultant represents ~~and warrants~~ to District that Consultant shall, at Consultant's sole cost and expense, keep in effect or obtain at all times during the Term of this Agreement, any licenses, permits, and approvals which are legally required for Consultant to practice Consultant's profession at the time the Services are rendered including registration for public works projects with the Department of Industrial Relations.

(d) *No Conflict of Interest.* Consultant represents that no conflict of interest will be created under state or federal law by entering into or in carrying out this Agreement. Consultant further promises that in the performance of this Agreement, no person having such interest will be knowingly employed. If requested to do so by District, Consultant shall complete and file, and shall cause any person doing work under this Agreement to complete and file, a “Statement of Economic Interest” with the Sacramento County Clerk disclosing their financial interests.

(e) *Prevailing Wage.* Consultant agrees to pay all craftsmen and laborers required as part of the consulting services at least the minimum prevailing wage required by the Department of Industrial Relations of the State of California. Consultant understands and agrees that it is Consultant’s responsibility to determine the minimum prevailing wage and to report compliance as required under California law.

Section 8. Conformity with Law and Safety. Consultant shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal and local governing bodies having jurisdiction over any or all of the scope of Services, including all provisions of the Occupational Safety and Health Act of 1979 as amended, all California Occupational Safety and Health Regulations, the California Building Code, the American with Disabilities Act, and all other applicable federal, state, municipal and local safety regulations, appropriate trade association safety standards, and appropriate equipment manufacturer instructions. Consultant’s failure to comply with any laws, ordinances, codes or regulations applicable to the performance of the Services hereunder shall constitute a breach of contract. In cases where standards conflict, the standard providing the highest degree of protection shall prevail.

If a death, serious personal injury or substantial property damage occurs in connection with the performance of this Agreement, Consultant shall immediately notify the District's risk manager by telephone. If any accident occurs in connection with this Agreement, Consultant shall promptly submit a written report to District, in such form as the District may require. This report shall

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include the following information: (a) name and address of the injured or deceased persons; (b) name and address of Consultant's sub-consultant, if any; (c) name and address of Consultant's liability insurance carrier; and (d) a detailed description of the accident, including whether any of District's equipment, tools or materials were involved.

If a release of a hazardous material, substance, or waste occurs in connection with the performance of this Agreement, Consultant shall immediately notify District. Consultant shall not store hazardous materials or hazardous waste within the District limits without a proper permit from District.

Section 9. Excusable Delays. Consultant shall not be in breach of this Agreement in the event that performance of Services is temporarily interrupted or discontinued due to a "Force Majeure" event which is defined as: riots, wars, sabotage, civil disturbances, insurrections, explosion, natural disasters such as floods, earthquakes, landslides, fires, strikes, lockouts and other labor disturbances or other catastrophic events, which are beyond the reasonable control of Consultant. Force Majeure does not include: (a) Consultant's financial inability to perform; (b) Consultant's failure to obtain any necessary permits or licenses from other governmental agencies; or (c) Consultant's failure to obtain the right to use the facilities of any public utility where such failure is due solely to the acts or omissions of the Consultant.

Section 10. Assignment Prohibited. No Party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

Section 11. Ownership and Disclosure of Work Product. Upon payment in full of all the monies due to the consultant, the District shall be the owner of and shall be entitled to immediate possession of accurate reproducible copies of any design computations, plans, specifications, surveys, copies of correspondence, maps, or other pertinent data and information gathered or computed by Consultant ("Work Product") in the performance of and prior to termination of this Agreement by District or upon completion of the work pursuant to this Agreement. Consultant may retain copies of the above-described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of District, during the term of this Agreement and for a period of one hundred eighty (180) days following expiration of the term of the Agreement.

The District shall not reuse or make any modification to the Work Product without the prior written authorization of the Consultant. The District agrees not to reuse the Work Product, in whole or in part, for any purpose other than for the Project. The District agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its officers, directors, employees and subconsultants (collectively, Consultant) against any damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising from or allegedly arising from or in any way related to or connected with the unauthorized reuse or modification of the deliverable documents by the District or any person or entity that acquires or obtains the deliverable documents from or through the Client without the written authorization of the Consultant.

When this Agreement is terminated, Consultant agrees to return to District all documents, drawings, photographs and other written or graphic material, however produced, that it received from District, its Consultants or agents, in connection with the performance of its Services under this Agreement. All materials shall be returned in the same condition as received.

Section 12. Termination by Default. If a Party should fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violates any of the terms of this Agreement (the “Defaulting Party”), the other Party shall give notice to the Defaulting Party and allow such Party ten (10) days to correct such deficiency. If the Defaulting Party does not correct such deficiency, the other Party may immediately terminate this Agreement by giving written notice of such termination, stating the reason for such termination. In such event, Consultant shall be entitled to receive payment for all services satisfactorily rendered, provided, however, there shall be deducted from such amount the amount of damage, if any, sustained by virtue of any breach of this Agreement by Consultant. If payment under this Agreement is based upon a lump sum in total or by individual task, payment for services satisfactorily rendered shall be an amount which bears the same ratio to the total fees specified in the Agreement as the services satisfactorily rendered hereunder by Consultant bear to the total services otherwise required to be performed for such total fee, provided, however, that there shall be deducted from such amount the amount of damage, if any sustained by District by virtue of any breach of this Agreement by Consultant.

(a) Consultant shall deliver copies of all Work Product prepared by it pursuant to this Agreement.

(b) If District terminates this Agreement before District issues the Notice to Proceed to Consultant or before Consultant commences any Services hereunder, whichever last occurs, District shall not be obligated to make any payment to Consultant. If District terminates this Agreement after District has issued the Notice to Proceed to Consultant and after Consultant has commenced performance under this Agreement, District shall pay Consultant the reasonable value of the Services rendered by Consultant pursuant to this Agreement prior to termination of this Agreement. District shall not in any manner be liable for Consultant's actual or projected lost profits had Consultant completed the Services. Consultant shall furnish to District such financial information, as in the judgment of the District Manager, is necessary to determine the reasonable value of the Services rendered by Consultant prior to termination.

(c) Except as provided in this Agreement, in no event shall District be liable for costs incurred by or on behalf of Consultant after the date of the notice of termination.

Section 13. Liability for Breach. Neither Party waives the right to recover damages against the other for breach of this Agreement including any amount necessary to compensate District for all detriment proximately caused by Consultant's failure to perform its obligations hereunder or which in the ordinary course of things would be likely to result therefrom. District reserves the right to offset such damages against any payments owed to Consultant. District shall not in any manner be liable for Consultant's actual or projected lost profits had Consultant completed the Services required by this Agreement. In the event of Termination by either Party and upon full compensation under this agreement, copies of all finished or unfinished Work Product shall

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Project: Well 15 Hexavalent Chromium Treatment Design, Bidding, & Engineering Services During Construction

Project No.: 2024-02

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become the property of District. Notwithstanding the above, in no event shall ~~either party~~ District be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits or revenue, arising out of or in connection with this Agreement or the Services performed in connection with this Agreement.

Section 14. Insurance Coverage. During the Term, the Consultant shall maintain in full force and effect policies of insurance set forth herein, which shall be placed with insurers with a current A. M. Best's rating of no less than A VII, and will provide the District with written proof of said insurance. Consultant shall maintain coverage as follows:

(a) *Professional Liability:* professional liability insurance for damages incurred by reason of any actual or alleged negligent act, error or omission by sub-consultant in the amount of One Million Dollars (\$1,000,000.00) combined single limit each occurrence and annual aggregate. If the Consultants prime agreement requires the sub-consultant to carry additional Professional Liability insurance the sub-consultant shall increase their Professional Liability insurance to meet the prime agreement's requirements for the duration of the Project.

(b) *General Liability.* Consultant shall carry commercial general liability insurance in an amount no less than Two Million Dollars (\$2,000,000.00) combined single limit for each occurrence, covering bodily injury and property damage. If commercial general liability insurance or another form with a general aggregate limit is used, either the general aggregate limit shall apply separately to each Project or the general aggregate shall be no less than Two Million Dollars (\$2,000,000.00).

(c) *Worker's Compensation Insurance and Employer's Liability.* Consultant shall carry workers' compensation insurance as required by the State of California under the Labor Code.

(d) *Automobile Liability Insurance.* Consultant shall carry Automobile liability insurance covering bodily injury and property damage in an amount no less than One Million Dollars (\$1,000,000) combined single limit for each occurrence. Said insurance shall include coverage for owned, hired, and non-owned vehicles.

(e) *Policy Obligations.* Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

(f) *Material Breach.* If Consultant, for any reason, fails to maintain insurance coverage that is required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement. District, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from said breach. Alternatively, District may purchase such required insurance coverage, and without further notice to Consultant, District may deduct from sums due to Consultant any premium costs advanced by District for such insurance. These remedies shall be in addition to any other remedies available to District.

Section 15. Indemnification. To the fullest extent permitted by law (including, without limitation, California Civil Code Sections 2782 and 2782.8), Consultant shall ~~defend,~~ indemnify hold

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Project: Well 15 Hexavalent Chromium Treatment Design, Bidding, & Engineering Services During Construction

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harmless and release, but not defend, District, and District's elected and appointed councils, commissions, directors, officers, employees, agents, and representatives ("District's Agents") from and against any and all actions, claims, loss, cost, damage, injury (including, without limitation, disability, injury or death of an employee of Consultant or its sub-consultants), expense and liability of every kind, nature and description that is directly caused by the negligent arise out of, pertain to or relate to acts or omissions of Consultant, or any direct or indirect sub-consultant, employee, Consultant, representative or agent of Consultant, or anyone that Consultant controls (collectively "Liabilities"). Such obligations to ~~defend~~, hold harmless and indemnify, but not defend, District and District's Agents shall not apply to the extent that such Liabilities are caused in whole by the sole negligence, active negligence, or willful misconduct of District or District's Agents, but shall apply to all other Liabilities. However, based on a determined comparative fault, the Consultant shall reimburse District's Agents for the costs incurred as a result of such defense. With respect to third party claims against the Consultant, the Consultant waives any and all rights of any type of express or implied indemnity against District and District's Agents. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Consultant or its agents under Workers' Compensation acts, disability benefits acts or other employee benefit acts.

Section 16. Notices. Any notice or communication required hereunder between District and Consultant must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice or communication shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to District: Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, California 95673
Attention: Timothy R. Shaw, General Manager
Tel: (916) 991-8891

With courtesy copy to: White Brenner LLP
1414 K Street, Third Floor
Sacramento, California, 95814
Attention: Barbara A. Brenner, Esq.
Tel: (916) 468-0950

If to Consultant:

Provost & Pritchard Consulting Group
455 W. Fir Ave
Clovis, CA 93611
Attention: Kevin Berryhill, PE
Tel: (559) 449-2700

Section 17. Exhibits. All “Exhibits” referred to below or attached to herein are by this reference incorporated into this Agreement:

Exhibit Designation

Exhibit Title

Exhibit A:

Services

Section 18. General Provisions.

(a) *Modification.* No alteration, amendment, modification, or termination of this Agreement shall be valid unless made in writing and executed by all of the Parties to this Agreement.

(b) *Waiver.* No covenant, term, or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

(c) *Severability.* If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, which becomes effective after the Effective Date of this Agreement, the remaining provisions shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement.

(d) *Counterparts.* This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(e) *Audit.* District shall have access at all reasonable times to all reports, contract records, contract documents, contract files, and personnel necessary to audit and verify Consultant's charges to District under this Agreement.

(f) *Entire Agreement.* This Agreement, together with its specific references, attachments and exhibits, constitutes the entire agreement of the Parties with respect to the subject matters hereof, and supersedes any and all prior negotiations, understanding and agreements with respect hereto, whether oral or written.

(g) *Attorney's Fees and Costs.* If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs based on a determined comparative fault, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(h) *Time is of the Essence.* Time is of the essence in this Agreement for each covenant and term of a condition herein.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, this Agreement has been entered into by and between District and Consultant as of the Effective Date.

