

RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT PUBLIC HEARING AND REGULAR MEETING OF THE BOARD OF DIRECTORS

August 20, 2018 (6:30 p.m.)

Visitor's / Depot Center
6730 Front Street
Rio Linda, Ca 95673
(916) 991-1000

AGENDA

The Board may discuss and take action on any item listed on this agenda, including items listed as information items. The Board may also listen to the other items that do not appear on this agenda, but the Board will not discuss or take action on those items, except for items determined by the Board pursuant to state law to be of an emergency or urgent nature requiring immediate action. The Board may address any item(s) in any order as approved by the Board.

The public will be given the opportunity to directly address the Board on each listed item during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, 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.

1. CALL TO ORDER, ROLL CALL and PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENT

Members of the public are invited to speak to the Board regarding items within the subject matter jurisdiction of the District that are not on the agenda or items on the consent agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160).

3. PUBLIC HEARING

3.1 Open Public Hearing

3.2 FY 2018-19 Operating and Capital Budget

The Board President will present the District's FY 2018-19 Operating and Capital budget.

3.3 Public Comment

3.4 Close Public Hearing

4. CONSENT CALENDAR

Action items: Approve Consent Calendar Items

4.1 Minutes

July 16, 2018

The Board is being asked to approve the Minutes from the July 16, 2018 Regular Board Meeting.

4.2 Expenditures

The Finance & Administrative Committee recommends the Board approve the July Expenditures.

4.3 Financial Reports

The Finance & Administrative Committee recommends the Board approve the July Financial Reports.

5. REGULAR CALENDAR

ITEMS FOR DISCUSSION AND ACTION

5.1 GM Report

The General Manager Tim Shaw will provide his monthly report to the Board of Directors.

5.2 District Engineer's Report

The District's Engineer will provide his monthly report to the Board of Directors.

5.3 Consider adoption of FY 2018-19 Operating and Capital Budget

5.4 Consider accepting Government Accounting Standards Bureau (GASB) 75 Actuarial Report for (Other Post-Employment Benefits (OPEB)).

5.5 Consider approval Request for Qualifications (RFQ) for Contract District Engineer

5.6 Status of Discussions with Elverta Associates LLC on Well #16 Property Donation

5.7 Discuss the proposed change in District hours of operation and consider directing the minimum lead time and method(s) for informing the public.

5.8 Discuss the Districts planned participation in the annual Rio Linda Country Faire.

5.9 Consider confirming any new Board Member assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.

6. INFORMATION ITEMS

6.1. DISTRICT ACTIVITY REPORT

- a. Water Operations Report
- b. Conservation Report

6.2. BOARD REPORTS

- a. Report any ad hoc committees dissolved by requirements in Policy 2.01.065.
- b. Regional Water Authority – Henrici
- c. Sacramento Groundwater Authority – Green, Harris
- e. LAFCO - Green
- f. Planning Committee – Dills, Harris
- g Finance / Administrative Committee – Ridilla, Henrici
- h AD Hoc Committees
 - 1. MOU Negotiations – Dills, Harris

2. GM Contract Revision – Henrici, Ridilla
- g. Other Reports

7. PUBLIC COMMENT FOR CLOSED SESSION

- 8. CLOSED SESSION** - The Board of Directors will convene to Closed Session to discuss the following item.

- A. **CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54954.5(f) and Government Code Section 54957.6) District Negotiators: Mary Henrici/John Ridilla
General Manager Employment Agreement revisions.

9. RECONVENE OPEN SESSION

Report of any actions taken in closes session.

10. DIRECTORS' AND GENERAL MANAGER COMMENTS

11. ADJOURNMENT

Upcoming meetings:

Planning Committee

September 7, 2018, Friday, 2:00 pm at the Sacramento Metro Fire Dept., 6609 Rio Linda Blvd, Rio Linda, CA 95673.

Finance / Administrative Committee

September 10, 2018, Monday, 6:30 pm at the Visitor's/Depot Center, 6730 Front Street, Rio Linda, CA 95673.

Regular Board Meeting

September 17, 2018, Monday, 6:30 pm at Visitor's /Depot Center, 6730 Front Street, Rio Linda, CA 95673.



**Public Hearing
Agenda Item: 3.2**

Date: August 20, 2018
Subject: FY 2018-19 Budget
Staff Contact: Timothy R. Shaw, General Manager

This is a Public Hearing for the FY 2018-19 Operating and Capital Budget -The Board President will address the public regarding the proposed budget.

Comments:



**Consent Calendar
Agenda Item: 4.1**

Date: August 20, 2018

Subject: Minutes

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

It is recommended that the Board of Directors approve the Regular Meeting minutes from July 16, 2018 meeting.

Current Background and Justification:

These minutes are to be reviewed and approved by the Board of Directors.

Conclusion:

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:____ Green:____ Ridilla:____ Henrici:____ Harris:_____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**MINUTES OF THE
JULY 16, 2018
BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

1. CALL TO ORDER, ROLL CALL and PLEDGE OF ALLEGIANCE

The July 16, 2018 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. at the Depot/Visitor Center located at 6730 Front Street, Rio Linda, CA. General Manager Tim Shaw took roll call of the Board of Directors. Director Dills, Director Harris, Director Henrici, Director Ridilla, Director Green and General Manager Tim Shaw were present. Director Ridilla led the pledge of allegiance.

2. PUBLIC COMMENT

Public member was present.

3.3 CONSENT CALENDAR

3.1 Minutes

June 18, 2018

3.2 Expenditures

3.3 Financial Reports

It was moved by Director Henrici and seconded by Director Ridilla to approve the Consent Calendar. Directors Henrici, Dills, Green, Harris and Ridilla voted yes. The motion carried with a unanimous vote of 5-0-0.

4. REGULAR CALENDAR

ITEMS FOR DISCUSSION AND ACTION

4.1 General Manager's Report

General Manager Tim Shaw provided the Board a written report of special events and meetings attended since the last Board meeting.

The Board made no action on this item

4.2 Consider authorizing a form of engagement with Coleman Engineering for professional services

General Manager, Tim Shaw introduced Simon Gray from Coleman Engineering.

The General Manager and Coleman Engineering executed a succinct engagement letter on June 25th for engineering service upon the contract termination on June 20th submitted by Affinity Engineering. The current engagement letter with Coleman Engineering is intentionally minimal, with a limited scope. The Planning Committee recommended extending the contract with Coleman Engineering until the RFQ process can be initiated. Mr. Shaw in the short term needs to

have Coleman Engineering evaluate an option that Affinity Engineering submitted for treating Cr6 at Well 10 to switch from mobile regeneration to replacing with new media.

No public comment on this item.

It was moved by Director Ridilla and seconded by Director Green to approve a short-term Master Service Agreement with Coleman Engineering and authorize GM Shaw to execute the documents. Directors Henrici, Dills, Green, Harris and Ridilla voted yes. The motion carried with a unanimous vote of 5-0-0.

4.3. Report on the status of discussions with Elverta Specific Plan Owners Group and Elverta Associates LLC.

The July 10th meeting with ESPOG yielded a concurrence that the Water Services Agreement Term Sheet Agreement concept should be scrapped due to the relatively simple approach ESPOG is currently proposing; pay as you go. This allows both sides to focus on negotiating a Water Service Agreement, obviating the need for a prerequisite agreement (signed term sheet). District request to meet with ESPOG and Elverta Associates in the same room have not yet yielded a meeting. ESPOG continues to deflect all discussions on Well #16 property donation to Elverta Associates LLC. Alternatively, ESPOG representatives expressed a desire to attend the August 3, 2018 Planning Committee.

General Manager Tim Shaw recommends the Board try to craft a Water Services Agreement (WSA) and have a distinct line between the WSA and the Well 16 Irrevocable Offer of Dedication, but if both parties don't budge the District can do without surface water and ESP. The District has a written term sheet agreement from ESPOG that discloses that once the District has met the requirements they will sign the property donation agreement. One of the ESP property owners is now stating they will not sign to donate the property until a WSA is executed.

Mr. Shaw asked the Board what direction the District would like to take in negotiations with ESPOG.

General Counsel, Barbara Brenner states that based on new numbers PF8 is not a requirement for the ESP's 1st phase they can rely on ground water. The tentative map approved by the County Board of Supervisors states in the report between the Regional Water Authority and the developers that there is enough ground water capacity to do phase 1 of ESP.

General Counsel recommended the Board explore other options to invest in for surface water during the 1st phase in the ESP development.

No public comment on this item.

The Board made no action on this item

4.4 Consider proposed revision to policy 2.01.150 and further consider rescinding Resolution No. 2008-08.

Modification to Policy 2.01.150 is minor in volume, but the sentence the Board President consultation prior to posting the agenda has been deleted.

The recommendation for rescinding Resolution 2008-08 stems from the reference to Resolution 2008-08 in the current version of Policy 2.01.150. Resolution 2008-08 adopts several policies in the District Policy Manual. The District Policy Manual has been adopted and re-adopted by Board action several times since Resolution 2008-08 was adopted.

Board President Harris read policies from other agency’s referencing the Board President is to be consulted when preparing the agendas for Board and Ad Hoc Meetings.

President Harris felt that a draft agenda should be sent to Board President and did not agree with the policy change.

No public comment on this item.

It was moved by Director Henrici and seconded by Director Dills to revise policy 2.01.150 option 1 removing “after consultation with the President” and rescind Resolution No. 2008-08. Henrici voted yes. Harris, Green voted no. Dills and Ridilla abstained. The motion failed with a vote of 1-2-2.

It was moved by Director Henrici and seconded by Director Ridilla to rescind Resolution No. 2008-08 of policy 2.01.150. Henrici, Dills, Ridilla and Green voted yes. Harris abstained. The motion passed with a vote of 4-0-1.

4.5 Consider proposed revision to the District’s surplus property policies, 3.06.600 through 3.06.800.

No public comment on this item

It was moved by Director Dills and seconded by Director Green to adopt the policy revision to the District’s surplus property policy, 3.06.600 through 3.06.800. Henrici, Dills, Harris, Green and Ridilla voted yes. The motion carried with a unanimous vote of 5-0-0.

4.5.1 Considering declaring surplus status and authorizing disposition for the following assets:

- A. Ricoh 6001 refurbished copier/printer - Electronic Auction.**
- B. Ricoh 2000 refurbished copier/printer – Electronic Auction.**
- C. Vehicles:2004 Ford Ranger 2-door Supercab 3.0L XL, 2001 Ford F-150 Supercab 139" XL, 1995 Ford F350 Super-Duty.- Electronic Auction.**
- D. 1998 Ingersoll Rand Compressor (broken and disassembled) – Electronic Auction.**
- E. Dell Power Edge T110 Server, (old file server, “Topaz”) warranty expires next month. – Destruction by IT consultant to avoid unauthorized file recovery**
- F. Blanket authorization of surplus status for brass (old meters) and copper tubing. - Brass and copper tube less than 10-ft to be recycled, copper longer than 5-ft to be electronic auctioned.**

No public comment on this item

It was moved by Director Henrici and seconded by Director Ridilla to declare all property listed on the agenda as surplus according to policy 3.06.600 through 3.06.800. Henrici, Dills, Harris, Green and Ridilla voted yes. The motion carried with a unanimous vote of 5-0-0.

4.6 Consider confirming any new Board Member assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.

4.6.1 General Unit MOU Renewal Negotiating Ad Hoc.

The Board President nominated Director Dills and Director Harris for the MOU Negotiating Ad Hoc Committee.

4.6.2 General Manager Employment Agreement Ad Hoc.

The Board President nominated Director Henrici and Director Ridilla for the General Manager Employment Agreement Ad Hoc Committee.