DISTRICT:

Rio Linda Elverta Community Water District,
a county water district of the State of
California

By: _____
Timothy R. Shaw, General Manager

Date: _____

CONSULTANT:

Provost & Pritchard Consulting Group

By: _____

Print: _____

Title: _____

Date: _____

EXHIBIT A – SERVICES (WORK SCOPE, SCHEDULE, AND BUDGET)

Work Scope: Consultant shall perform and complete the services for the Well 15 Hexavalent Chromium Treatment Design, Bidding, & Engineering Services During Construction Project pursuant to their submitted Proposal dated December 20, 2023. The proposal is included in the following pages.

The terms and conditions referenced in the proposal are hereby excluded from this Agreement. The Recitals 1-18 of the Agreement shall prevail as terms and conditions for this Agreement.

More specifically, the scope of services includes the following:

- Task 1 Schematic Design: This is a preliminary design including a Basis of Design Memorandum appropriate to a 30% complete design submittal.
- Task 2 Construction Documents: These are design submittals completed to 60%, 90%, and 100% complete levels. The 100% design submittal shall be a “Bid Ready” package sufficiently completed to advertise for construction bids.
- Task 3 Bidding Assistance: This includes assistance from the Consultant during the construction bid process to answer any bid related questions.
- Task 4 Construction Administration Assistance: This includes Engineering Services During Construction to assist the District with specific submittal/shop drawing review, site visits, answering construction contractor questions, operations plan finalization, and punch-list preparation.

All design work shall conform to the latest edition of the Rio Linda / Elverta Community Water District Standard Construction Specifications and to the latest edition of the County of Sacramento Standard Construction Specifications and all of its drawings. Design work shall also conform to the applicable local, state, and federal codes and specifications including OSHA.

The Consultant’s proposal follows this page.

PROVOST&PRITCHARD CONSULTING GROUP

455 W Fir Ave • Clovis, CA 93611 • (559) 449-2700
www.provostandpritchard.com

December 20, 2023

Tim Shaw, General Manager
Rio Linda Elverta Community Water District
730 L Street
Rio Linda, CA 95673

**Subject: Engineering Services for
 Well 15 Hexavalent Chromium Treatment, Rio Linda, California**

Dear Mr. Shaw:

Thank you for the opportunity to submit this proposal to provide engineering services for the subject project. This proposal discusses our understanding of the project, recommends a scope of services together with associated fees, deliverables and approximate schedules, sets forth our assumptions and discusses other services that may be of interest as the project proceeds.

PROJECT UNDERSTANDING

We understand that Rio Linda Elverta Community Water District (District) Well 15 is contaminated with hexavalent chromium (Cr6) at concentrations that will exceed the proposed California Maximum Contaminant Level (MCL) of 10 parts per billion. It is anticipated that the Cr6 MCL will be promulgated by the State Water Resources Control Board in the next few months. It is our understanding that Well 15 is the District's most productive well, with a flow rate of approximately 2,800 gpm, and that this well must be in continuous service for the water system to have adequate supply capacity. The District previously raised rates to fund treatment of the well and is also seeking compensation from the contamination responsible parties. While the proposed Cr6 MCL rule would give the District three years to come into compliance with the rule, the District is proceeding with the treatment project now and is seeking an engineering consultant to assist with the project.

A preliminary review of available water quality information for Well 15 indicates that, except for the Cr6 contamination, the well has very good water quality. Concentrations of anions that would interfere with strong base anion exchange (SBA IX) treatment for Cr6 removal are very low. The District informs Provost & Pritchard that Cal American Water has been successful utilizing SBA IX treatment on a nearby well with similar water quality in a non-regenerable, "single use" mode. The system is operated until the resin's capacity for Cr6 is nearly exhausted and then the resin is hauled off-site for disposal and new resin is installed in the vessels. The resin is not regenerated. It is currently assumed that a similar single-use SBA IX treatment process will be cost effective at Well 15 and this assumption is the basis for this proposal. Should a different treatment approach, such as regenerable SBA IX treatment, weak base anion exchange treatment, or reduction coagulation filtration treatment, be determined to be necessary, this proposal would need to be revised. While the District desires to remove all Cr6 from the water, it is not known whether it will be able to fund operation of the treatment plant to do so. To allow for a potential reduction in operating

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costs, and subject to DDW approval, it has been assumed that the treatment plant will be designed to bypass a portion of the well flow around the IX system.

The following scope of services and associated estimated fee is for engineering services associated with design, permitting, and limited bid and construction phase services associated with the addition of single-use SBA IX treatment to Well 15. Provost & Pritchard will be responsible for contacting resin suppliers to obtain resin bed life projections, preparation of construction plans, technical specifications, and cost opinions, and assisting the District with permitting the project with the State Water Resources Control Board Division of Drinking Water (DDW). Provost & Pritchard will also provide limited bidding assistance and limited construction phase services.

The District's engineer, Vasquez Engineering, will be responsible for surveying, geotechnical, and environmental permitting services. Vasquez Engineering will also provide and arrange for construction management services and serve as the primary point of contact for contractor requests for information, change orders, and pay requests. The District is exempt from obtaining building permits and no work within the public right of way is anticipated. The District has indicated that there will be no ancillary improvements to the Well 15 facility except for replacement of a wall-mounted air conditioner serving the existing electrical room. Electrical improvements are anticipated to be limited to area lighting around the treatment system and integration of flow meters, pressure transducers, and a bypass flow control valve into the existing RTU, which is reported to have adequate available I/O capacity.

SCOPE OF SERVICES

Our proposed scope of work for this proposal is segregated into several phases, described below.

PHASE SD: (SCHEMATIC DESIGN)

Services under this phase of work will include:

1. Review of available water quality information, record drawings, and other relevant information provided by the District
2. Coordination with one or more SBA resin suppliers to obtain recommended operating parameters, resin usage rate and resin replacement cost information
3. Preparation of a brief Basis of Design Memorandum summarizing the following information:
 - a. Design raw water quality parameters and treatment objectives
 - b. SBA IX process parameters, resin selection, and system sizing
 - c. Preliminary site plan
 - d. Estimated capital and O&M costs
4. Participation in a conference call/video conference with DDW to obtain preliminary approval for the project

PHASE CD: (CONSTRUCTION DOCUMENTS)

Services under this phase of work will include:

1. 60% design submittal
 - a. Prepare 60% plans for the project including the following sheets:
 - i. Cover and index (1 sheet)
 - ii. Legend and abbreviations (1 sheet)
 - iii. Design Criteria and process flow diagram (1 sheet)
 - iv. Site plan (1 sheet)

- v. Site piping plan (1 sheet)
 - vi. Ion exchange vessel Plan (1 sheet)
 - vii. Piping Sections and Details (1 sheet)
 - viii. Electrical site plan
 - b. Prepare 60% opinion of probable construction cost
 - c. Submit 60% plans and cost estimate in electronic (PDF) format
2. 90% design submittal
 - a. Address 60% review comments
 - b. Incorporate remaining plan sheets including
 - i. Demolition plan
 - ii. Grading plan
 - iii. Piping plan
 - iv. Miscellaneous details
 - v. Electrical sheets (as required)
 1. Legend, abbreviations, symbols
 2. Single line diagram and load calculation
 3. Electrical site plan
 4. Conduit cable and equipping plan
 5. Grounding and lighting plan
 6. Electrical schedules
 7. Electrical details
 8. Process and instrumentation diagram
 - vi. Other sheets as necessary to define the work
 - c. Prepare draft Operations Plan
 - d. Prepare technical specifications in six-digit CSI format
 - e. Prepare revised opinion of probable construction cost
 - f. Submit 90% plans, specifications, draft Operations Plan, and cost estimate in electronic format
3. 100% (bid-ready) submittal
 - a. Address 90% review comments
 - b. Prepare signed and stamped plans and specifications and final opinion of probable construction cost
 - c. Submit bid-ready plans, specifications, and cost estimate in electronic format
 - d. Prepare conformed plans and specifications following bidding

PHASE BID: (BIDDING ASSISTANCE)

Services under this phase of work will include:

1. Assist with preparation of addenda and clarifications as necessary during the bid period

PHASE CA: (CONSTRUCTION ADMINISTRATION ASSISTANCE)

Services under this phase of work will include:

1. Review contractor submittals and shop drawings
2. Assist in responding to contractor requests for information (three RFIs have been assumed)
3. Review contractor change orders
4. Finalize Operations Plan
5. Site visit by process and electrical design engineers for final punch-list walkthrough

6. Prepare record drawings based on “as-built” information furnished by the contractor and/or the District. Provide electronic copy of record drawings to the District for its permanent records

PROFESSIONAL FEES

Provost & Pritchard Consulting Group will perform the services on a time and materials basis, in accordance with our Standard Fee Schedule in effect at the time services are rendered. These fees will be invoiced monthly as they are accrued, and our total fees, including reimbursable expenses, will not exceed our estimate of \$116,500 without additional authorization.

PROPOSED FEE – WELL 15 TREATMENT	
PHASE	ESTIMATED FEE
Phase SD	\$15,000
Phase CD	\$71,000
Phase BID	\$3,500
Phase CA	\$27,000
Total Estimated Fee:	\$116,500

The line items shown above are estimates and are not intended to limit billings for any given Task. Required task effort may vary up or down from the line item estimates shown, however total billings will not exceed the Total shown without additional authorization. If the scope changes materially from that described above, as a result of any agency’s decision or because of design changes requested by the District, we will prepare a revised estimate of our fees for your approval before we proceed.

SCHEDULE

Once we receive an executed copy of this Proposal together with the signed Consultant Services Agreement and are authorized to proceed, we can prepare the Basis of Design Memorandum for initial submittal in approximately (4 to 6) weeks. We will work with the District to develop a mutually acceptable timeline for the remainder of the project.

ASSUMPTIONS

1. This proposal is based on the selected treatment process being single-use strong base anion exchange.
2. Surveying, geotechnical investigations, and environmental permitting will be by others. Survey basemap information will be provided in AutoCAD version 2017 or newer.
3. Any required permits associated with disposal of resin conditioning water, start-up and flush-to-waste water, or other wastes will be by others.
4. Building permits including, but not limited to structural, electrical, and grading permits, will not be required.
5. Storm water and dust control plans will be prepared by the contractor or others.
6. Cost opinions are to be made on the basis of Provost and Pritchard's experience and qualifications and represents our best judgment as to the probable construction costs. However, since we have no control over costs or the price of labor, equipment or materials, or over the contractor's method of

pricing, such opinions of probable construction costs do not constitute representations, warranties or guarantees of the accuracy of such opinions, as compared to bid or actual costs.

7. Any water quality analyses required will be arranged for and paid for by others.
8. Provost & Pritchard CAD standards and title block will be used for the design of this project.
9. Provost & Pritchard's current CAD version will be used.
10. Title 24 calculations will not be prepared for this project.
11. The facility has existing power provisions and an existing power distribution panel with space for new circuits.
12. Revised controls software and integration services are not included in this scope of work. The existing onsite communications provisions are adequate and are not included in the scope of work.

ADDITIONAL SERVICES

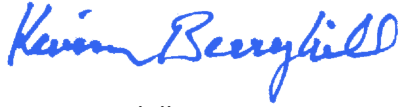
The following services are not included in this proposal, however, these and others can be provided at additional cost, upon request.