No public comment on this item.

It was moved by Director Henrici and seconded by Director Ridilla to appoint Directors Dills and Harris for the MOU Negotiation Ad Hoc Committee and Directors Henrici and Ridilla to the General Manager Employment Agreement Ad Hoc Committee. Henrici, Dills, Harris, Green and Ridilla voted yes. The motion carried with a unanimous vote of 5-0-0.

4.7 Consider approving revisions to the new employee selection section of the RLECWD Personnel Handbook.

No public comment on this item.

The Personnel Handbook revisions are being suggested due to being outdated.

It was moved by Director Dills and seconded by Director Green to revise the new employee selection section of the RLECWD Personnel Handbook. Henrici, Dills, Harris, Green and Ridilla voted yes. The motion carried with a unanimous vote of 5-0-0.

4.8 Consider reporting out on the probationary status of the General Manager (no staff report associated with this item).

No public comment on this item.

Board President Harris reported that the General Manager, Timothy R. Shaw passed probation.

5. INFORMATION ITEMS

5.1. DISTRICT ACTIVITY REPORT

- a. Water Operations Report
- b. Conservation Report

5.2. BOARD REPORTS

- a. Regional Water Authority – Agenda and Executive Summary provided.
- b. Sacramento Groundwater Authority – No Meeting.
- c. LAFCO – Green –
- d. Planning Committee – Brent, Harris – Minutes provided.
- e. Finance / Administrative Committee – Minutes provided.
- f. AD Hoc Committees – None currently assigned.
- g. Completed and Pending Items-

6. PUBLIC COMMENT FOR CLOSED SESSION

7. CLOSED SESSION - The Board of Directors will convene to Closed Session to discuss the following item:

A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (one potential case).

8. RECONVENE OPEN SESSION

8.1 REPORT OF ACTIONS TAKEN IN CLOSED SESSION.

The Board will disclose any reportable actions taken and/or directed in closed session.

The Board reconvened to open session at 8:37 p.m.
No reportable action was taken.

9. DIRECTORS' AND GENERAL MANAGER COMMENTS

No Comments

10. ADJOURNMENT

President Harris adjourned the meeting at 8.39 p.m.

Respectfully submitted,

Timothy R. Shaw, Secretary

Mary Harris, President of the Board

DRAFT



**Consent Calendar
Agenda Item: 4.2**

Date: August 20, 2018

Subject: Expenditures

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Finance and Administrative Committee recommends approval of the Expenditures for the month of July 2018.

Current Background and Justification:

These expenditures have been completed since the last regular meeting of the Board of Directors.

Conclusion:

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:___ Green:___ Ridilla:___ Henrici:___ Harris:_____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

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

Type	Date	Num	Name	Memo	Amount
Liability Check	07/03/2018	EFT	QuickBooks Payroll Service	For PP Ending 06/30/2018 Paydate 07/05/2018	15,865.71
Liability Check	07/05/2018	EFT	CalPERS	For PP Ending 06/30/2018 Paydate 07/05/2018	1,469.29
Liability Check	07/05/2018	EFT	CalPERS	For PP Ending 06/30/2018 Paydate 07/05/2018	1,670.15
Liability Check	07/05/2018	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	07/05/2018	EFT	Nationwide	Employee Benefits	1,078.40
Bill Pmt -Check	07/05/2018	EFT	Adept Solutions	Computer Maintenance	1,109.00
Bill Pmt -Check	07/05/2018	EFT	Comcast	Phone/Internet	413.45
Bill Pmt -Check	07/05/2018	EFT	Republic Services	Utilities	87.40
Bill Pmt -Check	07/05/2018	EFT	Sprint	Field Communication	143.23
Bill Pmt -Check	07/05/2018	EFT	Voyager Fleet Commander	Transportation Fuel	956.69
Liability Check	07/05/2018	EFT	Internal Revenue Service	Employment Taxes	5,409.06
Liability Check	07/05/2018	EFT	Employment Development	Employment Taxes	1,090.69
Paycheck	07/05/2018	5466	Employee	For PP Ending 06/30/2018 Paydate 07/05/2018	184.70
Check	07/05/2018	5467	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	07/05/2018	5468	Community Business Bank	AMI Meter Loan Payment	29,256.96
Check	07/05/2018	5469	Sacramento County Clerk/Recorder	Lien Fees	69.00
Liability Check	07/05/2018	5470	Franchise Tax Board	Employee Garnishment	297.24
Check	07/05/2018	5471	Customer	Final Bill Refund	100.00
Check	07/05/2018	5472	Customer	Final Bill Refund	53.81
Bill Pmt -Check	07/05/2018	5473	ACWA/JPIA	Employee Benefits	21.15
Bill Pmt -Check	07/05/2018	5474	Affinity Engineering	Engineering Fees	5,185.00
Bill Pmt -Check	07/05/2018	5475	Affordable Heating & Air	Building Maintenance	240.00
Bill Pmt -Check	07/05/2018	5476	Bartle Wells Associates	Professional Fees: Rate Study	1,020.00
Bill Pmt -Check	07/05/2018	5477	Corix Water Products	Distribution Supplies	955.75
Bill Pmt -Check	07/05/2018	5478	CPS HR Consulting	Professional Fees: Salary & Benefit Survey	18,000.00
Bill Pmt -Check	07/05/2018	5479	Elk Grove Security Systems	Security Service	84.00
Bill Pmt -Check	07/05/2018	5480	GM Construction & Developers	Contract Services	1,200.00
Bill Pmt -Check	07/05/2018	5481	Government Finance Office Association	Office Expense	160.00
Bill Pmt -Check	07/05/2018	5482	Johnson Controls Fire Protection	Safety	507.92
Bill Pmt -Check	07/05/2018	5483	O'Reilly Automotive Inc	Transportation Maintenance	127.00
Bill Pmt -Check	07/05/2018	5484	Phelan, Michael	Retiree Insurance: Lifetime Benefit	3,150.00
Bill Pmt -Check	07/05/2018	5485	Rio Linda Hardware and Building Supply	Shop Supplies	102.78
Bill Pmt -Check	07/05/2018	5486	Sierra Chemical Company	Chemical Supplies	1,996.92
Bill Pmt -Check	07/05/2018	5487	SMUD	Utilities	17,719.28
Bill Pmt -Check	07/05/2018	5488	State Water Resource Control Board	License Renewal	60.00
Bill Pmt -Check	07/05/2018	5489	The News	Publication	100.00
Bill Pmt -Check	07/05/2018	5490	USA Bluebook	Safety	1,060.91
Bill Pmt -Check	07/05/2018	5491	USPS	Postage	225.00
Bill Pmt -Check	07/05/2018	5492	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	07/05/2018	5493	Affinity Engineering	Capital Improvement: Well 10	4,090.00
Liability Check	07/16/2018	EFT	AFLAC	Employee Benefits	584.98
Liability Check	07/19/2018	EFT	QuickBooks Payroll Service	For PP Ending 07/15/18 Pay date 07/20/18	16,643.48
Liability Check	07/20/2018	EFT	CalPERS	For PP Ending 07/15/18 Pay date 07/20/18	1,601.71
Liability Check	07/20/2018	EFT	CalPERS	For PP Ending 07/15/18 Pay date 07/20/18	1,721.51
Bill Pmt -Check	07/20/2018	EFT	CalPERS	Unfunded Accrued Liability PEPRA	290.00
Bill Pmt -Check	07/20/2018	EFT	CalPERS	Unfunded Accrued Liability Classic	79,233.00

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

Type	Date	Num	Name	Memo	Amount
Liability Check	07/20/2018	EFT	Internal Revenue Service	Employment Taxes	5,746.98
Liability Check	07/20/2018	EFT	Employment Development	Employment Taxes	1,176.59
Liability Check	07/20/2018	EFT	Nationwide	Employee Benefits	1,119.63
Liability Check	07/20/2018	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	07/20/2018	EFT	Western Health Advantage	Employee Benefits	11,406.71
Check	07/20/2018	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	40,000.00
Check	07/20/2018	EFT	RLECWD - SURCHARGE ACCOUNT 1	Current Monthly Transfer	42,500.00
Check	07/20/2018	EFT	RLECWD - Operating	Transfer funds for Security Deposits paid with Credit Card	1,100.00
Check	07/20/2018	EFT	RLECWD - Capital Improvement	Transfer Capacity Fees to Capital Improvement	14,062.01
Bill Pmt -Check	07/20/2018	EFT	Bankcard Center 2911	Computer, Postage	45.99
Bill Pmt -Check	07/20/2018	EFT	Bankcard Center 4506	Distribution Supplies	135.26
Bill Pmt -Check	07/20/2018	EFT	Bankcard Center 7806	Distribution Supplies, Meetings, Shop Supplies, Pump Maint	985.37
Bill Pmt -Check	07/20/2018	EFT	Verizon	Field IT	261.05
Paycheck	07/20/2018	5494	Employee	For PP Ending 07/15/18 Pay date 07/20/18	92.35
Liability Check	07/20/2018	5495	Teamsters Local #150	Union Dues	560.00
Check	07/20/2018	5496	Postmaster	Postage	2,297.79
Check	07/20/2018	5497	Customer	Customer Final Bill Refund	36.33
Check	07/20/2018	5498	Customer	Customer Toilet Rebate	75.00
Check	07/20/2018	5499	Customer	Customer Final Bill Refund	145.81
Bill Pmt -Check	07/20/2018	5500	American Mobile Shredding	Office Expense	25.00
Bill Pmt -Check	07/20/2018	5501	Aqua-Tech Company	Tank Maintenance	3,300.00
Bill Pmt -Check	07/20/2018	5502	BHI Management Consulting	Consulting Fees	1,160.00
Bill Pmt -Check	07/20/2018	5503	BSK Associates	Lab Fees	2,910.00
Bill Pmt -Check	07/20/2018	5504	Churchwell White	Legal Services	5,714.10
Bill Pmt -Check	07/20/2018	5505	City of Foster City	Publishing	250.00
Bill Pmt -Check	07/20/2018	5506	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	07/20/2018	5507	Corix Water Products	Distribution Supplies	1,194.95
Bill Pmt -Check	07/20/2018	5508	Engergy Systems	Pump Maintenance	4,043.26
Bill Pmt -Check	07/20/2018	5509	PG&E	Utilities	47.06
Bill Pmt -Check	07/20/2018	5510	Quill Corporation	Office Expense	53.75
Bill Pmt -Check	07/20/2018	5511	Regional Water Authority	Water Membership; Regional Conservation Program	14,715.00
Bill Pmt -Check	07/20/2018	5512	Rio Linda/Elverta Recreation & Park	Meeting Fee	75.00
Bill Pmt -Check	07/20/2018	5513	Sacramento County Utilities	Utilities	112.59
Bill Pmt -Check	07/20/2018	5514	Sacramento Groundwater Authority	Water Membership	24,866.00
Bill Pmt -Check	07/20/2018	5515	Sierra Chemical Company	Chemical Supplies	1,990.42
Bill Pmt -Check	07/20/2018	5516	Spok, Inc.	Field Communication	15.17
Bill Pmt -Check	07/20/2018	5517	UniFirst Corporation	Uniforms	166.19
Bill Pmt -Check	07/20/2018	5518	USA BlueBook	Safety	608.25
Bill Pmt -Check	07/20/2018	5519	WellTec Inc.	Pump Maintenance	511.70
Bill Pmt -Check	07/20/2018	5520	Nor-Cal Pump & Well Drilling	Capital Improvement: Well 16	35,886.70
Bill Pmt -Check	07/20/2018	5521	Wood Rodgers	Capital Improvement: Well 16	1,032.50
Liability Check	07/25/2018	EFT	Dental and Vision Ins.com	Employee Benefits	1,961.10
Total 10000 - Bank - Operating Account					455,345.53

Accrual Basis

Rio Linda Elverta Community Water District
Other Accounts Expenditure Report
July 2018

Type	Date	Num	Payee	Memo	Amount
Check	07/20/2018	EFT	RLECWD - Operating Account	June 2018 Security Deposits Applied	400.00
10100 · Security Deposits					<u>400.00</u>

Type	Date	Num	Payee	Memo	Amount
Transfer	07/05/2018	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5493	4,090.00
Transfer	07/20/2018	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5520, 5521	36,919.20
10455 · Capital Improvement Reserve					<u>41,009.20</u>





**Consent Calendar
Agenda Item: 4.3**

Date: August 20, 2018

Subject: Financial Reports

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Finance and Administrative Committee recommends approval of the Districts Financial Reports for the month of July 2018.