1. Assisting the District with prepurchase of equipment
2. Topographic and boundary Survey
3. Geotechnical Investigation
4. Bench- or pilot-scale treatment studies
5. Corrosion control studies
6. Environmental documentation (California Environmental Quality Act/National Environmental Policy Act)
7. Pre-construction and/or post-construction Biological Surveys
8. Contractor prequalification
9. Worker Environmental Awareness Program (WEAP) Training
10. Construction phase services such as: construction review, construction staking, contract management services, as-built survey.
11. Storm Water Pollution Prevention Plan (SWPPP) in compliance with State Water Resources Control Board (SWRCB) Construction General Permit
12. Additional office or field services required due to any governmental agency changes in ordinances, codes, policies, procedures, or requirements after the date of this agreement.
13. Payment of all checking and inspection fees, zoning and annexation application fees, assessment fees, and all other fees, permits, title company charges, and all other similar charges not specifically covered by the terms of this agreement.
14. Services associated with litigation including responding to subpoenas, litigation consulting, and serving as an expert witness. The District agrees that labor and reimbursable costs associated with responding to subpoenas will be paid by the District as additional services.

TERMS AND CONDITIONS

In order to convey a clear understanding of our mutual responsibilities under this proposal, our standard Consultant Services Agreement is attached. Please note your approval through consent to your electronic signature below and on the Consultant Services Agreement via DocuSign. Receipt of these documents will serve as our Notice to Proceed. This proposal is valid for 30 days from the date above.

Sincerely Yours,
Provost & Pritchard Consulting Group



Kevin Berryhill, RCE 70415
Project Manager



Keith Mortensen, RCE 75865
Director of Operations

TERMS AND CONDITIONS ACCEPTED

By Rio Linda Elverta Community Water District

Signature

Printed Name

Title

Date

Schedule: The District and Consultant shall set forth a mutually agreeable schedule upon execution of this Agreement.

Budget: The total budget for performing the Work Scope is a time and materials not to exceed total of \$116,500.00 pursuant to the estimate provided by the Consultant in their proposal. The budget shall not be exceeded without written consent from the District.

Monthly invoices shall provide sufficient task completion information to verify actual work completed. Tasks, billing rates, and budgets breakdowns are shown as an attachment on the next page.

The Consultant's table with tasks, billing rates, and budgets follows this page.

Task No.	Task	Principal Engineer V	Principal Engineer III	Assistant Engineer IV	Senior Structural Engineer II	Senior Technician III	Project Administrator V	Associate Engineer V	Senior Technician IV	Assistant Engineer I	Labor Totals	Sub-consultant Fee	Sub-cons. Fee Markup: 15%	Miles Traveled Rate: \$0.66	Expenses, Fees	Mileage/ Reimb. Costs Markup: 15%	TOTAL
		Hourly Rate: \$280	\$240	\$143	\$182	\$152	\$114	\$182	\$159	\$115							
1	Schematic Design																
1.1	Project management (12 months)	24					6				\$7,404		\$0			\$0	\$7,404
1.2	Data review and supplier coord	4									\$1,120		\$0			\$0	\$1,120
1.3	BOD memorandum	8	2	2			1				\$3,120		\$0			\$0	\$3,120
1.4	Preliminary site plan	2		12		4					\$2,884		\$0			\$0	\$2,884
1.5	DDW wcoordination	2		1							\$703		\$0			\$0	\$703
		40	2	15	0	4	7	0	0	0							
	Task 1 Fee Subtotal	\$11,200	\$480	\$2,145	\$0	\$608	\$798	\$0	\$0	\$0	\$15,231	\$0	\$0	0	\$0	\$0	\$15,231
2	Construction Documents																
2.1	Cover & index			2							\$286		\$0			\$0	\$286
2.2	Legend & abbreviations			2							\$286		\$0			\$0	\$286
2.3	Design criteria & process flow	2		4							\$1,132		\$0			\$0	\$1,132
2.4	Site plan	2		12							\$2,276		\$0			\$0	\$2,276
2.5	Site piping plan	3		12							\$2,556		\$0			\$0	\$2,556
2.6	Ion exchange vessel plan	1		8							\$1,424		\$0			\$0	\$1,424
2.7	Piping sections and details	2		12							\$2,276		\$0			\$0	\$2,276
2.8	Demolition plan	1		6							\$1,138		\$0			\$0	\$1,138
2.9	Grading plan	2		10							\$1,990		\$0			\$0	\$1,990
2.10	Miscellaneous details	2		16							\$2,848		\$0			\$0	\$2,848
2.11	Structural details	2		8	12						\$3,888		\$0			\$0	\$3,888
2.12	Electrical sheets and site visit	4						50	20	20	\$15,700	\$3,000	\$3,450	600		\$452	\$19,602
2.13	Specifications	8		16			4	24			\$9,352		\$0			\$0	\$9,352
2.14	Cost estimates	6		4				8			\$3,708		\$0			\$0	\$3,708
2.15	Draft Operations Plan	8	3	16							\$5,248		\$0			\$0	\$5,248
2.16	60% submittal	4	4	8	2	2	2				\$4,120		\$0			\$0	\$4,120
2.17	90% submittal	4	4	8	2	2	4				\$4,348		\$0			\$0	\$4,348
2.18	100% submittal	4	4	8	2	2	4				\$4,348		\$0			\$0	\$4,348
		55	15	152	18	6	14	82	20	20							
	Task 2 Fee Subtotal	\$15,400	\$3,600	\$21,736	\$3,276	\$912	\$1,596	\$14,924	\$3,180	\$2,300	\$66,924	\$3,000	\$3,450	600	\$0	\$452	\$70,826
3	Bidding Assistance																
3.1	Clarifications and addenda	4		8	2		2	4			\$3,584		\$0			\$0	\$3,584
3.2											\$0		\$0			\$0	\$0
		4	0	8	2	0	2	4	0	0							
	Task 3 Fee Subtotal	\$1,120	\$0	\$1,144	\$364	\$0	\$228	\$728	\$0	\$0	\$3,584	\$0	\$0	0	\$0	\$0	\$3,584
4	Construction Administration																
4.1	Submittals and RFIs	16		32	4			24			\$14,152		\$0			\$0	\$14,152
4.2	Finalize Operations Plan	6		12			2				\$3,624		\$0			\$0	\$3,624
4.3	Site visit	8						10			\$4,060		\$0	1,000		\$753	\$4,813
4.4	Record drawings	2				12		8	4		\$4,476		\$0			\$0	\$4,476
4.5											\$0		\$0			\$0	\$0
		32	0	44	4	12	2	42	4	0							
	Task 4 Fee Subtotal	\$280	\$0	\$6,292	\$728	\$1,824	\$228	\$7,644	\$636	\$0	\$26,312	\$0	\$0	1,000	\$0	\$753	\$27,065
	Project Hour Subtotals	131	17	219	24	22	25	128	24	20	610						
	Project Fee Subtotals	\$36,680	\$4,080	\$31,317	\$4,368	\$3,344	\$2,850	\$23,296	\$3,816	\$2,300	\$112,051	\$3,000	\$3,450	\$1,600	\$0	\$1,205	\$116,706

The line items shown above are estimates and are not intended to limit billings for any given Task. Required task effort may vary up or down from the line item estimates shown, however total billings will not exceed the Total shown without additional authorization.



Executive Committee

Agenda Item: 3

Date: April 10, 2024

Subject: Board Member Discipline Process

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should engage staff in discussion regarding the District policy/process for consideration of formal disciplinary actions stemming from the actions of a Board Member.

Current Background and Justification:

At the March 25th Board meeting, the Board discussed the District Policy for formal discipline of a Board Member. Legal Counsel summarized the process.

Documents associated with this item illustrate the process and are included with the Committee packets. The primary guidance on the disciplinary process is District policy 2.01.400 et seq. Pursuant to policy 2.01.400, the first formal step is scheduling a disciplinary hearing and providing notice of such hearing to the affected Board Member via certified mail at least 10-days prior to the scheduled disciplinary hearing.

Conclusion:

The Executive Committee should review all documents associated with this item, then engage staff to request any clarifications. Ultimately, the Committee should provide direction to staff.

Item 3 Relevant Excerpts from the District's Policy Manual

2.01.400 COMPLIANCE AND ENFORCEMENT

(Per Res. 2007-02 Repealed and replaced Resolution 2015-02 approved 7/20/2015)

2.01.405 Purpose.

The purpose of this policy is to establish a process for enforcement of the duties and standards of conduct for District Directors as set forth in this Chapter 2.01. Directors themselves have the primary responsibility to assure that these duties and standards of conduct are understood and met, and that the public can continue to have full confidence in the integrity of local government.
Policy Manual – Revised 7-18-22

2.01.410 Responsibility to Intervene.

The chairs of committees, the Board President and all Board and committee members have the additional responsibility to intervene when actions of Directors that appear to be in violation of this Chapter are brought to their attention.

2.01.415 Grounds for Disciplinary Action.

The failure of a Director to comply with the provisions of this Chapter or Chapter 2.30 shall constitute grounds for disciplinary action against him/her. Any Director may submit a request to consider disciplinary action of another Director or Directors. The request should contain specific allegations of conduct that, if true, violate this Chapter or any other portion of the Policy Manual.

2.01.415 Disciplinary Actions.

The Board may impose the following disciplinary actions on a Director found to have violated the Policy Manual, depending upon the severity or frequency of the violation:

1. Admonishment. An admonishment is appropriate for allegations of a violation of law or city policy. An admonishment serves as a formal reminder of the rules and is not disciplinary in nature.
2. Reprimand. A reprimand is appropriate when the council finds that a councilmember has committed misconduct but determines that the misconduct does not rise to the level of requiring censure.
3. A censure is a formal resolution to reprimand an individual for misconduct and is a disciplinary action.

2.01.420 Notice.

Notice and the request shall be served upon the accused Director or Directors through personal service or certified mail, unless the Director accepts an alternative method of service, at least ten (10) days before the Board meeting where the request will be evaluated. Such notice shall be prepared by District staff and reviewed by legal counsel. The notice will include the time, place, and date of the meeting, as well as state the Director's right to submit oral or written evidence.

2.01.425 Participation of Director who is Subject to Disciplinary Action.

A Director who is the subject of an alleged violation will have the opportunity to respond to the accusations at the hearing. However, an accused Director shall be ineligible to vote on any matter related to a disciplinary action including, but not limited to, agendaing the hearing and adopting a Resolution of Censure.

2.01.430 Opportunity to be Heard.

At the disciplinary action hearing, the Director shall have an opportunity to be heard concerning the allegations. The Director may submit a written response to the allegations in addition to, or in lieu of, speaking at the disciplinary action hearing if he/she so chooses. The hearing may be continued from time to time at the discretion of the Board.

2.01.435 Resolution of Censure.

If, at the close of the disciplinary action hearing, the Board finds that the Director's conduct does not comply with the District's standards, the Board may direct staff to prepare a resolution of censure which may include the imposition of sanctions against the Director as a majority of the Board deems appropriate. Such sanctions may include removal from a committee and restrictions on District-related travel privileges. At the next Board Policy Manual – Revised 7-18-22 meeting, the Board may consider and adopt the Resolution of Censure including any sanctions imposed by the Board.

2.01.440 Alternative Discipline.

If the Board finds that a Director or Directors has violated the Policy Manual, but the violation does not rise to the level requiring formal censure, the Board may impose an admonishment or reprimand.

2.01.445 No Basis for Challenging a Board Decision.

A violation of this Chapter shall not be considered a basis for challenging the validity of a Board decision.

2.01.450 Conflicts.

In the event that a majority of the Board is unable to vote at a disciplinary hearing due to a conflict of interest, the General Manager may appoint an ad hoc committee of nonbiased members of the community to conduct an investigation and present a formal report to the Board during a regular open session meeting.

NOTICE OF CENSURE HEARING
RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
BOARD OF DIRECTORS MEETING
JUNE 9, 2008 AT 7:00 P.M.
6730 Front Street, Rio Linda, Ca. 95673

NOTICE IS HEREBY GIVEN that at its June 9, 2008, meeting at 7:00 p.m., or at such date to which the Board may continue the matter, the Board of Directors of the Rio Linda/Elverta Community Water District (hereinafter "District") will consider adopting a resolution of censure against Director Mary Harris, pursuant to Chapter 2.01 of the District's Policy Manual, for the following actions:

1. **Filing of a False Complaint Against the General Manager** Director Harris filed a false complaint with 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 stated that Director Harris' complaint was false. Director Harris has not presented any evidence to support her complaint. Accordingly, the Sheriff's office has not pursued the complaint beyond an initial investigation. The intentional filing of a false complaint by Director Harris 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 alleged filing of a false complaint against the General Manager is unethical, dishonest, 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.”