Current Background and Justification:

The financial reports are for the District’s balance sheet, profit and loss, and capital improvements year to date.

Conclusion:

These financials are to be presented to the Board of Directors in order to inform them of the District’s current financial condition.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:____ Green:____ Ridilla:____ Henrici:____ Harris:_____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Accrual Basis

Rio Linda Elverta Community Water District
Balance Sheet
As of July 31, 2018

ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents

10000 · Operating Account

10005 · Operating Fund 51,440.55

10010 · Operating Reserve Fund 250,000.00

Total 10000 · Operating Account 301,440.55

10100 · Trust/Security Deposit Account 44,752.00

10450 · Capital Improvement

10455 · Capital Improvement Fee Reserve 703,246.77

10460 · Vehicle Replacement Reserve 0.00

10465 · Cr6 Project 11,994.40

Total 10450 · Capital Improvement 715,241.17

10600 · LAIF GASB 45 15,992.96

Total 100 · Cash & Cash Equivalents 1,077,426.68

102 · Restricted Assets

102.1 · Restricted Capital Improvements

10700 · ZIONS Inv/Surcharge Reserve 491,624.20

Total 102.1 · Restricted Capital Improvements 491,624.20

102.2 · Restricted for Debt Service

10300 · Surcharge 1 Account 535,425.00

10325 · Community Business Bank 92,985.66

10350 · Umpqua Bank 57,267.98

10350 · Surcharge 2 Account 399,727.84

Total 102.2 · Restricted for Debt Service 1,085,406.48

Total 102 · Restricted Assets 1,577,030.68

Total Checking/Savings 2,654,457.36

Accounts Receivable 9,212.48

Other Current Assets

12000 · Water Utility Receivable 592,011.42

12200 · Accrued Revenue 0.00

12250 · Accrued Interest Receivable 1,632.50

15000 · Inventory Asset 96,793.78

16000 · Prepaid Expense 106,727.77

Total Other Current Assets 797,165.47

Total Current Assets 3,460,835.31

Fixed Assets

17000 · General Plant Assets 713,628.60

17100 · Water System Facilites 21,565,518.10

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -8,241,347.85

18000 · Construction in Progress 595,995.98

18100 · Land 496,673.45

Total Fixed Assets 15,503,511.70

Other Assets

19000 · Deferred Outflows 297,772.00

19900 · Suspense Account 36.33

Total Other Assets 297,808.33

TOTAL ASSETS 19,262,155.34

Rio Linda Elverta Community Water District
Balance Sheet
 As of July 31, 2018

LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	58,318.61
Credit Cards	5,389.45
Other Current Liabilities	700,664.42
Total Current Liabilities	764,372.48
Long Term Liabilities	
23000 · OPEB Liability	22,453.00
23500 · Lease Buy-Back	755,052.27
25000 · Surcharge 1 Loan	4,364,411.26
25050 · Surcharge 2 Loan	99,140.82
26000 · Water Rev Refunding	2,091,606.00
27000 · Community Business Bank	342,485.52
29000 · Net Pension Liability	902,961.00
29500 · Deferred Inflows-Pension	40,436.00
Total Long Term Liabilities	8,618,545.87
Total Liabilities	9,382,918.35
Equity	
31500 · Invested in Capital Assets, Net	6,698,923.46
32000 · Restricted for Debt Service	699,786.24
38000 · Unrestricted Equity	2,442,785.19
Net Income	37,742.10
Total Equity	9,879,236.99
TOTAL LIABILITIES & EQUITY	19,262,155.34

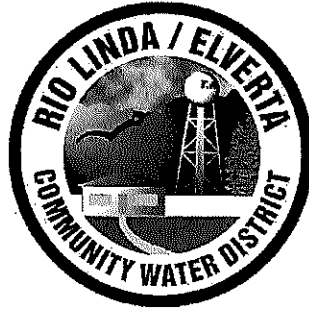
Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
 July 2018

11

	<u>Annual Budget</u>	<u>Jul 18</u>	<u>Jul 18</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	2,664,429.00	158,227.21	158,227.21	5.94%	2,506,201.79
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	400.00	15.60	15.60	3.90%	384.40
Total 41110 · Investment Revenue	400.00	15.60	15.60	3.90%	384.40
41120 · Property Tax	70,000.00	0.00	0.00	0.00%	70,000.00
Total 41000 · Nonoperating Revenue	70,400.00	15.60	15.60	0.02%	70,384.40
Total Income	<u>2,734,829.00</u>	<u>158,242.81</u>	<u>158,242.81</u>	<u>5.79%</u>	<u>2,576,586.19</u>
Gross Income	2,734,829.00	158,242.81	158,242.81	5.79%	2,576,586.19
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	163,331.00	5,760.38	5,760.38	3.53%	157,570.62
60100 · Personnel Services					
60110 · Salaries & Wages	665,414.00	24,404.90	24,404.90	3.67%	641,009.10
60150 · Employee Benefits & Expense	451,439.00	30,239.62	30,239.62	6.70%	421,199.38
Total 60100 · Personnel Services	<u>1,116,853.00</u>	<u>54,644.52</u>	<u>54,644.52</u>	<u>4.89%</u>	<u>1,062,208.48</u>
60200 · Administration	263,977.00	52,769.05	52,769.05	19.99%	211,207.95
64000 · Conservation	6,748.00	5,123.00	5,123.00	75.92%	1,625.00
65000 · Field Operations	419,175.00	23,821.09	23,821.09	5.68%	395,353.91
Total 60000 · Operating Expenses	1,970,084.00	142,118.04	142,118.04	7.21%	1,827,965.96
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	133,163.00	0.00	0.00	0.00%	133,163.00
69110 · Interest	65,726.00	0.00	0.00	0.00%	65,726.00
Total 69100 · Revenue Bond	<u>198,889.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>198,889.00</u>
69125 · AMI Meter Loan					
69130 · Principle	46,818.00	23,228.99	23,228.99	49.62%	23,589.01
69135 · Interest	11,696.00	6,027.97	6,027.97	51.54%	5,668.03
Total 69125 · AMI Meter Loan	<u>58,514.00</u>	<u>29,256.96</u>	<u>29,256.96</u>	<u>50.00%</u>	<u>29,257.04</u>
Total 69010 · Debt Service	<u>257,403.00</u>	<u>29,256.96</u>	<u>29,256.96</u>	<u>11.37%</u>	<u>228,146.04</u>
69400 · Other Non-Operating Expense	2,000.00	0.00	0.00	0.00%	2,000.00
Total 69000 · Non-Operating Expenses	<u>259,403.00</u>	<u>29,256.96</u>	<u>29,256.96</u>	<u>11.28%</u>	<u>230,146.04</u>
Total Expense	<u>2,229,487.00</u>	<u>171,375.00</u>	<u>171,375.00</u>	<u>7.69%</u>	<u>2,058,112.00</u>
Net Ordinary Income	<u>505,342.00</u>	<u>-13,132.19</u>	<u>-13,132.19</u>		
Net Income	<u>505,342.00</u>	<u>-13,132.19</u>	<u>-13,132.19</u>		

CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2018-2019
July 2018

	GENERAL		CONNECTIONS		CHROMIUM MITIGATION & NEW WELLS		VEHICLE REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
BEGINNING FUND BALANCE	\$ 1,426,064.00	\$ 1,426,064.00	\$ 129,988.00	\$ 129,988.00	\$ (454,317.00)	\$ (454,317.00)	\$ -	\$ -
FUNDING SOURCES								
Fund Transfers								
Operating Fund Transfers In	500,000.00	40,000.00	-	-	-	-	-	-
CIP Fund Intrafund Transfers	(10,000.00)	-	-	-	-	-	10,000.00	-
Surcharge 2 Surplus Repayment	-	-	-	-	435,752.00	-	-	-
Contributed Funding								
Capacity Fee Revenue	-	-	40,000.00	-	-	-	-	-
Contributed Facilities (Developers)	-	-	-	-	-	-	-	-
Grant Revenue	-	-	-	-	20,000.00	-	-	-
Loan Proceeds-OPUS Bank	-	-	-	-	2,468,239.00	-	-	-
Investment Revenue	350.00	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	1,916,414.00	1,466,064.00	169,988.00	129,988.00	2,469,674.00	(454,317.00)	10,000.00	-
PROJECTS								
A - WATER SUPPLY								
A-1 - Well 10 - Cr6 Treatment	-	-	-	-	40,000.00	-	-	-
A-2 - Well 16	-	-	-	-	2,448,239.00	-	-	-
A-3 - Well 17	25,000.00	-	-	-	-	-	-	-
A-4 - Miscellaneous Pump Replacements	40,000.00	-	-	-	-	-	-	-
Total A - WATER SUPPLY	65,000.00	-	-	-	2,488,239.00	-	-	-
B - WATER DISTRIBUTION								
B-1 - System Valve Replacements	35,000.00	-	-	-	-	-	-	-
B-2 - Paving Replacements	25,000.00	-	-	-	-	-	-	-
B-3 - Service Replacements	30,000.00	-	-	-	-	-	-	-
B-4 - Large Meter Replacements	5,000.00	-	-	-	-	-	-	-
Total B - WATER DISTRIBUTION	95,000.00	-	-	-	-	-	-	-
M - GENERAL PLANT ASSETS								
M-1 - Ice Machine	3,500.00	2,803.96	-	-	-	-	-	-
M-2 - Billing Software Upgrade	25,000.00	-	25,000.00	-	-	-	-	-
Total M - GENERAL PLANT ASSETS	28,500.00	2,803.96	25,000.00	-	-	-	-	-
FO - PROJECTS FUNDED BY OTHERS								
TOTAL FO - PROJECTS FUNDED BY OTHERS	-	-	-	-	-	-	-	-
C - CONTINGENCY								
C-1 - Contingency (10% of Est A,B,M, & FO)	18,850.00	-	2,500.00	-	248,823.90	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	207,350.00	2,803.96	27,500.00	-	2,737,062.90	-	-	-
ENDING FUND BALANCE	\$ 1,709,064.00	\$ 1,463,260.04	\$ 142,488.00	\$ 129,988.00	\$ (267,388.90)	\$ (454,317.00)	\$ 10,000.00	\$ -



**Items for Discussion and Action
Agenda Item: 5.1**

Date: August 20, 2018
Subject: General Manager’s Report
Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

There is no committee recommendation on this item.