At the hearing, Director Harris shall have an opportunity to be heard regarding the above-described allegations, and may submit a written response in addition to, or in lieu of, speaking at the hearing if she so chooses. At the conclusion of the hearing, the Board of Directors may take action to direct legal counsel to prepare a resolution of censure to be considered at the next board meeting.

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 Arbios, 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.

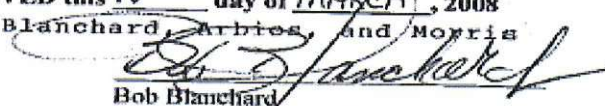
ADOPTED, SIGNED AND APPROVED this 10th day of MARCH, 2008

AYES, in favor hereof; (3) Blanchard, Arbios, and Morris


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

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

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:

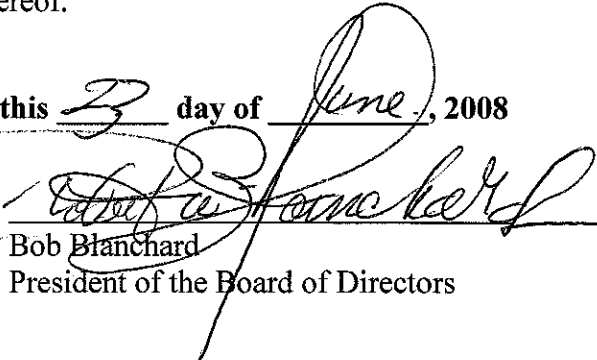
2.01.085(i) Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action Directors should commit to supporting such action and not to create barriers to the implementation 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 3 day of June, 2008

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


Bob Blanchard
President of the Board of Directors

ATTEST:


Dee Dillon, Secretary of the Board of Directors



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 orderⁱ 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 orderⁱⁱ, 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 citationⁱⁱⁱ 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^{IV} 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

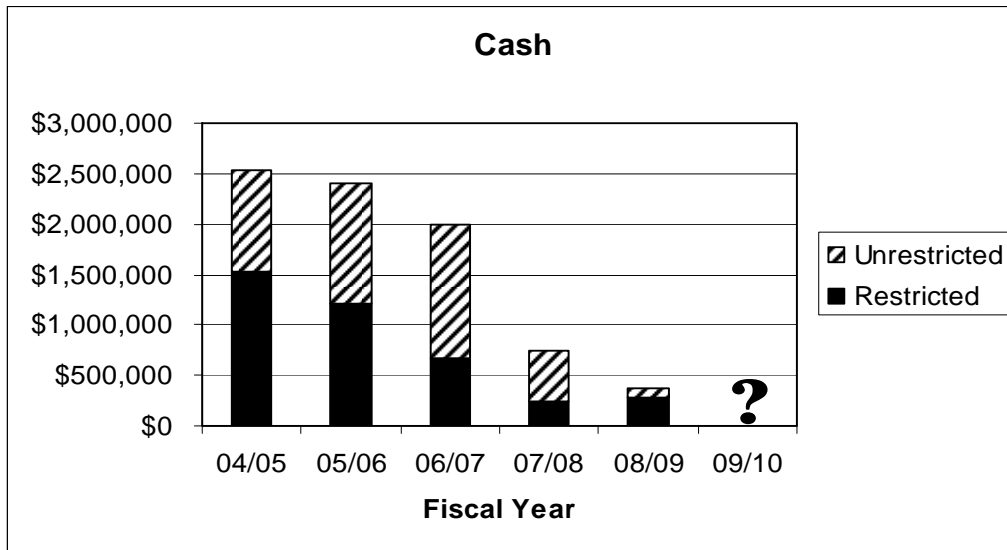
adequate and timely financial information, by insufficient accounting policies and procedures, and by budget reports, when prepared, that are not updated sufficiently. Taken together, these deficiencies open the door for abuse. The District’s financial viability is uncertain.

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.^v



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.

Fiscal Year	Audit Report Date	Time since end of fiscal year
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.

ⁱ Compliance Order 01-09-07-CO-004

ⁱⁱ Compliance Order 01-09-09-CO-004

ⁱⁱⁱ Citation No. 01-09-10-CIT-003

^{iv} Citation No. 01-09-11-CIT-001

^vDistrict'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



Executive Committee

Agenda Item: 4

Date: April 10, 2024

Subject: Annual Declaration of Doubtful Recovery Debt

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should forward this item onto the April 22nd Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

The District is a tax-exempt, non-profit government agency owned by the Rio Linda/Elverta community. When customers do not pay for the water services provided and for which the District has incurred costs (payroll, energy, materials, etc.), the District has a responsibility to recover the costs via all reasonable methods. Failure to collect the cost of providing service results in transferring the cost burden from the non-paying customers to the paying customers. Pursuant to statutory requirements and District policy, the District must make all reasonable efforts to recover the cost of providing service. The various means to compel payment include:

1. Discontinuation of service until the unpaid balance is addressed. (statistically the most effective, but now more complex with the implementation of SB 998.
2. Recording a lien against the property (effectiveness limited by property sale, many customers ignore the lien if sale of the property is not anticipated)
3. Direct Assessment places a charge directly on the property owner's tax bill. If the charge remains unpaid for several years, the County has the authority to auction off the property for at least the amount of unpaid taxes. (effective but limited to once per calendar year.

The District regularly performs all 3 methods described above. However, despite all reasonable efforts, sometimes the District cannot recover the cost of providing service within the time constraints and property ownership limitations. Circumstances leading to non-recovery of costs include; bankruptcy declarations, short sells and other means of transferring property ownership faster than the District can record liens, failure by the District to exercise all reasonable efforts within the statutory time limits and/or pursuant to statutory requirements.

In the circumstances where the district cannot recover the cost of providing service, the District is compelled to declare the debt as “doubtful recovery” AKA write off (although the term write off is prone to connote the private sector accounting principle of writing off the loss as a tax deduction. The District, a tax-exempt entity, has no such benefit. Failure to declare doubtful recovery debt has the potential to lead to findings in our annual, independent audit because the District’s financial records could fail to reflect the District’s financial position fairly and accurately.

Conclusion:

I recommend the Executive Committee review and discuss, then forward the item onto the April 22nd Board agenda with the Committee’s recommendation for Board approval.



Executive Committee Agenda Item: 5

Date: April 10, 2024
Subject: Encourage Compliance with Mandatory Training / Submittals
Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should engage in discussion regarding ways to improve Board Member compliance with mandatory training and mandatory submittals.

Current Background and Justification:

Presently, two Board Members are more than 400 days overdue for state mandated training on Ethics and Harassment Prevention. One Board Member is also overdue for submittal of their annual Statement of Economic Interests (Form 700 e-file).

Recently, a Board Member recommended the District should discuss adoption of a policy to encourage compliance. The statutes that require the mandatory Board Member training do NOT include any consequence for non-compliance, i.e. a law with no teeth. The statute that mandates annual submittals of the Statement of Economic Interests includes a fine, but the fine is only \$10 per day for late submittals.

In consideration of the above-described insufficient consequences for non-compliance, some agencies have adopted internal policies to increase compliance. Examples of such policies include:

- Restricting affected Board Member Compensation until compliance is established.
- Limiting affected Board Member eligibility for assignments, e.g. SGA, ACWA etc.

Conclusion:

I recommend the Executive Committee engage staff in discussion on the need for a new policy, then provide direction to staff.



Executive Committee Agenda Item: 6

Date: April 10, 2024

Subject: District Website Redesign Services Unsolicited Proposal

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review documents associated with this item, then engage staff in discussion and provide direction to staff.

Current Background and Justification:

The service provider, Streamline conducted unsolicited outreach recently. Streamline has been designated a “preferred provider” by the California Special Districts Association. Streamline previously provided a presentation and cost quote, but the prior quote was financially infeasible for the District.

This iteration of Streamline’s unsolicited quote was premised on the unaffordability of their previous quote. This quote is less expensive, but still four times higher than our current cost.

Conclusion:

I recommend the Executive Committee should review and discuss the quote, then provide direction to staff.



Streamline Platform - Subscription Agreement

CUSTOMER: **Rio Linda Elverta Community Water District**

ORDER DATE: **03 / 05 / 2024**

This Software as a Service Agreement (“Agreement”) is entered into on the start date listed below, between Streamline (DBA of Digital Deployment, Inc.) with a place of business at 3301 C Street #1000, Sacramento, CA 95816 (“Company”), and the Customer listed above (“Customer”). This Agreement incorporates the [Streamline Terms of Service](#). W9 is available online. **Most customers prefer annual billing for convenience, but all subscriptions are cancellable anytime with a written 30-day notice.**

DESCRIPTION OF SERVICES: See Page 2 for an overview of what Streamline Web includes, and for more information please review our [subscription-based website toolkit for local government](#) .

SUBSCRIPTION ORDER:

Name	Price
Compliance Basics	\$350.00

One-Time Build Costs: **\$1500**

Invoice Frequency: **Monthly**

Additional Billing Details: **na**

Order #: **17734903215**

Original Order? **Original**

Billing Start Date: **05 / 01 / 2024**

Paying with check?

Mail the check to: PO Box 207561, Dallas, TX 753207561

Billing Person:

Billing Address:

City, State, Zip:

Phone:

Email:

Streamline:

Name:

Title:

Date:

Signature:

Customer:

Name:

Title:

Date:

Signature:



STREAMLINE

(916) 900-6619

info@getstreamline.com

www.getstreamline.com

3301 C Street #1000, Sacramento, CA 95816



What Your Subscription Includes



Technology

- **Easy-to-use website tool allows you to control your content** - no more waiting on a vendor or IT.
- **Built-in ADA compliance** (the platform is fully accessible out of the “box”).
- **State-specific transparency dashboard** with checkpoints for all posting requirements.
- **Meeting dashboard with agenda reminders**, one-click agenda and minute upload that takes seconds.
- **Ongoing improvements** to existing features included at no cost - your software will never be out of date.



Setup and Training

- **Multiple options** for initial site build and migrating existing content.
- **Introduction to your state requirements** so you know what needs to be posted.
- **Training** for anyone on your staff via remote meeting to help you learn the system.
- **Free domain** included (acmemud.specialdistrict.org) or connect your own custom domain / web address.
- **Free SSL security certificate** so that your site is served over https and visitors are protected.



Ongoing Support

- **Unlimited support** is included for anyone on your staff responsible for updating the website.
- **Support system is built into your website** - get help with the click of a button.
- **Unlimited hosting** of content and files so you never have to “upgrade” your account.
- **Extensive knowledge base** of how-to articles and getting started guides are available 24/7.
- **Can't figure out how to send your question? That's ok, you'll have our technical support number, too.**

And if (when) your state passes additional website mandates, Streamline Web will be updated to help you comply as effortlessly as possible.