Current Background and Justification:

The General Manager will report to the Board of Directors on meetings attended and an update on projects since the last meeting of the Board.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills: _____ Green: _____ Ridilla: _____ Henrici: _____ Harris: _____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.1

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

General Manager's Report

08/17/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

N/A

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18



Date: August 20, 2018

Subject: General Manager Report

Staff Contact: Timothy R. Shaw, General Manager

For the given month, I participated in the following reoccurring meetings and special events: I feel like I've been drinking water through a fire hose this month. With the combined influences of the Finalizing the annual budgets, HR elements of hiring a new employee, strategic planning processes and Elverta development issues, I don't seem to have many opportunities to come up for air.

Please drop by the office and Welcome Sara Cater, our new Conservation Coordinator/Customer Service Tech.

I wish to acknowledge and thank Deborah Denning for her valuable contributions in my submittal of a final budget for your review.

1. On July 19th, Staff met with Cerinna Jensen of Coremark insurance to evaluate options for the District's Broker of Record. This is in anticipation of the upcoming open enrollment period for medical, dental and vision insurance.
2. On July 24th, I met with ACWA representative Ana Javid, who requested a meeting to perform outreach. Among other things, we discussed the limited information on program content ACWA provides prior to the deadlines for registering for annual conferences.
3. On July 24th (afternoon), Pat Goyet and I met with the Elmwood Avenue developer to discuss the water supply infrastructure that would be required to support his small-scale (10-15 units) residential development.
4. On July 25th Pat Goyet, Renita Lehman and I comprised an interview panel to interview and score the 7 most qualified applicants for the vacant Conservation Coordinator/Customer Service Tech. position.
5. On July 26th, Staff met with Daniel and Jarod Forman of GFBB (Insurance Broker of Record). Subsequent to the meeting, I discussed preferences (GFBB or Coremark) with several staff members. Ultimately, based on the presentations and staff feedback, I signed a Broker of Record letter with Coremark Insurance.

6. On Aug 6th, Directors Harris, Henrici, Ridilla and Dills attended the strategic planning workshop for public and community partners., The feedback I've received indicate the workshop was a successful, productive meeting.
7. On Aug 8th, I attended the RWA Regional Water Reliability meeting, which may have been the most illuminating RWA meeting I've attended. The meeting answered a lot of my concerns about how regional conjunctive use planning is structured and the symbiotic roles between RiverArc and the Regional Water Reliability group. It was also refreshing to hear other agencies express concern for RWA rising expenses, which are borne by the member agencies.
8. On August 16th, Director Henrici and I attended the monthly SAWWA training luncheon to receive information on SB 606. The training was valuable, and it was evidently needed in the community of water purveyors, especially the support staff who may not have been tracking this new, very impactful law.

Other initiatives in progress are:

Robin Baral and I worked with ESPOG to form preliminary components of a Water Supply Agreement and associated Fee Credit and Reimbursement Agreement, as we continued, and the need to confirm the Board Members degree of embrace for some of the concepts, we tabled the process until the August 6th Planning Committee could meet and provide direction. The direction from the Planning Committee was to suspend work on the agreements crafting until ESPOG and Elverta Associates LLC respond to the respective letters the District has submitted.

The HR process for onboarding a new employee were in a state of hibernation. There was more effort than I anticipated for regenerating our various required program elements, e.g. background checks, medical exams DMV records, etc. This struggle was further encumbered by the lack of a new normal to address the new laws associated with the Janus court ruling.



**Items for Discussion and Action
Agenda Item: 5.2**

Date: August 20, 2018
Subject: District Engineer Report
Staff Contact: Simon Gray, Interim District Engineer

Recommended Committee Action:

This item is not reviewed by committee.

Current Background and Justification:

The Interim District Engineer provided a report on the progress of projects since the last meeting of the Board.

Conclusion:

No action is required this an informational item.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills: ___ Green: ___ Ridilla: ___ Henrici: ___ Harris: ___

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.2

Date

Initial Potential Meeting Date

08/20/18

Circle High/~~Medium~~/Low priority of Item and Identify if in line with Mission/
Goal/~~Strategic Planning issues~~ or state of emergency

District Engineer Report

08/17/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

N/A

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18

**RIO LINDA / EVERTA COMMUNITY WATER DISTRICT
INTERIM DISTRICT ENGINEER'S REPORT
June 25 to August 17, 2018**

The Interim District Engineer, Coleman Engineering, Inc., has performed the following duties and tasks for the period June 25 to August 17, 2018:

1. GENERAL

- Took over the District Engineer role on an interim basis on June 25, 2018.
- Attendance and discussions at the Planning Committee Meetings of July 6 and August 3, 2018, and the District Board Meeting of July 16, 2018.
- Coordination meetings with the District General Manager.
- Review of work products and other deliverables provided by the previous District Engineer, Affinity Engineering.
- Monitoring of Elverta Specific Plan water issue discussions.

2. WELL 10 HEXAVALENT TREATMENT PROJECT

- Review of Affinity Engineering's System Alternatives Evaluation Technical Memorandum dated June 26, 2018. Comments provided to the District's General Manager.
- Review of Affinity Engineering's conformed construction contract plans and specifications for the project. Preliminary comments and findings provided to the District Manager.
- Research into availability of the specified ion exchange media, alternative media and suppliers, previous assumptions of media regeneration cycle times, and review of media regeneration viability against replacement. Review of 2014 and 2015 pilot test reports.
- Discussions with Ali Rezvani, District 09 – Sacramento, at the State Division of Drinking Water concerning DDW's approach to availability (or non-availability) of ion exchange media for Cal Water's ion-exchange-permitted wellhead treatment facility at Willows, CA.
- Preparation of quarterly report for State DWR.

3. WELL 17 MONITORING WELLS ABANDONMENT AND DESTRUCTION

- Review of Affinity Engineering's well destruction specification outline and the two previous quotations from well drilling contractors to perform the work.
- Preparation (ongoing) of a scope and fee to prepare bid documents (plans, specifications, and construction cost estimate) for a formalized Well 17 Monitoring Wells Destruction contract.



**Items for Discussion and Action
Agenda Item: 5.3**

Date: August 20, 2018

Subject: Consider adoption of FY 2018-19 Operating and Capital Budget

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Finance & Admin. Committee reviewed the FY 2018-19.

Current Background and Justification:

The Finance & Admin Committee's recommended the funding for Elections be removed (no challengers means no ballot) from the Operating budget. The Capital Budget should note the repayment from the Surcharge 2 to the General Capital Improvement Fund and brought before the full Board for approval.

The recommended revisions have been implemented in the budget documents presented for your consideration tonight. All policies and procedures for budget adoption, e.g. notice of public hearing, propose budget adoption, etc. Additional summary detail is included in the Executive Summary portion of the budget.

Conclusion:

I recommend the Board approve Resolution No. 2018-07 adopting the FY 2018-19 Operating and Capital Budget.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills: ___ Green: ___ Ridilla: ___ Henrici: ___ Harris: ___

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.3

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Adoption of FY 2018-19 Operating and Capital Budget & Resolution No. 2018-07

08/10/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

08/13/18

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

08/08/18

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18

RESOLUTION No. 2018-07

**A RESOLUTION ESTABLISHING FISCAL YEAR 2018-19 OPERATING AND
CAPITAL IMPROVEMENT BUDGET FOR THE RIO LINDA /ELVERTA
COMMUNITY WATER DISTRICT**

WHEREAS, the Rio Linda / Elverta Community Water District (“District”) has identified the District’s operating costs as well as the costs of capital improvements to the infrastructure of the District, for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019; and

WHEREAS, the District has prepared a budget setting forth the dollar amounts proposed for operating the District: \$2,229,487.00 and for capital improvements: \$2,971,913.00; and

WHEREAS, the Board of Directors reviewed and adopted the Proposed Budget for the District operations and capital improvements at a regular meeting held on May 21, 2018; and

WHEREAS, a noticed public hearing was held August 20, 2018 for the purpose of receiving public comment on the proposed Fiscal Year 2018-19 Operating and Capital Improvement Budget.

NOW THEREFORE, BE IT RESOLVED by the Rio Linda / Elverta Community Water District Board of Directors that the attached 2018-19 Fiscal Year Operating and Capital Improvement Budget is hereby approved and appropriated for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019.

APPROVED AND ADOPTED by the Board of Directors of the Rio Linda / Elverta Community Water District on this 20th day of August 2018. By the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

ATTEST:

Mary Harris
President, Board of Directors

Timothy R. Shaw
Secretary of the Board of Directors



Operating and Capital Budget

Fiscal Year July 1, 2018 – June 30, 2019

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

8/20/2018

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EXECUTIVE SUMMARY

August 20, 2018

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2018-2019 Operating and Capital Budget. The budget document provides detailed information about the District's revenue and expenditure forecast for the next fiscal year and addresses the main points and major decisions made in compiling the budget.

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

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

The pending hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) continues to influence our operating and capital budgets. Fortunately, the District's current rate structure provides for infrastructure improvements to comply with anticipated Cr+6 MCL. However, the rates analysis for the current rates presumed the District would receive a minimum level of Cr+6 mitigation funding through grants and low interest loans, which assumed that the District would qualify as a Disadvantaged Community (DAC). The District is not eligible for DAC funding. Consequently, the District narrowed its Cr+6 mitigation efforts to two projects, Well #16 groundwater pumping station and Well #10 ion exchange treatment of existing groundwater facilities. A 3.28 % interest for a 15-year term loan from Opus Bank has been secured and we began an 18-month construction period in March 2018 (ends September 2019). To supplement the current rate structure for Cr6 mitigation infrastructure, staff continues to stay abreast of additional funding opportunities as may materialize by legislative or other action.

The District will continue to fund the Capital Improvement Fund with the Operating budget and Opus Bank loan proceeds. The Opus loan is debt serviced by Surcharge #2. For the first time in the last several fiscal years, the District transferred less than \$600,000 from the previous year Operating budget into the subsequent year's Capital Improvement Budget. Although this is an alarming trend, and one which has understandably drawn concern by Board Members, the trend did not commence with this fiscal year. The previously adopted budgets included loan funding and expenses therefrom, which had not been secured. Had that overstated revenue not been included, the shortfall in previous year carry over should have materialized before now. Alternatively, the spending on capital improvement projects such as Well #16 and Well #10 could have been decreased to meet the \$600,000 carry over objective.

Another aspect contributing to the "trend" (less than \$600,000 carried over) is the change to a more conservative funding of employee medical, dental and vision insurance benefit. Previous budgeting practices have used the previous year's actual cost as the primary basis for setting the budgeted amounts for the subsequent year. However, conservatism warrants that we fund (budget) the full amount the District may incur by contract (MOU) given that the circumstances that can lead to higher

costs than current actual cost are beyond the District's control. For example, a current single employee can become an employee with dependents insured. The costs could rise at any point throughout the fiscal year, and the District would incur those costs. This more conservative funding approach can also result in additional unspent funds, which could be added to the budget carry over at the end of the fiscal year if the insurance cost funding is not needed to the contractual maximum amount.

The principle approach to targeting a minimum amount of carry over (previously \$600,000) includes two key elements; 1) funding an estimated 6-months of annual operating expenses (contingency or reserve funding), and 2) maintaining a 1.25 ratio of operating revenue to debt service. The minimum debt service ratio will be maintained. The decrease from \$600,000 to \$500,000 effectively lowers the degree of reserve funding available to pay operating expenses for unforeseen circumstances. Although the capital fund is also funded by new connection fees AKA capacity fees, such funding is restricted. Capacity fees can only be used for the hard and soft costs associated with new capacity, e.g. new wells and backbone infrastructure and the studies, plans and contracts appurtenant therein.

The District previously funded participation in RiverArc to further the objective for diversified water supply and conjunctive use within our region. However, the long-term funding for such activities was integrated into the capacity fee program, and building has not yet materialized. The large-scale residential developers have informed the District they are unwilling/unable to pre-fund the District's RiverArc costs, and the District has conveyed our discontinued participation to RiverArc. This change is reflected in the budget.

The District is required to contribute approximately \$24,866 in administrative membership dues this fiscal year to the Sacramento Ground Water Authority (SGA) to remain in good standing. The SGA is a Joint Powers Authority (JPA) created to manage and maintain the long-term sustainable yield of the North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. It has been granted extensive powers and functions to accomplish its sustainable groundwater management mission. Along with SGA, other water association memberships for the District include SAWWA, RWA, ACWA, CSDA, AWWA, and CRWA. We can expect an increase in annual dues from these associations due to inflation. The increases in funding for SGA and Regional Water Authority (RWA) go beyond inflation. RWA and SGA operating cost increases also reflect generous funding (relative to the District's approach) of employee compensation and benefits.

The District will see an increase in Staff Wages and Benefits of approximately \$22,258 and \$79,272 respectively. The increase in benefits funding is addressed previously and is a function of conservatism in funding the contractual maximum costs. The increase in wages and benefits reflect the existing employment contracts, MOU and Employment Agreement.

Continuing the streamlining improvements made in last year's budget, the District has made minor revisions to the chart of accounts to match those used by the Auditor.

In summary, the budget reflects the Board of Directors' priorities and goals which are conveyed to staff. The budgeting process continues to improve, and the staff has embraced cost avoidance strategies to improve the District's fiscal status wherever feasible. We're taking advantage of joint powers purchasing agreements only available to government agencies, purchasing fuel without the charge for excise taxes. and purchasing equipment to reduce long-term costs. We've implemented contract improvements to exercise greater control and focus on our engineering needs, embraced a completed staff work

approach to ensuring elements are not overlooked and future obligation have a greater amount of lead time for planning and funding.

I formally recognize and thank the staff and Board Members for their continued dedication and commitment. It's clear that we're all pulling in the same positive direction, and we can accomplish much more together.

Sincerely,

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

UNDERSTANDING THE BUDGET DOCUMENT

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

The budget is divided into several sections as follows:

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

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

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

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

Budgetary Control and Process

Budgetary Control

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

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

Budget Process

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

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

PRELIMINARY BUDGET

Between April & May, the General Manager may create a preliminary budget and presents it to the Finance Committee no later than June to review and recommend any changes prior to the public hearing.

PUBLIC HEARING

On or before the regular Board meeting in July, the Board of Directors shall hold a public hearing on the proposed Budget.

ADOPTION

During or before the regular Board meeting in August, the Board of Directors shall adopt the budget.

DISTRICT PROFILE**District History and Service Description**

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

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

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

District Mission Statement

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

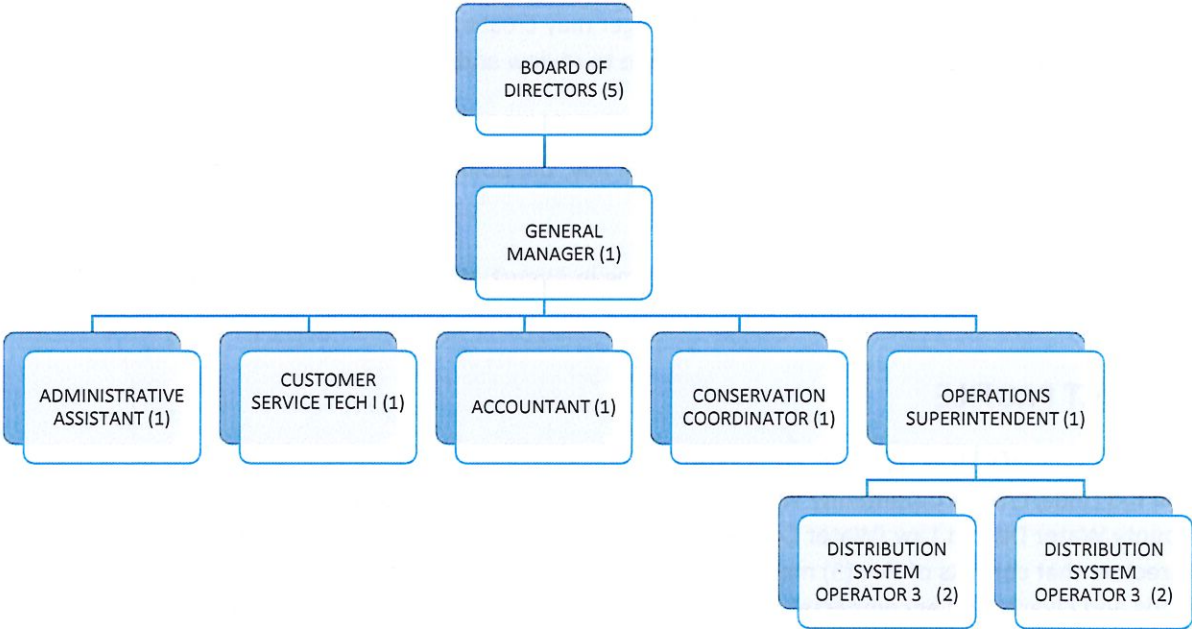
District Officials***Board of Directors***

Mary Harris, President/Director
Mary Henrici, Vice President/Director
Brent Dills, Director
Paul R. Green Jr., Director
John Ridilla, Director

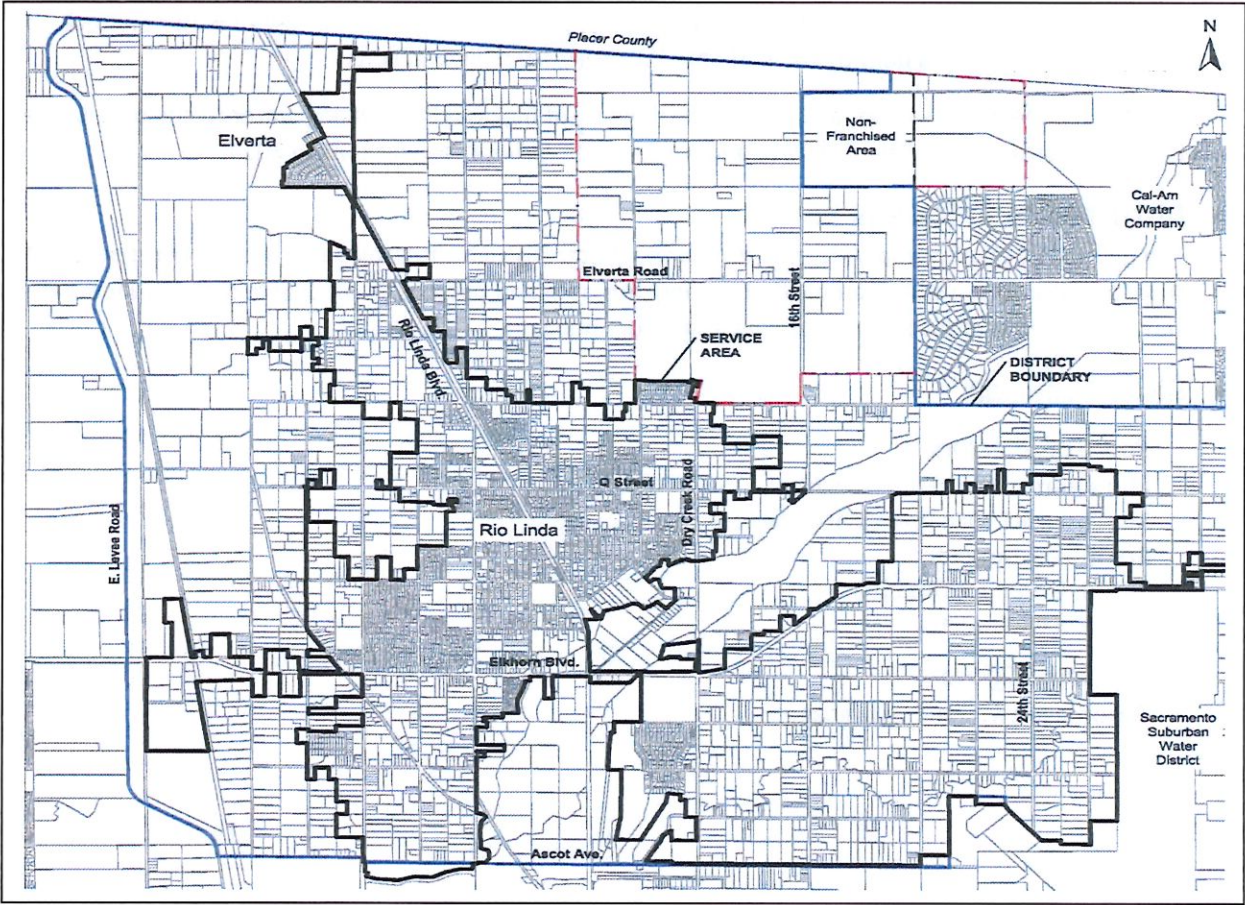
Appointed Official

Timothy Shaw, General Manager

Organizational Structure



Service Area



OPERATING BUDGET

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

The budget is divided into the following categories:

REVENUE – Includes both operating and non-operating revenue.

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

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

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

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

The budget is divided into the following columns:

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

COLUMN 2 - 2017-2018 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2018-2019 BUDGET – The new fiscal year budget.

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

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

Operating and Non-Operating Revenue

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
OPERATING REVENUE						
40100 Water Service Rates						
40101	Basic Service Charge	\$1,899,526.00	\$1,827,443.00	\$1,863,992.00	\$36,549.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40102	Usage Charge	563,390.00	618,628.00	637,187.00	18,559.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40105	Backflow Charge	25,008.00	24,140.00	25,000.00	860.00	Increased to adjust for 2017-18 actual
40106	Fire Prevention	12,026.00	10,600.00	10,600.00	0.00	
Total Water Service Rates		2,499,950.00	2,480,811.00	2,536,779.00	55,968.00	
40200 Water Services						
40201	Application Fee	14,770.00	15,000.00	15,000.00	0.00	
40202	Late Payment Fee	27,035.00	26,000.00	26,000.00	0.00	
40203	Disconnect Tag/NSF Fees	50,795.00	54,000.00	54,000.00	0.00	
40204	Termination/Reconnection	8,650.00	7,000.00	7,000.00	0.00	
40209	Other Account Service Charges	760.00	2,000.00	2,000.00	0.00	
Total Water Services		102,010.00	104,000.00	104,000.00	0.00	
40300 Other Water Service Fees						
40301	New Construction QC	4,368.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	22,391.00	10,000.00	10,000.00	0.00	
40303	Other Field Service Fees	570.00	3,000.00	3,000.00	0.00	
40304	Other Operating Revenue	7,801.00	4,000.00	6,000.00	2,000.00	Increase to adjust for removal of GL 41140 (redundant account)
40305	Grant Revenue-Operating	263.00	10,000.00	650.00	-9,350.00	Decrease to adjust expired RWA: Outdoor Water Efficiency Grant - \$10,000; 50% Reimb for Rebate Program
Total Other Water Service Fees		35,393.00	31,000.00	23,650.00	-7,350.00	
TOTAL OPERATING REVENUE		\$2,637,353.00	\$2,615,811.00	\$2,664,429.00	\$48,618.00	