Executive Committee Agenda Item: 7

Date: April 10, 2024

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 February 2024, then forward the report onto the April 22, 2024 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
February 2024**

Type	Date	Num	Name	Memo	Amount
Liability Check	02/07/2024	EFT	QuickBooks Payroll Service	For PP Ending 02/03/24 Pay date 02/08/24	20,605.46
Liability Check	02/08/2024	EFT	CalPERS	For PP Ending 02/03/24 Pay date 02/08/24	3,650.10
Liability Check	02/08/2024	EFT	CalPERS	For PP Ending 02/03/24 Pay date 02/08/24	1,385.12
Liability Check	02/08/2024	EFT	Internal Revenue Service	Employment Taxes	7,799.10
Liability Check	02/08/2024	EFT	Employment Development	Employment Taxes	1,559.52
Liability Check	02/08/2024	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,201.12
Bill Pmt -Check	02/08/2024	EFT	Adept Solutions	Computer	1,340.72
Bill Pmt -Check	02/08/2024	EFT	Comcast	Telephone	109.16
Bill Pmt -Check	02/08/2024	EFT	Ramos Oil Inc.	Transportation Fuel	481.16
Bill Pmt -Check	02/08/2024	EFT	Republic Services	Utilities	174.03
Transfer	02/08/2024	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	17,000.00
Transfer	02/08/2024	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	50,984.00
Check	02/08/2024	2896	Customer	Final Bill Refund	271.58
Bill Pmt -Check	02/08/2024	2898	ABS Direct	Printing & Postage	1,081.06
Bill Pmt -Check	02/08/2024	2899	ACWA/JPIA Powers Insurance Authority	EAP	24.80
Bill Pmt -Check	02/08/2024	2900	BSK Associates	Lab Fees	1,760.00
Bill Pmt -Check	02/08/2024	2901	Buckmaster Office Solutions	Printing	37.00
Bill Pmt -Check	02/08/2024	2902	Government Finance Officers Association	Dues & AFCR	610.00
Bill Pmt -Check	02/08/2024	2903	ICONIX Waterworks	Distribution Supplies	334.03
Bill Pmt -Check	02/08/2024	2904	Oreilly Automotive	Transportation Maintenance	168.31
Bill Pmt -Check	02/08/2024	2905	Rio Linda Hardware & Building Supply	Shop Supplies	242.68
Bill Pmt -Check	02/08/2024	2906	Sierra Chemical Company	Treatment Supplies	1,386.00
Bill Pmt -Check	02/08/2024	2907	State Water Resources Control Board	Permit Fees	60.00
Bill Pmt -Check	02/08/2024	2908	Vanguard Cleaning	Janitorial	195.00
Bill Pmt -Check	02/08/2024	2909	Vasquez Engineering	Engineering	5,000.00
Bill Pmt -Check	02/08/2024	2910	Verizon Wireless	Telephone	45.24
Liability Check	02/21/2024	EFT	QuickBooks Payroll Service	For PP Ending 2/3/24 Pay date 2/22/24	20,353.74
EFT	02/23/2024	EFT	WageWorks	FSA Administration Fee	76.25
Liability Check	02/22/2024	EFT	CalPERS	For PP Ending 2/3/24 Pay date 2/22/24	3,650.10
Liability Check	02/22/2024	EFT	CalPERS	For PP Ending 2/3/24 Pay date 2/22/24	1,385.12
Liability Check	02/22/2024	EFT	Internal Revenue Service	Employment Taxes	7,760.76
Liability Check	02/22/2024	EFT	Employment Development	Employment Taxes	1,581.90
Liability Check	02/22/2024	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,215.51
Liability Check	02/22/2024	EFT	Kaiser Permanente	Health Insurance	2,822.86
Bill Pmt -Check	02/22/2024	EFT	PG&E	Utilities	125.68
Liability Check	02/22/2024	EFT	Principal	Dental & Vision Insurance	1,779.83
Bill Pmt -Check	02/22/2024	EFT	Ramos Oil Inc.	Transportation Fuel	715.07
Bill Pmt -Check	02/22/2024	EFT	Umpqua Bank Credit Card	Computer, Office, Postage, Shop Supplies, Staff Training, Telephone	2,127.81
Bill Pmt -Check	02/22/2024	EFT	Verizon	Field Communication, Field IT	487.31
Liability Check	02/22/2024	EFT	Western Health	Health Insurance	12,559.18
Check	02/22/2024	EFT	RLECWD - SURCHARGE ACCOUNT 1	Bi-monthly Transfer	88,358.47

**Rio Linda Elverta Community Water District
Expenditure Report
February 2024**

Type	Date	Num	Name	Memo	Amount
Check	02/22/2024	EFT	RLECWD - SURCHARGE ACCOUNT 2	Bi-monthly Transfer	73,478.04
Check	02/22/2024	2911	Customer	Final Bill Refund	59.53
Check	02/22/2024	2912	Customer	Final Bill Refund	70.81
Bill Pmt -Check	02/22/2024	2913	Continental Utility Solutions	Annual Maintenance & Technical Support	5,320.00
Bill Pmt -Check	02/22/2024	2914	Corelogic Solutions	Subscription	103.00
Bill Pmt -Check	02/22/2024	2915	DirectHit Pest Control	Building Maintenance	80.00
Bill Pmt -Check	02/22/2024	2916	Henrici, Mary	Retiree Insurance	514.30
Bill Pmt -Check	02/22/2024	2917	Oreilly Automotive	Transportation Fuel	219.30
Bill Pmt -Check	02/22/2024	2918	Rio Linda Elverta Recreation & Park District	Meeting Expense	100.00
Bill Pmt -Check	02/22/2024	2919	RW Trucking	Distribution Supplies	745.30
Bill Pmt -Check	02/22/2024	2920	Sacramento Business Journal	Subscription	170.00
Bill Pmt -Check	02/22/2024	2921	SMUD	Utilities	14,297.09
Bill Pmt -Check	02/22/2024	2922	Spok Inc.	Field Communication	15.69
Bill Pmt -Check	02/22/2024	2923	UniFirst Corporation	Uniforms	416.30
Bill Pmt -Check	02/22/2024	2924	White Brenner	Legal Services	433.20
Bill Pmt -Check	02/22/2024	EFT	Adept Solutions	Capital Improvement: Server Replacement	12,479.15
Bill Pmt -Check	02/22/2024	2925	Ferguson Enterprises	Capital Improvement: Small Meter Replacements	13,476.94
Total 10020 · Operating Account Budgeted Expenditures					<u>386,483.43</u>
Liability Check	02/08/2024	2897	Teamsters	Union Dues	813.00
Liability Check	02/08/2024	EFT	California State Disbursement Unit	Employee Garnishment	227.53
Liability Check	02/15/2024	EFT	AFLAC	Employee Funded Premiums	745.84
Liability Check	02/22/2024	EFT	California State Disbursement Unit	Employee Garnishment	227.53
EFT	02/29/2024	EFT	WageWorks	FSA Expenditures - Employee Funded	866.75
Total 10020 · Operating Account Non-Budgeted Expenditures: Employee Paid Pass-throughs					<u>2,880.65</u>

**Rio Linda Elverta Community Water District
Expenditure Report
February 2024**

Type	Date	Num	Payee	Memo	Amount
Transfer	02/22/2024	EFT	RLECWD	Capital Improvement Transfer for Funds paid with Operating: Refer to check EFT & 2925	25,956.09
10475 · Capital Improvement-Umpqua Bank					<u>25,956.09</u>



Executive Committee Agenda Item: 8

Date: April 10, 2024

Subject: Financial Statements

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review the Financial Reports of the District for the month of February 2024, then forward the report onto the April 22, 2024 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 February 29, 2024

ASSETS

Current Assets

100 - Cash & Cash Equivalents	
10000 - Operating Account	
10020 - Operating Fund-Umpqua	1,803,559.18
Total 10000 - Operating Account	<u>1,803,559.18</u>
10475 - Capital Improvement	
10480 - General	751,362.90
10485 - Vehicle Replacement Reserve	27,948.49
Total 10450 - Capital Improvement	<u>779,311.39</u>
Total 100 - Non-Restricted Cash & Cash Equivalents	2,582,870.57

102 - Restricted Assets

102.2 - Restricted for Debt Service	
10700 - ZIONS Inv/Surcharge 1 Reserve	534,707.54
10300 - Surcharge 1 Account	998,121.70
10350 - Umpqua Bank - Revenue Bond	86,989.04
10380 - Surcharge 2 Account	545,208.98
Total 102.2 - Restricted for Debt Service	<u>2,165,027.26</u>
102.4 - Restricted Other Purposes	
10385 - Available Funding Cr6 Projects #1	476,660.57
10481 - Available Funding Cr6 Projects #2	505,000.00
10490 - Future Capital Imp Projects	1,237,414.51
10600 - LAIF Account - Capacity Fees	929,264.92
10650 - Operating Reserve Fund	337,479.13
Total 102.4 - Restricted Other Purposes	<u>3,485,819.13</u>
Total 102 - Restricted Assets	5,650,846.39

Accounts Receivable	7.31
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Other Current Assets

12000 - Water Utility Receivable	48,174.02
12200 - Accrued Revenue	150,000.00
12250 - Accrued Interest Receivable	2,586.93
15000 - Inventory Asset	49,574.32
16000 - Prepaid Expense	57,210.12
Total Other Current Assets	<u>307,545.39</u>

Total Current Assets	8,541,269.66
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Fixed Assets

17000 - General Plant Assets	685,384.68
17100 - Water System Facilites	25,221,550.97
17300 - Intangible Assets	383,083.42
17500 - Accum Depreciation & Amort	-11,848,271.81
18000 - Construction in Progress	873,029.55
18100 - Land	576,672.45
Total Fixed Assets	<u>15,891,449.26</u>

Other Assets

18500 - ADP CalPERS Receivable	440,000.00
19000 - Deferred Outflows	1,106,047.00
19900 - Suspense Account	0.00
Total Other Assets	<u>1,546,047.00</u>

TOTAL ASSETS	25,978,765.92
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Rio Linda Elverta Community Water District