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
NON-OPERATING REVENUE						
41110	Interest Revenue	427.00	400.00	400.00	0.00	
41120	Property Taxes & Assessments	81,653.00	70,000.00	70,000.00	0.00	
41140	Other Non-Operating Revenue	0.00	2,000.00	0.00	-2,000.00	Decreased to remove redundant account; Prior year budget moved to GL 40304
TOTAL NON-OPERATING REVENUE		\$82,080.00	\$72,400.00	\$70,400.00	\$-2,000.00	
TOTAL OPERATING & NON-OPERATING REVENUE		\$2,719,433.00	\$2,688,211.00	\$2,734,829.00	\$46,618.00	

Operating Expense

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
60010 PROFESSIONAL FEES						
60011	General Counsel fees-Legal	53,389.00	70,000.00	65,000.00	-5,000.00	Decreased based on previous two FY actuals
60012	Auditor Fees	10,113.00	13,613.00	10,731.00	-2,882.00	Decreased to adjust for GASB 75 (replaced GASB 45) non full actuarial year; includes 2.5% increase annual financial audit
60013	Engineering Services	84,220.00	70,000.00	70,000.00	0.00	
60015	Other Professional Fees	29,758.00	0.00	17,600.00	17,600.00	New account; Strategic Planning remainder contract of \$17,600
TOTAL PROFESSIONAL FEES		\$177,480.00	\$153,613.00	\$163,331.00	\$9,718.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
60111	Salary - General Manager	97,713.00	97,126.00	109,664.00	12,538.00	See attached addendum for Account 60111
60112	Staff Regular Wages	481,925.00	494,912.00	525,000.00	30,088.00	Increased to project known costs
60113	Contract Extra Help	25,368.00	25,368.00	5,000.00	-20,368.00	Decreased to adjust for projected costs
60114	Staff Standby Pay	18,250.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	5,691.00	7,500.00	7,500.00	0.00	
Total Salaries & Wages		628,947.00	643,156.00	665,414.00	22,258.00	
60150 Employee Benefits & Expense						
60151	PERS Retirement	127,496.00	130,172.00	138,987.00	8,815.00	Increased to adjust for projected costs; includes decreased cost adj for PEPRA Employees see GL 60160
60152	Workers Compensation	13,141.00	13,400.00	14,937.00	1,537.00	Actual Annual Contribution Change
60153	Group Insurance	147,043.00	142,849.00	203,340.00	60,491.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	22,017.00	22,110.00	22,110.00	0.00	
60155	Staff Training	3,228.00	3,500.00	3,500.00	0.00	
60156	Management Training	1,250.00	1,500.00	1,500.00	0.00	
60157	Uniforms	3,521.00	4,500.00	4,350.00	-150.00	Decreased to adjust for projected costs
60158	Payroll Taxes	49,517.00	51,254.00	53,400.00	2,146.00	Increase to adjust for projected costs

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
60159	Payroll Services	564.00	550.00	550.00	0.00	
60160	457 Employer Contribution	3,016.00	2,332.00	8,765.00	6,433.00	Increased to reflect GM Contract & PEPRA Employees
	Total Employee Benefits & Expense	370,793.00	372,167.00	451,439.00	79,272.00	
	TOTAL PERSONNEL SERVICES	\$999,740.00	\$1,015,323.00	\$1,116,853.00	\$101,530.00	
60200 ADMINISTRATION						
60205	Bank and Merchant Fees	24,551.00	21,500.00	26,000.00	4,500.00	Increase to adjust for projected costs
60207	Board of Director-Meeting Fees	15,800.00	18,770.00	16,770.00	-2,000.00	Decreased due to less ad hoc and special meeting compared to previous FY
60210 Building Expenses						
60211	Office Utilities	6,232.00	6,000.00	6,000.00	0.00	
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance	7,020.00	7,500.00	7,500.00	0.00	
60214	Security	336.00	400.00	400.00	0.00	
	Total Building Expenses	15,928.00	16,240.00	16,240.00	0.00	
60220 Computer & Equipment Maint.						
60221	Computer Systems	20,850.00	22,500.00	23,000.00	500.00	Increased to support improvements
60222	Office Equipment	4,627.00	4,868.00	2,200.00	-2,668.00	Decreased to adjust for new copier/printer maintenance contract
	Total Computer & Equipment Maint.	25,477.00	27,368.00	25,200.00	-2,168.00	
60230	Office Expense	5,989.00	11,000.00	7,000.00	-4,000.00	Decreased using 2017-18 actual expenses
60240	Postage and Delivery	16,405.00	19,000.00	17,500.00	-1,500.00	Decreased using 2017-18 actual expenses
60250	Printing	2,503.00	5,500.00	5,500.00	-1,000.00	Decreased using 2017-18 actual & projected expenses
60255	Meetings & Conferences	4,070.00	10,000.00	10,000.00	0.00	
60260	Publishing	1,109.00	1,000.00	1,300.00	300.00	Increased using 2017-18 actual expenses
60270	Telephone & Internet	5,060.00	5,500.00	5,500.00	0.00	
60430 Insurance						
60431	General Liability	22,449.00	20,885.00	22,997.00	2,112.00	Increase to reflect actual premium October 17/18
60432	Property	6,489.00	6,876.00	5,329.00	-1,547.00	Decrease to reflect actual premium April 18/19
	Total Insurance	28,938.00	27,761.00	28,326.00	565.00	

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
60500 Water Memberships						
60501	SAWWA	206.00	500.00	225.00	-275.00	Decreased to reflect membership type
60502	Regional Water Authority	9,319.00	9,319.00	9,667.00	348.00	Increase to reflect actual dues
60503	SGA	25,346.00	25,346.00	24,866.00	-480.00	Decrease to reflect actual dues
60504	ACWA	8,480.00	8,480.00	8,904.00	424.00	Increase includes 5% annual increase
60505	CSDA	6,358.00	6,358.00	6,676.00	318.00	Increase includes 5% annual increase
60506	AWWA	420.00	420.00	420.00	0.00	
60507	CRWA	1,240.00	1,203.00	1,263.00	60.00	Increase includes 5% annual increase
	Total Water Memberships	51,369.00	51,626.00	52,021.00	395.00	
60550	Permits & Fees	29,840.00	40,000.00	40,000.00	0.00	
60555	Subscriptions & Licensing	3,047.00	2,120.00	2,120.00	0.00	
60560	Elections	0.00	0.00	0.00	0.00	
60565	Uncollectable Accounts	0.00	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	540.00	20,425.00	500.00	-19,925.00	Decrease to reclass other professional fees to 60015
TOTAL ADMINISTRATION		\$230,626.00	\$279,810.00	\$254,977.00	\$-24,833.00	

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
64000 CONSERVATION						
64001	Community Outreach	223.00	3,500.00	1,000.00	-2,500.00	Decreased to adjust to prior two-year average
64002	Rebate Program	675.00	1,300.00	700.00	-600.00	New account: Consolidated Toilet Replacement & Washing Machine Rebates; Decreased to adjust to prior two-year average
64003	Regional Conservation Program	5,048.00	5,048.00	5,048.00	0.00	
	Contract Services (CUWCC)	0.00	2,688.00	0.00	-2,688.00	Decreased CUWCC MOU no longer exists
64005	Other Conservation Programs	0.00	10,000.00	0.00	-10,000.00	Decreased to adjust expired Water Efficiency Grant
TOTAL CONSERVATION		\$5,946.00	\$22,536.00	\$6,748.00	\$-15,788.00	
65000 FIELD OPERATIONS						
65100 Other Field Operations						
65110	Backflow Testing	1,720.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	3,083.00	5,000.00	5,000.00	0.00	
65130	Field Communication	4,130.00	4,500.00	4,500.00	0.00	
65140	Field IT	20,321.00	19,000.00	22,175.00	3,175.00	Increased to adjust for projected costs
65150	Laboratory Services	24,559.00	23,500.00	23,500.00	0.00	Consolidated account
65160	Safety Equipment	3,523.00	3,000.00	5,000.00	2,000.00	Increased to project road sign replacements
65170	Shop Supplies	4,479.00	5,000.00	5,000.00	0.00	
	Total Other Field Operations	61,815.00	63,000.00	68,175.00	5,175.00	
65200 Treatment		17,487.00	15,000.00	15,000.00	0.00	Previously Chemicals and Supplies
65300 Pumping						
65310	Maintenance	8,094.00	21,500.00	25,000.00	3,500.00	Increased to adjust for projected costs
65320	Electricity and Fuel	179,162.00	187,000.00	180,000.00	-7,000.00	Reduced to reflect estimated costs using 2017-18 actual
	Total Pumping	187,256.00	208,500.00	205,000.00	-3,500.00	

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
65400 Transmission & Distribution						
65410	Distribution Supplies	33,067.00	37,000.00	37,000.00	0.00	
65420	Meter Maintenance	53,078.00	43,253.00	60,000.00	16,747.00	Increased to project estimated meter replacements
65430	Tank Maintenance	4,050.00	3,000.00	3,000.00	0.00	
65440	Contract Repairs	5,959.00	21,000.00	21,000.00	0.00	
Total Transmission & Distribution		96,154.00	104,253.00	121,000.00	7,747.00	
67000 Transportation						
67001	Fuel	12,188.00	12,000.00	13,000.00	1,000.00	Increase reflects higher fuel costs
67002	Maintenance	4,472.00	6,000.00	6,000.00	0.00	
Total Transportation		16,660.00	18,000.00	19,000.00	1,000.00	
TOTAL FIELD OPERATIONS		\$379,372.00	\$408,753.00	\$428,75.00	\$19,422.00	
TOTAL OPERATING EXPENSE		\$1,793,164.00	\$1,880,035.00	\$1,970,084.00	\$90,049.00	

Non-Operating Expense

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
69010 Debt Service						
69100	Revenue Bond 2015					
69105	Revenue Bond 2015-Principle	129,077.00	129,077.00	133,163.00	4,086.00	Per Loan Payment Schedule
69120	Interest	68,974.00	69,617.00	65,726.00	-3,891.00	Per Loan Payment Schedule
	Total Revenue Bond 2015	198,051.00	198,694.00	198,889.00	195.00	
69125 AMI Meter Loan						
69130	Principle	45,400.00	45,400.00	46,818.00	1,418.00	Per Loan Payment Schedule
69135	Interest	13,114.00	13,114.00	11,696.00	-1,418.00	Per Loan Payment Schedule
	Total AMI Meter Loan	58,514.00	58,514.00	58,514.00	0.00	
69400	Other Non-Operating Expense	0.00	2,000.00	2,000.00	0.00	
TOTAL NON-OPERATING EXPENSE		\$256,565.00	\$259,208.00	\$259,403.00	\$195.00	
TOTAL OPERATING & NON-OPERATING EXPENSE		\$2,049,729.00	\$2,139,243.00	\$2,229,487.00	\$90,244.00	
NET REVENUE (Revenue-Expense)		\$669,704.00	\$548,968.00	\$505,342.00	\$-43,626.00	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,719,433.00	\$2,688,211.00	\$2,734,829.00	\$46,618.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,049,729.00	\$2,139,243.00	\$2,229,487.00	\$90,244.00
NET REVENUE (Revenue-Expense)	\$669,704.00	\$548,968.00	\$505,342.00	\$-43,626.00

Budget Item Addendum

Account 60111, Salary General Manager

This budget format entails comparing last year's budget to this year's budget amount for general manager salary. At face value, it appears the new GM salary is significantly higher than the prior year GM, i.e. the Board increased salary by over \$12,000. This is not true. The contract for the previous GM was at a higher salary than the current GM. Additional, the compensation for the previous GM was in two separate line items, one as a full-time employee and another line item as a contract employee. In short, the side by side comparison of budget amounts is misleading.