Balance Sheet

As of February 29, 2024

LIABILITIES & NET POSTION

Liabilities

Current Liabilities

Accounts Payable 43,634.24

Credit Cards 66.00

Other Current Liabilities 956,957.70

Total Current Liabilities 1,000,657.94

Long Term Liabilities

23000 - OPEB Liability 37,482.00

23500 - Lease Buy-Back 508,777.27

25000 - Surcharge 1 Loan 2,708,943.73

25050 - Surcharge 2 Loan 2,085,040.16

26000 - Water Rev Refunding 1,349,516.00

26500 - ADP CalPERS Loan 410,000.00

27000 - AMI Meter Loan 85,138.71

29000 - Net Pension Liability 824,024.00

29500 - Deferred Inflows-Pension 97,916.00

29600 - Deferred Inflows-OPEB 44,171.00

Total Long Term Liabilities 8,151,008.87

Total Liabilities 9,151,666.81

Net Position

31500 - Invested in Capital Assets, Net 9,494,326.46

32000 - Restricted for Debt Service 705,225.24

38000 - Unrestricted Equity 6,140,305.30

Net Income 487,242.11

Total Net Position 16,827,099.11

TOTAL LIABILITIES & NET POSTION 25,978,765.92

**Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
As of February 29, 2024**

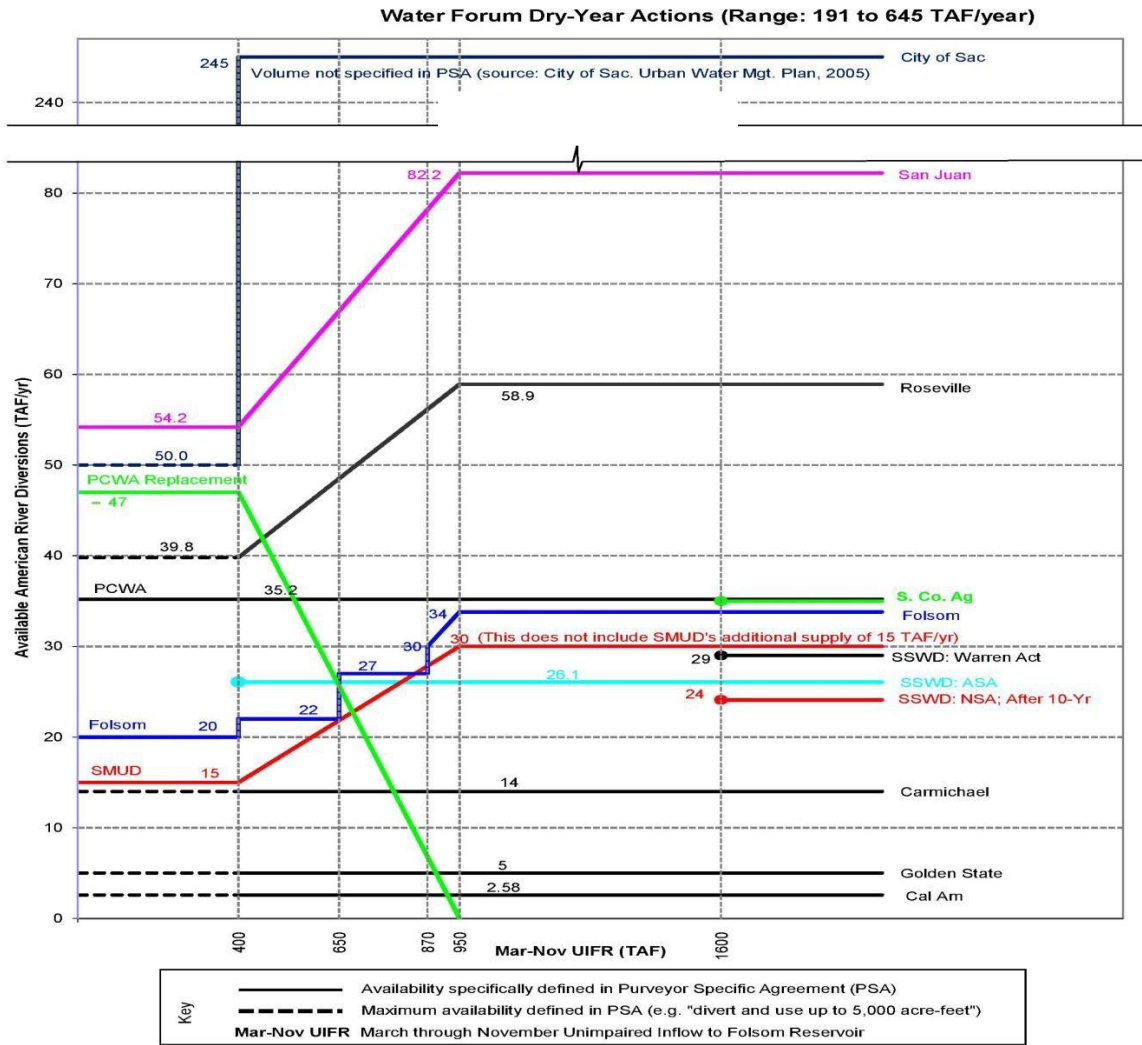
	<u>Annual Budget</u>	<u>Feb 24</u>	<u>YTD Jul 23-Feb 24</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	3,146,600.00	157,783.09	2,001,823.19	63.62%	1,144,776.81
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	35.00	3.35	27.01	77.17%	7.99
Surcharg Total 41110 · Investment Revenue	35.00	3.35	27.01	77.17%	7.99
41120 · Property Tax	118,000.00	68,640.35	73,265.25	62.09%	44,734.75
Total 41000 · Nonoperating Revenue	118,035.00	68,643.70	73,292.26	62.09%	44,742.74
Total Income	<u>3,264,635.00</u>	<u>226,426.79</u>	<u>2,075,115.45</u>	<u>63.56%</u>	<u>1,189,519.55</u>
Gross Income	3,264,635.00	226,426.79	2,075,115.45	63.56%	1,189,519.55
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	166,300.00	5,433.20	62,691.20	37.70%	103,608.80
60100 · Personnel Services					
60110 · Salaries & Wages	831,113.00	64,029.74	521,609.32	62.76%	309,503.68
60150 · Employee Benefits & Expense	496,718.00	36,158.71	277,144.11	55.80%	219,573.89
Total 60100 · Personnel Services	<u>1,327,831.00</u>	<u>100,188.45</u>	<u>798,753.43</u>	<u>60.16%</u>	<u>529,077.57</u>
60200 · Administration	251,681.00	11,556.33	182,275.75	72.42%	69,405.25
64000 · Conservation	500.00	0.00	333.84	66.77%	166.16
65000 · Field Operations	601,900.00	43,571.07	349,869.81	58.13%	252,030.19
Total 60000 · Operating Expenses	2,348,212.00	160,749.05	1,393,924.03	59.36%	954,287.97
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	156,908.00	0.00	63,908.00	40.73%	93,000.00
69110 · Interest	44,087.00	0.00	22,521.04	51.08%	21,565.96
Total 69100 · Revenue Bond	<u>200,995.00</u>	<u>0.00</u>	<u>86,429.04</u>	<u>43.00%</u>	<u>114,565.96</u>
69125 · AMI Meter Loan					
69130 · Principle	139,741.00	0.00	139,726.82	99.99%	14.18
69135 · Interest	3,972.00	-9.71	3,961.48	99.74%	10.52
Total 69125 · AMI Meter Loan	<u>143,713.00</u>	<u>-9.71</u>	<u>143,688.30</u>	<u>99.98%</u>	<u>24.70</u>
69200 · PERS ADP Loan					
69205 · Principle	30,000.00	0.00	0.00	0.00%	30,000.00
69210 · Interest	1,628.00	0.00	0.00	0.00%	1,628.00
Total 69100 · PERS ADP Loan	<u>31,628.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>31,628.00</u>
Total 69010 · Debt Service	<u>376,336.00</u>	<u>-9.71</u>	<u>230,117.34</u>	<u>61.15%</u>	<u>146,218.66</u>
69400 · Other Non-Operating Expense	2,300.00	0.00	1,430.00	62.17%	870.00
Total 69000 · Non-Operating Expenses	<u>378,636.00</u>	<u>-9.71</u>	<u>231,547.34</u>	<u>61.15%</u>	<u>147,088.66</u>
Total Expense	<u>2,726,848.00</u>	<u>160,739.34</u>	<u>1,625,471.37</u>	<u>59.61%</u>	<u>1,101,376.63</u>
Net Ordinary Income	<u>537,787.00</u>	<u>65,687.45</u>	<u>449,644.08</u>		
Net Income	<u><u>537,787.00</u></u>	<u><u>65,687.45</u></u>	<u><u>449,644.08</u></u>		

Rio Linda Elverta Community Water District
CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2023-24
 As of February 29, 2024

	GENERAL		VEHICLE & LARGE EQUIPMENT REPLACEMENT		FUTURE CAPITAL IMPROVEMENT PROJECTS		HEXAVALENT CHROMIUM MITIGATION	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
FUNDING SOURCES								
Fund Transfers								
Operating Fund Transfers In	611,800.00	407,872.00	-	-	-	-	-	-
CIP Fund Intrafund Transfers	(362,645.00)	-	10,000.00	-	352,645.00	-	-	-
PERS ADP Loan Payment								
Principle					30,000.00	-	-	-
Interest					1,628.00	-	-	-
Investment Revenue	85.00	74.98	-	-	175.00	93.21	-	-
PROJECTS								
A · WATER SUPPLY								
A-1 · Miscellaneous Pump Replacements	40,000.00	-						
Total A · WATER SUPPLY	40,000.00	-	-	-	-	-	-	-
B · WATER DISTRIBUTION								
B-1 · Service Replacements	30,000.00	-	-	-	-	-	-	-
B-2 · Small Meter Replacements	120,000.00	23,467.72	-	-	-	-	-	-
B-3 · Large Meter Replacements	5,000.00	-	-	-	-	-	-	-
B-4 · Pipeline Replacement	-	-	-	-	366,000.00	358,947.25	-	-
B-5 · Cathodic Protection Replacement - L Street Tower	45,000.00							
B-6 · Raising/Lowering Valve Covers	40,000.00							
B-7 · Well 15 Cr6 Treatment-Design	-	-	-	-	-	-	75,000.00	-
Total B · WATER DISTRIBUTION	240,000.00	23,467.72	-	-	366,000.00	358,947.25	75,000.00	-
M · GENERAL PLANT ASSETS								
M-1 · Server Replacement	24,000.00	12,479.15	-	-	-	-	-	-
Total M · GENERAL PLANT ASSETS	24,000.00	12,479.15	-	-	-	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	304,000.00	35,946.87	-	-	366,000.00	358,947.25	75,000.00	-

I. PURVEYOR SPECIFIC AGREEMENTS

Table 5.1 Summary of Water Forum Dry-Year Procedures



Water Forum Dry Year Procedures

Revised: 4/9/15

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

A. Introduction

Rio Linda/Elverta Community Water District (RLECWD) serves an area in the north central part of Sacramento County adjacent to the City of Sacramento and Placer County.

RLECWD currently has 4,060 connections all of which are metered. Within the District, over 1000 individual parcels are served by domestic and/or agricultural wells.

The current water supply for RLECWD is entirely groundwater.

B. Seven Elements of the *Water Forum Agreement*: Integrated Package

In order to achieve the Water Forum's two coequal objectives, providing a safe reliable water supply and preserving the values of the lower American River, all signatories to the *Water Forum Agreement* need to endorse and, where appropriate, participate in each of seven complementary actions.

- Increased surface water diversions
- Actions to meet customers' needs while reducing diversion impacts in drier years
- Support for an improved pattern of fishery flow releases from Folsom Reservoir
- Lower American River Habitat Management Element (HME)
- Water Conservation Element
- Groundwater Management Element
- Water Forum Successor Effort

For each interest to get its needs met, it has to endorse all seven elements. Based on this linkage, signatories agree to endorse and, where appropriate, participate in all seven of these elements.

C. Baseline Diversions from American River

Baseline diversions represent the historic maximum amount of water diverted annually from the American River through the year 1995.

Because RLECWD does not divert from the American River, no American River diversion is included in the baseline for RLECWD.

D. Agreement for meeting RLECWDs water supply needs to the year 2030

The 2030 projected water demand within the present geographical boundary of RLECWD is 17,035 acre-feet (AF). This projected demand is included in the North Central Group of Municipal and Industrial (M&I) Purveyors which also includes a portion of the [California-American Water Company \(CAWC\)](#) ~~Citizens Utilities Company, a portion of the Arcade Water~~

~~District, McClellan Air Force Base and portions of Sacramento Suburban Water District (SSWD) Northridge Water District.~~

The RLECWD acknowledges that decisions on how to maintain the long-term sustainable yield of the North Area groundwater basin will be made by the ~~Sacramento Groundwater Authority (SGA) Sacramento North Area Groundwater Management Authority (SNAGMA)~~ with representation of RLECWD on ~~SGAs SNAGMAs~~ governing board consistent with the joint powers agreement establishing ~~SGA SNAGMA~~.

As the purveyor of municipal and industrial water within its current and future expanded boundaries, RLECWD will construct appropriate facilities to meet its 2030 projected peak period water demand.

If ~~SGA SNAGMA~~ determines that it is necessary to acquire surface water for use within ~~SGAs SNAGMAs~~ boundaries, the District will cooperate with the Water Forum Successor Effort, ~~SGA SNAGMA~~, and other affected agencies to obtain the surface water to be used as part of ~~SGAs SNAGMAs~~ groundwater management program.

The District acknowledges that the *Water Forum Agreement* does not provide for a baseline quantity of groundwater. The District also acknowledges its responsibility for sharing in the cost to acquire surface water supplies if ~~SGA SNAGMA~~ determines such supplies are necessary to maintain the long-term sustainable yield of the Sacramento North Area groundwater basin.

E. Specific Agreements for Complying with the Seven Elements
(Agreements in italics are common in all Specific Agreements.)

1. All Signatories to the *Water Forum Agreement* will endorse all water entitlements needed for the diversions specified in each Purveyor Specific Agreement (PSA).