Operating & Surcharge Fund Balances

		2017-2018 ACTUAL UNAUDITED	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
OPERATING FUND BALANCE					
Operating Account Balance June 30		\$564,750.00	\$634,454.00		
Net Revenue		669,704.00	505,342.00		
Transfer to Capital Improvement Funds		-600,000.00	-500,000.00	-100,000.00	Decreased to adjust for available funds
Estimated Operating Fund Balance June 30		\$634,454.00	\$639,796.00		
SURCHARGE 1 FUND BALANCE					
Surcharge 1 Fund Balance June 30		\$429,526.00	\$497,603.00		
43010	Surcharge Revenue	523,374.00	523,374.00		
41110	Investment Revenue	8,000.00	8,000.00		
69155	SRF Principle	-333,902.00	-342,540.00	8,638.00	Per Loan Payment Schedule
69160	SRF Interest	-127,453.00	-118,814.00	-8,639.00	Per Loan Payment Schedule
69220	SRF Administration	-1,942.00	-2,210.00	268.00	Fidelity Investment Advisor Fees per prior FY actual
Estimated Surcharge 1 Fund Balance June 30		\$497,603.00	\$565,413.00		
SURCHARGE 2 FUND BALANCE					
Surcharge 2 Fund Balance June 30		\$181,437.00	\$399,687.00		
43050	Surcharge 2 Revenue	218,230.00	439,019.00	220,789.0	Increased per Rate Study Table 2.1
41110	Investment Revenue	20.00	20.00		
	Surcharge 2 Surplus Repayment	0.00	-435,752.00	435,752.00	Per District Repayment Schedule
69180	Principle	0.00	-195,000.00	195,000.00	Per Loan Payment Schedule
69185	Interest	0.00	-136,038.00	136,038.00	Per Loan Payment Schedule
Estimated Surcharge 2 Fund Balance June 30		\$399,687.00	\$71,936.00		

CAPITAL BUDGET

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

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

CONNECTIONS – Capital project funded entirely by connection fees. Funding sources include Capacity Fee Revenue received by residential owners and developers.

CHROMIUM (CR6) MITIGATION & NEW WELLS – Capital projects that include all Cr6 mitigation and construction of new wells. The projects are funded by the new Surcharge 2 Rate and other sources such as loans and grants.

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

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

Capital Budget by Funds

	CAPITAL IMPROVEMENT FUNDS				
	GENERAL	CONNECTIONS	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
ESTIMATED BEGINNING BALANCE	1,426,064.00	129,988.00	-454,317.00	0.00	1,101,735.00
FUNDING SOURCES					
Fund Transfers					
Operating Fund Transfers In	500,000.00	0.00	0.00	0.00	500,000.00
CIP Fund Intrafund Transfers	-10,000.00	0.00	0.00	10,000.00	0.00
Surcharge 2 Surplus Repayment	0.00	0.00	435,752.00	0.00	435,752.00
Contributed Funding					
Capacity Fee Revenue	0.00	40,000.00	0.00	0.00	40,000.00
Contributed Facilities (Developers)	0.00	0.00	0.00	0.00	0.00
Grant Revenue	0.00	0.00	20,000.00	0.00	20,000.00
Loan Proceeds	0.00	0.00	2,468,239.00	0.00	2,488,239.00
Investment Revenue	350.00	0.00	0.00	0.00	350.00
Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	1,916,414.00	169,988.00	2,469,674.00	10,000.00	4,586,076.00

	GENERAL	CONNECTIONS	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
PROJECT EXPENSES					
A · WATER SUPPLY					
A-1 · Well 10 - Cr6 Treatment	0.00	0.00	40,000.00	0.00	40,000.00
A-2 · Well 16	0.00	0.00	2,448,239.00	0.00	2,448,239.00
A-3 · Well 17: Monitoring Well Destruction	25,000.00	0.00	0.00	0.00	25,000.00
A-4 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	0.00	40,000.00
Total A · WATER SUPPLY	65,000.00	0.00	2,488,239.00	0.00	2,553,239.00
B · WATER DISTRIBUTION					
B-1 · System Valve Replacements	35,000.00	0.00	0.00	0.00	35,000.00
B-2 · Paving Replacements	25,000.00	0.00	0.00	0.00	25,000.00
B-3 · Service Replacements	30,000.00	0.00	0.00	0.00	30,000.00
B-4 · Large Meter Replacements	5,000.00	0.00	0.00	0.00	5,000.00
Total B · WATER DISTRIBUTION	95,000.00	0.00	0.00	0.00	95,000.00
M · GENERAL PLANT ASSETS					
M-1 · Ice Machine	3,500.00	0.00	0.00	0.00	3,500.00
M-2 · Billing Software Upgrade	25,000.00	25,000.00	0.00	0.00	50,000.00
Total M · GENERAL PLANT ASSETS	28,500.00	25,000.00	0.00	0.00	53,500.00
C · CONTINGENCY					
C-1 · Contingency (10% of Est A,B,M, & FO Projects)	18,850.00	2,500.00	248,824.00	0.00	270,174.00
TOTAL BUDGETED PROJECT EXPENDITURES	207,350.00	27,500.00	2,737,063.00	0.00	2,971,913.00
ESTIMATED ENDING BALANCE	1,709,064.00	142,488.00	-267,389.00	10,000.00	1,614,163.00

Capital Budget Technical Memorandum

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

A • Water Supply

A-1 • Well 10 Hexavalent Chromium (Cr6) Treatment –40,000

This budget item is associated with Well 10 with Cr6 treatment. The budgeted amount reflects the anticipated costs for revising the design to reflect feasible treatment techniques. The project is being partially funded through a Proposition 84 Grant that is being administered by the Regional Water Authority.

A-2 • Well 16 – Ground Water Pumping Station – 2,448,239

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

Once the land is acquired, the above grade improvements will be designed as part of the 2018/19 Capital Budget. This project is planned to be completed by September 2019).

A-3 • Well 17 – Monitoring Well Destruction - 25,000

This budget item is for abandoning, pursuant to California Well Standard, the infeasible well and pilot wells that were drilled. We're waiting on a quote from the District Engineer for preparing a bid specification package.

A-8 • Miscellaneous Pump Replacements – 40,000

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

B • Water Distribution

B-1 • System Valve Replacements – 35,000

The budget item is to replace broken valves in the water system. These valves are being identified by the District's valve exercise program.

B-2 • Paving Replacements – 25,000

The budget item is to pave sections of streets where the existing street paving has been cut into due to water service repairs or replacements.

B-3 • Service Replacements – 30,000

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

B-4 • Large Meter Replacements – 5,000

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

M - General Plant Assets**M-1 - Ice Machine – 3,500**

The budget item is for OSHA best practices to provide cool water to our employees working in the heat. The District saves money in the long-term by purchasing an ice machine verses buying ice retail.

M-2 - Billing Software Upgrade – 50,000

The budget item is to upgrade the billing software originally purchased in 1999.

C - Contingency**C-1 - Contingency**

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

GLOSSARY

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

ACWA Association of California Water Agencies

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

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

AWWA American Water Works Association

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

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

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

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

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

CRWA California Rural Water Association

CSDA California Special Districts Association

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

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

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

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

MOU Memorandum of Understanding agreement

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

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

PCWA Placer County Water Agency

PERS Public Employees Retirement System

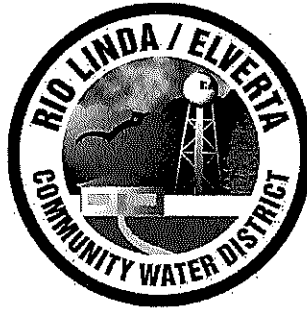
PROPOSITION 218 Prop 218 amended the California Constitution to protect taxpayers by limiting the methods by which local governments can create or increase taxes, fees, and charges without taxpayer consent. Prop 218 requires voter approval prior to imposition or increase of general taxes, assessments,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

RWA Regional Water Authority

SAWWA Sacramento Area Water Works Association

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

SGA Sacramento Ground Water Authority



Items for Discussion and Action Agenda Item 5.4

Date: August 20, 2018

Subject: GASB 75 (OPEB) Actuarial Valuation Report

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Finance & Admin reviewed the GASB 75, Other Post-Employment Benefits (OPEB) Actuarial Valuation Report and identified some items which required confirmation of consistency with known circumstances.

Current Background and Justification:

The report submitted for your consideration has been reviewed and revised several times. The review process was integral to producing a final report I can confidently recommend the Board accept. I also acknowledge and thank the Finance Committee for helping to identify required improvements.

In conjunction with this report and the purpose this report serves, the Finance/Admin Committee also received a presentation from California Employers Retirement Benefit Trust, which may provide the District means for reducing our unfunded liability for retiree medical obligations and also reduce the total long-term costs to our ratepayers. The Finance/Admin Committee will continue their evaluation of options before recommending Board consideration in a future Board meeting.

Conclusion:

I recommend the Board accept the final GASB 75 Actuarial Valuation Report.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills: _____ Green: _____ Ridilla: _____ Henrici: _____ Harris: _____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.4

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

GASB 75 (OPEB) Actuarial Valuation Report

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other
Water or special districts, District Engineer, Legal Counsel then laying out business cases,
pros and cons, options and recommendations based on best information available, etc.

08/16/18

Committee Review of Item and Staff Work

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc
Committees, to prepare board recommendations

08/13/18

Formal Legal Counsel Review

Legal Counsel should have enough time to review all potential legal matters
for correctness and legality

N/A

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18



August 15, 2018

Mr. Timothy Shaw
General Manager
Rio Linda Elverta Community Water District
730 L Street
Rio Linda, CA 95648

Re: Rio Linda Elverta Community Water District ("District") GASB 75 Valuation

Dear Mr. Shaw:

This report sets forth the results of our GASB 75 actuarial valuation of the District's retiree health insurance program as of July 1, 2017.

In June 2004, the Governmental Accounting Standards Board (GASB) issued its accrual accounting standards for retiree healthcare benefits, GASB 43 and GASB 45. GASB 43/45 require public employers such as the District to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these liabilities. In June 2015, GASB released new accounting standards for postretirement benefit programs, GASB 74 and GASB 75, which replace GASB 43 and GASB 45, respectively.

The District selected DFA, LLC (DFA) to perform an actuarial valuation of the retiree health insurance program as of July 1, 2017. This report may be compared with the valuation performed by DFA as of July 1, 2015, to see how the liabilities have changed since the last valuation.

Financial Results

We have determined that the amount of actuarial liability for District-paid retiree benefits is \$280,410 as of July 1, 2017. This represents the present value of all benefits expected to be paid by the District for its current and future retirees. If the District were to place this amount in a fund earning interest at the rate of 4.00% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits.

This valuation includes benefits for 3 retirees as well as 7 active employees who may become eligible to retire and receive benefits in the future. It excludes employees hired after the valuation date.

When we apportion the \$280,410 into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the Total OPEB Liability is \$264,528 as of July 1, 2017. This represents the present value of all benefits accrued through the valuation date if each employee's liability is expensed from hire date until retirement date as a level percentage of pay. The \$264,528 is comprised of liabilities of \$33,698 for active employees and \$230,830 for retirees.

The District has not adopted an irrevocable trust for the pre-funding of retiree healthcare benefits. As of June 30, 2017, the trust balance or Plan Fiduciary's Net Position (GASB 75) is \$0.

The Net OPEB Liability, Total OPEB Liability over the Plan Fiduciary's Net Position, is \$264,528.

Discount Rate under GASB 75

For financial reporting purposes, GASB 75 requires a discount rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The amount of the plan's projected fiduciary net position and the amount of projected benefit payments should be compared in each period of projected benefit payments.