2. *All signatories will endorse construction of facilities to divert, treat and distribute water consistent with this PSA and the Water Forum Agreement including diversion structures, treatment plants, pumping stations, wells, storage facilities, and major transmission piping. Endorsement is also to be provided for necessary rights-of-ways, permits, and other endorsements which may be needed, in the context of the following five points:*

a. All signatories agree that implementation of the Water Forum Agreement including an improved pattern of fishery flow releases, the updated lower American River flow standard, the lower American River Habitat Management Element, actions to meet customers' needs while reducing diversion impacts in drier years, and the Water Conservation Element constitute reasonable and feasible mitigation for any cumulative impacts on the lower American River caused by diversions included in the Water Forum Agreement.

b. Environmental impacts of facilities to divert, treat and distribute water will be subject to site-specific environmental review. It is understood that signatories may

provide comments on site specific impacts. All signatories will work in good faith to agree on reasonable and feasible mitigation for any site-specific impacts.

c. To the extent that the water facilities are consistent with the Water Forum Agreement, signatories agree that they will not object to those water facilities based on the cumulative impacts to the lower American River. Nor will signatories object to water facilities consistent with the Water Forum Agreement based on the planned growth to be served by those water facilities (Reference [Chapter 4, Section IV ~~Section Four IV~~](#), Relationship of Water Forum Agreement to Land Use Decision-Making).

d. In the planning for new water diversion, treatment, and distribution facilities identified in the Water Forum Agreement, water purveyors signatory to the Agreement will either provide for a public participation process, such as meeting with already established citizen advisory committees, or other appropriate means to help design and implement these projects.

e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.

3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:

a. Speak before stakeholder boards and regulatory bodies,

b. Provide letters of endorsement,

c. Provide supportive comments to the media,

d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and

e. Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.

4. All signatories agree that participation in the Water Forum, and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the CPUC for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.

6. All signatories will endorse an improved pattern of fishery flow releases from Folsom Reservoir and reduced daily flow fluctuations for the lower American River (Reference [Chapter 3, Section III ~~Section Three, III~~](#)).
7. All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an improved pattern of fishery flow releases from Folsom Reservoir will be implemented.
8. All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.
9. All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.
10. All signatories will participate in the Water Forum Successor Effort to oversee, monitor and report on the implementation of the Water Forum Agreement (Reference [Chapter 3, Section VII ~~Section Three, VII~~](#), Water Forum Successor Effort). This includes participating with other signatories in carrying out procedural agreements as identified in the Water Forum Agreement. To the extent that conditions change in the future, all signatories will work together in good faith to identify ways to ensure that the two coequal goals of the Water Forum will still be met.
11. All signatories will endorse and, where appropriate, financially participate in the lower American River Habitat Management Element (Reference [Chapter 3, Section IV ~~Section Three, IV~~](#), lower American River Habitat Management Element).
12. All signatories will endorse and, where appropriate, implement the Water Conservation Element of the Agreement. ([Reference Section Three, V, Water conservation Element](#)). ~~This purveyor's implementation of water conservation will be as specified in its Water Conservation Plan which is incorporated as Appendix J to the Water Forum Agreement.~~
13. All signatories will endorse and, where appropriate, participate in implementation of the Sacramento Groundwater Authority (SGA) ~~Sacramento North Area Groundwater Management Authority~~ to maintain a North Area estimated average annual sustainable yield of 131,000 AF.
14. All signatories will endorse development of a groundwater management arrangement for the ~~Central South~~ Area and where appropriate participate in its development, to maintain a ~~Central South~~ Area estimated average annual sustainable yield of 273,000 AF.
15. All signatories will endorse development of a groundwater management arrangement for the ~~South Galt~~ Area and where appropriate participate in its development, to maintain a ~~South Galt~~ Area estimated average annual sustainable yield of 115,000 AF.

16. Signatories authorizing individuals to represent them in matters included within the Water Forum Agreement will ensure that representations made by those individuals are consistent with the Water Forum Agreement and are upheld by the signatories.
17. This Agreement is in force and effect for all signatories for the term of the Memorandum of Understanding, December 31, 2030.
18. Any solution that provides for future needs will have costs. New diversion, treatment, and distribution facilities, wells, conservation programs, and required environmental mitigation will be needed. This Agreement identifies that these solutions must be equitable, fiscally responsible, and make the most efficient use of the public's money.
- Water suppliers have both capital costs for facilities and operations and maintenance costs. This Agreement recommends that charges imposed to recover capital costs associated with water acquisition, treatment, or delivery be equitable. Any costs for facilities funded through bonds will be recovered as provided by law. In addition, signatories to the Water Forum Agreement agree that operational, maintenance and replacement costs should be recovered from beneficiaries of the system in accordance with California Government Code Sections 53720 to 53730 (Proposition 62) and California Constitution, Articles XIII, C and XIII, D (Proposition 218) and other laws to the extent they are applicable.
19. All signatories agree to endorse, and where appropriate, participate in Sacramento River Supply for North Sacramento County and Placer County (Reference [Chapter 4, Section III Section Four, III](#)).
20. All signatories will endorse, and where appropriate, participate in the section of the Water Forum Agreement entitled "Relationship of Water Forum Agreement to Land Use Decision-Making" (Reference [Chapter 4, Section IV ~~Four, IV~~](#)).
21. All signatories will endorse, and where appropriate, participate in the Folsom Reservoir Recreation Program (Reference [Chapter 4, Section V ~~Section Four, V~~](#)).
22. Purveyors signatory to the Water Forum Agreement will reference the Water Forum Agreement, including agreed upon estimated average annual sustainable yields of each of the three subareas of the groundwater basin in Sacramento County and limits to diversions from the American River in their water master plans and urban water management plans, which are used in providing information to cities and counties as required under Chapter 881 of the statutes of 1995.
23. Any transfers of American River water by signatories will be delivered in a manner consistent with an improved pattern of fishery flow releases as referenced in the Water Forum Agreement.

F. Assurances and Caveats

Because the *Water Forum Agreement* is a comprehensive set of linked elements, it is absolutely essential that adequate assurances be secured for every element. In an agreement that will extend over three decades, the timing of these assurances is critical. Full implementation of all seven elements cannot occur simultaneously. Therefore all signatories agree with the provisions in the Assurances and Caveats section of this *Water Forum Agreement*.

Two particularly important assurances are the updated lower American River flow standard and upstream American River diversion agreements.

All signatories agree they will recommend to the State Water Resources Control Board (SWRCB) an updated American River flow standard and updated Declaration of Full Appropriation to protect the fishery, wildlife, recreational and aesthetic values of the lower American River. The recommendation will include requirements for [Reclamation the U.S. Bureau of Reclamation](#) releases to the lower American River. In addition, the City of Sacramento's Fairbairn diversion will be required to comply with the diversion limitations of the City's PSA. The *Water Forum Agreement* also includes agreed upon dry year reductions by purveyors upstream of Nimbus Dam. The recommendation for an updated lower American River standard will be consistent with:

Water Forum Agreement provisions on water diversions including dry year diversions,
and
Implementation of the improved pattern of fishery flow releases which optimizes the release of water for the fisheries.

The recommendation will also address related issues such as principles to guide water management in the driest years, flexibility in the standard to allow adaptive management, and amending the existing "Declaration of Full Appropriation for the American River."

Purveyors signatory to the *Water Forum Agreement* who divert from upstream of Nimbus Dam agree they will enter into contract with [Reclamation the Bureau](#) that will provide assurances that the upstream diverters will divert only the agreed upon amounts, which include provisions for reductions in dry year and/or other equivalent measures.

In order to have a durable agreement it is necessary to include the following caveats. These are statements describing actions or conditions that must exist for the *Agreement* to be operative.

1. As specified below, each purveyor's commitment to implementing all provisions of the *Water Forum Agreement* is contingent on it successfully obtaining its water supply entitlements and facilities.
 - a. If a purveyor receives support from the other signatories to the *Agreement* for all of its facilities and entitlements as shown on [Table 3.1 the chart in Section Three, I,](#) of the *Water Forum Agreement* "~~Major Water Supply Projects that will Receive Water Forum Support Upon Signing The Water Forum Agreement,~~" and if it receives all necessary approvals for some or all of those facilities and

entitlements, then the purveyor will fully support and participate in the following provisions of the *Water Forum Agreement*:

- (1) Support for the improved pattern of fishery flow releases
- (2) Water Forum Successor Effort
- (3) Water Conservation Element
- (4) Lower American River HME
- (5) Support for the updated lower American River flow standard
- (6) Restriction of diversions or implementation of other actions to reduce diversion impacts in drier years as specified in its PSA.

and

b. If a purveyor is not successful in obtaining all necessary approvals for all of its facilities and entitlements as shown on [Table 3.1](#) ~~the chart in Section Three, I,~~ of the *Water Forum Agreement* ~~“Major Water Supply Projects that will Receive Water Forum Support Upon Signing The Water Forum Agreement,”~~ that would constitute a changed condition that would be considered by the Water Forum Successor Effort.

2. All signatories agree that business, citizens, and environmental signatories’ obligation to support, and where specified, implement all provisions of the *Water Forum Agreement* is contingent on implementation of those provisions of the *Agreement* that meet their interests.

3. A stakeholder’s support for water supply entitlements and facilities is contingent on:

a. Project-specific compliance with the California Environmental Quality Act (CEQA), and where applicable, the National Environmental Policy Act, federal Endangered Species Act and California Endangered Species Act.

b. Purveyors’ commitment in their project-specific Environmental Impact Reports (EIRs) and CEQA findings to: all seven elements of the *Water Forum Agreement*; support for updating the lower American River flow standard; commitment by those purveyors that divert from upstream of Nimbus Dam to entering into signed diversion agreements with [Reclamation the U.S. Bureau of Reclamation](#); commitment by the City of Sacramento to inclusion of the terms of the diversion provisions of its PSA into its water rights.

c. Signed diversion agreements between purveyors that divert upstream of Nimbus Dam and [Reclamation the U.S. Bureau of Reclamation](#). Other signatories to the *Water Forum Agreement* shall be third party beneficiaries to the diversion agreements solely for the purpose of seeking specific performance of the diversion agreements relating to reductions in surface water deliveries and/or

diversions if Reclamation fails to enforce any of those provisions. The status of a signatory to the *Water Forum Agreement* as a third party beneficiary to the diversion agreements is dependent on that signatory complying with all the terms of the *Water Forum Agreement*, including support for the PSA for the purveyor's project. This is not to intend to create any other third party beneficiaries to the diversion agreements, and expressly denies the creation of any third party beneficiary rights hereunder for any other person or entity.

d. Adequate progress on the updated lower American River standard. The schedule for obtaining the updated standard is in [Chapter 4, Section I Section Four, I](#), of the *Water Forum Agreement*.

e. Adequate progress in construction of the temperature control device.

f. Adequate progress in addressing the Sacramento River and Bay-Delta conditions associated with implementation of the *Water Forum Agreement*.

4. Environmental stakeholders' support for facilities and entitlements is dependent upon the future environmental conditions in the lower American River being substantially equivalent to or better than the conditions projected in the Water Forum EIR. If the future environmental conditions in lower American River environment are significantly worse than the conditions projected in the EIR, this would constitute a changed condition that would be considered by the Water Forum Successor Effort. Significant new information on the needs of the lower American River fisheries, which was not known at the time of execution of the *Water Forum Agreement*, would also constitute a changed condition that would be considered by the Water Forum Successor Effort.

G. Remaining Issues

None

Purveyor Specific Agreement Template and Guidance

Based on extensive conversations in the Water Supply Sustainability (WSS) working group, this document provides a guide for purveyors in the development of their draft commitments for surface water management in the Water Forum Agreement. Each section includes background information, key guidance for purveyors, and specific requests for information in a workbook format.

Purveyors are asked to prepare initial drafts and/or concepts related to surface water management within two-weeks of receiving this document in order to proceed according to the WF 2.0 schedule. The next steps will likely include scheduling inter-caucus reviews and discussions, and the compilation and review of collective proposals from the purveyors by staff and consultants.

Please return draft proposals to Water Forum staff by 04/17/2024.

Purveyor Background

This initial section should provide a brief overview of the purveyor's system and supplies. Key points of interest include:

- Supply Portfolio
 - Summary of surface water entitlements
 - Groundwater production capacity
 - Alternative supplies (current, planned)
- Distribution System Features of Note
 - Points of diversions, reservoirs, interties, groundwater infrastructure, etc.
- Current and Projected Demands

Surface Water Management

Purveyor commitments for surface water management will support Water Forum's coequal objectives by aligning with the draft surface water management guiding principles as stated below. It is acknowledged that each purveyor's situation is unique and the individual ability of any one purveyor to align with the principles will vary. In addition, it is acknowledged that there is an inherent tension between the coequal objectives and that when considered in isolation, they can be interpreted to be in conflict. The intention of the Water Forum is to prioritize the objectives equally, recognizing the need to holistically manage our water resources.

The coequal objectives of the Water Forum are:

- Provide a reliable and safe water supply for the region's economic health and planned development.
- Preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River.

The draft guiding principles below are categorized, for reference only, as primarily supporting water supply sustainability (WSS) or river health (RH). It is acknowledged that the same tension that exists between the coequal objectives can exist between the guiding principles.

1. Prioritize alternative supplies to surface water from the American River system in dry conditions to provide flow and water quality¹ benefits for the Lower American River. **(RH)**
 - a. Pursue opportunities for increased groundwater pumping to allow surface water to remain in the Lower American River. **(WSS, RH)**
 - b. Pursue opportunities for increased diversions from the Sacramento River as an alternative to surface water from the American River system. **(WSS, RH)**
2. Ensure surface water commitments are in balance with regional efforts for groundwater sustainability. **(WSS)**
 - a. Prioritize surface water diversions in wet conditions to allow groundwater recharge. **(WSS)**

The draft guiding principle below (#3) will require greater discussion within the working group and within the Water Forum to reach consensus on both the language, and as to where within the agreement the language could be most appropriate. It is possible that the statement may be better categorized as an assurance or caveat rather than a principle. For reference, there are two versions of the language stated below based on the discussion within the working group.

3. Protect regional surface water entitlements to ensure local control of water to benefit the coequal objectives. **(WSS, RH)**
3. Leverage regional surface water entitlements to ensure local control of water to benefit the coequal objectives. **(WSS, RH)**

In addition to the draft guiding principles above, purveyors are also asked to consider the implications for regional advocacy in the broader Central Valley Project (CVP) of commitments in the drier and driest conditions. Water Forum members consistently engage with Reclamation in seeking protections and assurances for Water Forum's coequal objectives through mechanisms such as end-of-year storage (among others). Recognizing that additional protections from the American River region have the potential to impact other CVP users, it is helpful for the Water Forum members to reliably indicate regional commitments supporting the same protections (i.e., end-of-year storage) to strengthen our position with Reclamation and other agencies.

Current Diversions

Purveyors will report their current level of American River diversions, which should be representative of levels within the last 5 to 10-years. Current diversions will provide context for the future projected diversions and any reductions to those projected diversions.

Future Projected Diversions

Purveyors will define their projected American River surface water diversions for an agreed-upon time-horizon. The projected diversions would be defined for conditions when the Unimpaired Inflow to Folsom Reservoir (UIFR) is above 950 TAF. This projected level of diversion will serve as the basis for purveyor commitments in drier and/or driest conditions. Projections for surface water demands,

¹ Including temperature, dissolved oxygen, and potentially other characteristics.

as stated in the purveyor Urban Water Management Plans (UWMPs), can be used to establish the projected level of diversions. See **Attachment 1** for guidance specific to the use of UWMPs in PSAs.

Drier Conditions Management

Purveyors will develop specific commitments for conditions when the UIFR is between 950 TAF and 400 TAF. Purveyors should indicate how the commitments are supporting the coequal objectives.

Within the working group, these commitments have been proposed as either reductions in diversions from future projected levels, or as contributions to a hypothetical stewardship fund, and have historically also included the release of replacement water from upstream reservoirs. The commitments in this hydrologic condition should take into consideration the draft guiding principles for surface water management, and the implications for regional advocacy within the CVP.

To the extent possible, purveyors should indicate their strategy to support flows on the lower American River and/or protect the coldwater pool in Folsom Reservoir. Purveyors can describe a range of actions, such as in lieu groundwater pumping, conservation, transfers, alternative supplies, or other tactics. To be noted, groundwater management, demand management, and dry-year actions are topics yet to be fully discussed within the working group. There will be forthcoming guidance on these topics for consideration in the PSAs.

Driest Conditions Management

Purveyors will develop specific commitments for conditions when the UIFR is less than 400 TAF. Purveyors should indicate how the commitments are supporting the coequal objectives

Within the working group, these commitments have been proposed as reductions in diversions from future projected, and have historically also included the release of replacement water from upstream reservoirs. The commitments in this hydrologic condition should take into consideration the draft guiding principles for surface water management, and the implications for regional advocacy within the CVP.

Another potential commitment during these conditions could be to limit total regional American River diversions to a historical level of diversion.

To the extent possible, purveyors should indicate their strategy to support flows on the lower American River and/or protect the coldwater pool in Folsom Reservoir. Purveyors can describe a range of actions, such as in lieu groundwater pumping, conservation, transfers, alternative supplies, or other tactics. To be noted, groundwater management, demand management, and dry-year actions are topics yet to be fully discussed within the working group. There will be forthcoming guidance on these topics for consideration in the PSAs.

Critically Low Storage Conditions

Climate change is expected to greatly increase the frequency of critically-low storage in Folsom Reservoir. Ensuring the region has contingency plans and redundant supplies available in the event of catastrophically low storage at Folsom Reservoir will be critical to protecting both of Water

Forum's coequal objectives. For reference, Figure 1 below indicates the implications of various storage conditions at Folsom Reservoir (storage shown on the x-axis).

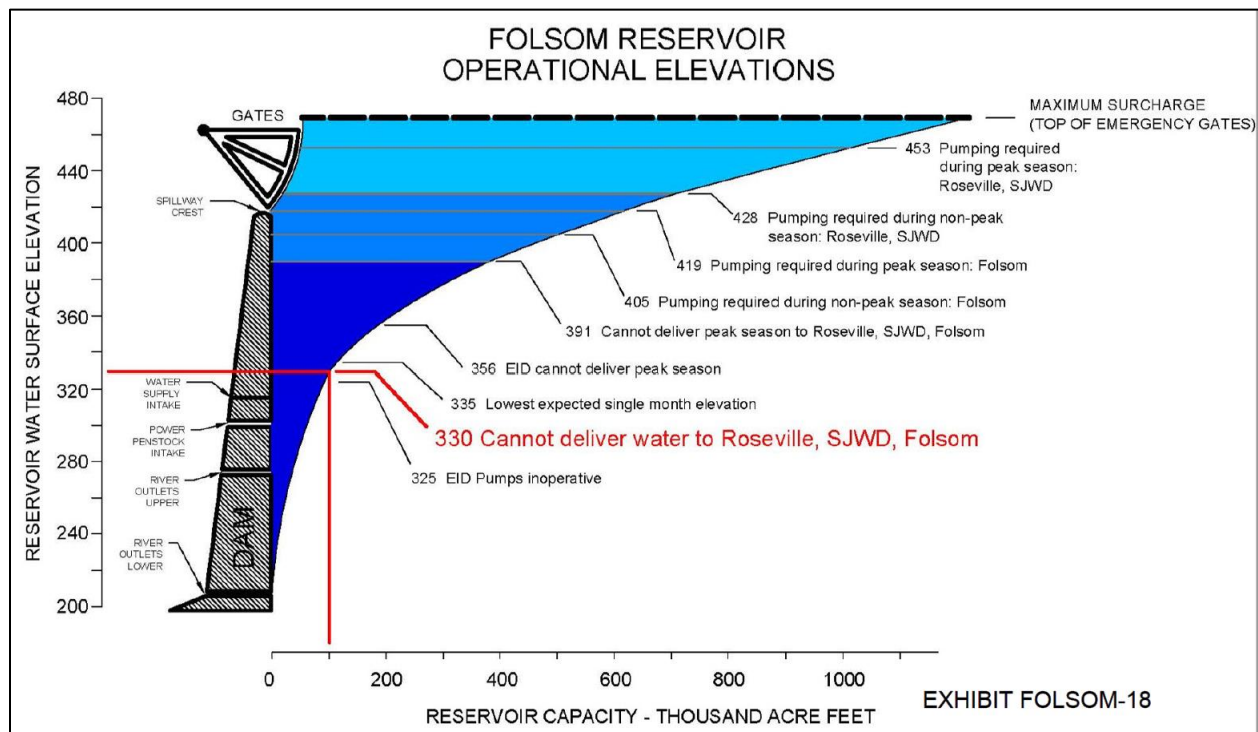


Figure 1. Folsom Reservoir Storage and Operational Elevations

As part of PSA development, the purveyors are asked to describe their expected plans of action and anticipated supplies (including sources) for the two conditions described below.

1. Potential operations in spring and summer when Folsom Reservoir storage is forecasted to reach 110 TAF at some point in the year.
2. Potential operations in summer and fall when Folsom Reservoir storage is below 110 TAF.

Project List

It is understood that to support the coequal objectives and mitigate challenges facing the region under future conditions, structural and non-structural projects will be needed. Purveyors are encouraged to provide a list and descriptions of projects they anticipate pursuing in their efforts to implement the proposed commitments outlined in the PSA.

Structural

List infrastructure projects that will support efforts to implement the proposed purveyor specific agreement, and to support the coequal objectives. Examples include diversions, interties, groundwater wells, treatment facilities, etc.

Non-Structural

List non-structural projects that will support efforts to implement the proposed purveyor specific agreement, and to support the coequal objectives. Examples include inter-agency agreements for

water transfers, changes to water right permits such as point of diversion, agency programs or initiatives, etc.

Caveats and Assurances

1. The ability for any individual purveyor to implement the surface water diversions principles will depend on their respective opportunities and constraints.
2. In circumstances where excess water is made available by Reclamation by Article 3(f) of a purveyor's Water Repayment Contract or by a Section 215 Contract between the purveyor and Reclamation due to flood control operations at Folsom Reservoir, for the purposes of groundwater recharge, that water would not be counted as diversion water within their PSA, regardless of year type.
3. Others

Attachment 1. UWMPs and the Water Forum Agreement

Future projected diversions based on the UWMPs would be updated on an agreed upon interval in alignment with the required reporting cycle of the UWMPs. The regional purveyors are required to develop UWMPs on a 5-year basis (per the requirements of California Water Code §10610-10656 and §10608). UWMPs are intended to support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. The UWMPs include projected demands and assessments of water supply reliability over a 20-year planning horizon (among other data and information). By using the projected demands as developed in the UWMPs for surface water diversion commitments, and including a process to update information as new UWMPs are completed, the Water Forum Agreement avoids duplicating efforts by regional water planners, and ensures the commitments made will more closely represent actual demands over the length of the agreement.

If an UWMP is referenced in the PSA, the following caveats and assurances are suggested:

1. As part of the development of their quinquennial UWMPs, purveyor signatories will provide information to Water Forum staff and signatories related to the data and assumptions to be reported in their UWMPs, including; demand projections, current and planned supplies, and drought planning scenarios. The WF staff will compile regional data and assumptions for presentation to the WF membership for review and discussion.
 - a. This assurance is intended to facilitate improved transparency and understanding related to the data and assumptions within the UWMPs, and to better elucidate any differences in assumptions by purveyors.

Attachment 2 – Draft WFA Table

Purveyor	Current Annual American River Diversions (TAF)	Future Projected Annual American River Diversions (TAF) <i>UIFR > 950 TAF</i>	Drier Year Annual American River Diversions (TAF) <i>950 TAF > UIFR > 400 TAF</i>	Driest Year Annual American River Diversions (TAF) <i>UIFR > 400 TAF</i>
Cal AM WC				
Carmichael WD				
City of Folsom				
City of Roseville				
City of Sacramento				
Del Paso Manor				
East Bay MUD				
EDCWA				
EID				
Florin WD				
Golden State WC				
Natomas Central Mutual				
PCWA				
Rio Linda				
SCWA				
SJWD				
SMUD				
South County Ag				
SSWD				