Based on these requirements and the following information, we have determined a discount rate of 3.13% for GASB 75 reporting purposes:

Expected Return on Assets	4.00%
S&P Municipal Bond 20-Year High Grade Rate Index at June 30, 2017	3.13%
GASB 75 Discount Rate	3.13%

Net OPEB Expense

We have determined the following components of the District's Net OPEB Expense for fiscal year 2017-18: Service Cost, Interest Cost, and Expected Return on Assets. The Service Cost represents the present value of benefits accruing in the current year. Interest Cost represents the interest on the Total OPEB Obligation. Expected Return on Assets is the expected return based on a 4.00% investment rate of return. Other components (Deferred Outflows and Inflows) will be determined based on the Net OPEB Obligation as of June 30, 2018.

We summarize the valuation results in the table on the next page. We provide results at three discount rates (the expected return on assets, the S&P Municipal Bond rate index, and the blended GASB 75 rate, discussed above). All amounts are net of expected future retiree contributions, if any.

When the District begins preparation of the June 30, 2018 government-wide financial statements, DFA will be available to assist the District and its auditors in preparing the footnotes and required supplemental information for compliance with GASB 75 (and GASB 74, if applicable).

In the meantime, we are available to answer any questions the District may have concerning the report.

Actuarially Determined Contribution and Pay-As-You-Go with Implied Subsidy

We have calculated an actuarially determined contribution representing the Service Cost and a 12-year amortization (as a level percent of pay) of the Net OPEB Liability. We include the results in the table on the next page. We provide results at three discount rates (the expected return on assets, the S&P Municipal Bond rate index, and the GASB 75 rate).

An actuarially determined contribution is a potential payment to the plan determined using a contribution allocation procedure. It is not a required contribution, but a measurement commonly used to prefund OPEB benefits. We provide the amounts for illustrative purposes.

The actuarially determined contribution may be compared to the pay-as-you-go payment. The table shows the pay-as-you-go payment along with the projected implied subsidy payment.

The Funding Schedules section provides additional prefunding alternatives.

Rio Linda Elverta Community Water District

**Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard**

	July 1, 2017 ¹		
	Actuarial Liability	S&P Municipal Bond Rate Index	GASB 75 Blended Rate
Discount Rate	4.00%	3.13%	3.13%
Present Value of Future Benefits			
Active	\$49,580	\$56,370	\$56,370
Retired	230,830	246,128	246,128
Total	\$280,410	\$302,498	\$302,498
Total OPEB Liability (Actuarial Liability)			
Active	\$33,698	\$36,696	\$36,696
Retired	230,830	246,128	246,128
Total	\$264,528	\$282,824	\$282,824
Plan Fiduciary Net Position (Plan Assets)	\$0	\$0	\$0
Net OPEB Liability (Unfunded Actuarial Liability)	\$264,528	\$282,824	\$282,824
Sensitivity Analysis			
1% Decrease in Discount Rate	3.00%	2.13%	2.13%
Net OPEB Liability	\$285,728	\$306,403	\$306,403
1% Increase in Discount Rate	5.00%	4.13%	4.13%
Net OPEB Liability	\$245,704	\$261,954	\$261,954
1% Decrease in Trend Rate	5.00% decreasing to 4.00%	5.00% decreasing to 4.00%	5.00% decreasing To 4.00%
Net OPEB Liability	\$252,189	\$269,006	\$269,006
1% Increase in Trend Rate	7.00% decreasing to 6.00%	7.00% decreasing to 6.00%	7.00% decreasing to 6.00%
Net OPEB Liability	\$278,361	\$298,368	\$298,368

1. For the District's fiscal 2018 financial statements, DFA will provide separate schedules with supplemental GASB 75 information.
 - a. If your auditors recommend that you report June 30, 2018 values, we will prepare the supplemental schedules in July, after June 30 asset values (if applicable) are known and updated municipal bond rates are published.
 - b. If your auditors recommend that you report June 30, 2017 values, we will provide (upon request) supplemental schedules based on this report.

Rio Linda Elverta Community Water District

Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard

	July 1, 2017		
	Actuarial Liability	S&P Municipal Bond Rate Index	GASB 75 Blended Rate
Discount Rate	4.00%	3.13%	3.13%
Components of Net OPEB Expense for fiscal year 2018			
Service Cost at Year-End	\$1,502	\$1,739	\$1,739
Interest Cost	10,143	8,509	8,509
Expected Return on Assets	0	0	0
Subtotal	\$11,645	\$10,248	\$10,248
Change in Deferred Outflows ²			
Change in Deferred Inflows ³			
Actuarially Determined Contribution (Fiscal 2018)			
Service Cost	\$1,502	\$1,739	\$1,739
Amortization of Net OPEB Liability ⁴	24,164	24,475	24,475
Total ⁵	\$25,666	\$26,214	\$26,214
Pay-As-You-Go Payment with Implied Subsidy (Fiscal 2018)			
Projected Pay-As-You-Go	\$22,144	\$22,144	\$22,144
Projected Implied Subsidy	0	0	0
Total	\$22,144	\$22,144	\$22,144

2. To be determined based on the Total OPEB Obligation and Plan Fiduciary Net Position as of June 30, 2018.
3. To be determined based on the Total OPEB Obligation and Plan Fiduciary Net Position as of June 30, 2018.
4. 12-year amortization (as a level percent of pay).
5. Estimated Actuarially Determined Contribution for Fiscal 2019:

	Actuarial Liability	S&P Municipal Bond Rate Index	GASB 75 Blended Rate
Total	\$26,436	\$27,000	\$27,000

Differences from Prior Valuation

The most recent prior valuation was completed as of July 1, 2015 by DFA. The AL (Accrued Liability) as of that date was \$231,245, compared to \$264,528 as of July 1, 2017. In this section, we provide a reconciliation between the two numbers so that it is possible to trace the AL from one actuarial report to the next.

Several factors have caused the AL to change since 2015. The AL increases as employees accrue more service and get closer to receiving benefits. There are actuarial gains/losses from one valuation to the next, and changes in actuarial assumptions and methodology for the current valuation. To summarize, the most important changes were as follows:

1. An increase in the AL of \$11,930 resulting from an update to our valuation software; the update allows us to track experience more precisely over time;
2. An increase of \$46,985 resulting from population experience (terminations, retirements, and mortality) different than expected;
3. An increase of \$6,813 resulting from changes in healthcare premiums different than expected;
4. A decrease of \$35,787 resulting from a correction to plan provisions (for a specific member) included in previous valuations.
5. An increase of \$4,525 resulting from a change in the actuarial cost method from Projected Unit Credit to Entry Age, Level Percent of Pay, as required by GASB 75.

The estimated changes to the AL from July 1, 2015 to July 1, 2017 are as follows:

Changes to AL	AL
AL as of July 1, 2015	\$231,245
Passage of time	(1,183)
Change in system	11,930
Change in census	46,985
Change in premium rates	6,813
Other	(35,787)
Change in cost method	<u>4,525</u>
AL as of July 1, 2017 ¹	\$264,528

1. Based on a discount rate of 4.00%;

Funding Schedules

There are many ways to approach the pre-funding of retiree healthcare benefits. In the *Financial Results* section, we determined the annual expense for all District-paid benefits. The expense is an orderly methodology, developed by the GASB, to account for retiree healthcare benefits. However, the GASB 75 expense has no direct relation to amounts the District may set aside to pre-fund healthcare benefits.

The table on the next page provides the District with three alternative schedules for funding (as contrasted with expensing) retiree healthcare benefits. The schedules all assume that the retiree fund earns, or is otherwise credited with, 4.00% per annum on its investments, a starting trust value of \$0 as of July 1, 2017, and that contributions and benefits are paid mid-year.

The schedules are:

1. A level contribution amount for the next 12 years.
2. A level percent of the Unfunded Accrued Liability.
3. A constant percentage (3%) increase for the next 12 years.

We provide these funding schedules to give the District a sense of the various alternatives available to it to pre-fund its retiree healthcare obligation. The three funding schedules are simply three different examples of how the District may choose to spread its costs.

By comparing the schedules, you can see the effect that early pre-funding has on the total amount the District will eventually have to pay. Because of investment earnings on fund assets, the earlier contributions are made, the less the District will have to pay in the long run. Of course, the advantages of pre-funding will have to be weighed against other uses of the money.

The table on the following page shows the required annual outlay under the pay-as-you-go method and each of the above schedules. **The three funding schedules include the "pay-as-you-go" costs; therefore, the amount of pre-funding is the excess over the "pay-as-you-go" amount.**

Treatment of Implicit Subsidy

We exclude the implicit subsidy from these funding schedules because we do not recommend that the District pre-fund for the full age-adjusted costs reflected in the liabilities shown in the first section of this report. If the District's premium structure changes in the future to explicitly charge under-age 65 retirees for the full actuarial cost of their benefits, this change will be offset by a lowering of the active employee rates (all else remaining equal), resulting in a direct reduction in District operating expenses on behalf of active employees from that point forward. For this reason, among others, we believe that pre-funding of the full GASB liability would be redundant.

Rio Linda Elverta Community Water District
Sample Funding Schedules (Closed Group)
Starting Trust Value of \$0 as of July 1, 2017

Fiscal Year	Level Contribution	Level % of Unfunded Liability	Constant Percentage Increase	
Beginning	Pay-as-you-go	for 12 years		
2017	\$22,144	\$29,305	\$41,769	\$25,123
2018	22,019	29,305	37,235	25,877
2019	21,715	29,305	33,208	26,653
2020	21,430	29,305	29,626	27,453
2021	21,313	29,305	26,435	28,276
2022	21,269	29,305	23,590	29,125
2023	21,132	29,305	21,047	29,998
2024	20,973	29,305	18,772	30,898
2025	17,412	29,305	16,640	31,825
2026	17,431	29,305	14,626	32,780
2027	17,546	29,305	12,856	33,763
2028	17,667	29,305	11,300	34,776
2029	17,811	0	9,933	0
2030	17,925	0	8,731	0
2031	17,941	0	7,675	0
2032	17,866	0	6,746	0
2033	17,696	0	5,930	0
2034	17,406	0	5,212	0
2035	14,027	0	4,582	0
2036	8,284	0	4,028	0
2037	8,251	0	3,540	0
2038	8,086	0	3,112	0
2039	3,548	0	2,736	0
2040	2,972	0	2,405	0
2041	2,462	0	2,114	0
2042	2,020	0	1,858	0
2043	1,646	0	1,633	0
2044	1,358	0	1,435	0
2045	1,154	0	1,262	0
2046	1,016	0	1,109	0
2047	933	0	974	0
2048	891	0	857	0
2049	874	0	753	0
2050	1,018	0	1,018	0
2055	7	0	7	0
2060	0	0	0	0
2065	0	0	0	0
2070	0	0	0	0

Actuarial Assumptions

To perform the valuation, the actuary must make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. Our assumptions are based on a standard set of assumptions we have used for similar valuations, modified as appropriate for the District. Retirement rates are based on recent District retirement patterns.

The discount rate of 4.00% is based on our best estimate of expected long-term plan experience for unfunded plans such as the District's. As discussed above, for financial reporting purposes under GASB 75, a discount rate of 3.13% reflects the required blend between discount and municipal bond rates. The healthcare trend rates are based on our analysis of recent District experience and our knowledge of the healthcare environment.

A complete description of the actuarial assumptions used in the valuation is set forth in the "Actuarial Assumptions" section.

Projected Annual Pay-as-you go Costs

As part of the valuation, we prepared a projection of the expected annual cost to the District to pay benefits on behalf of its retirees on a pay-as-you-go basis. These numbers are computed on a closed group basis, assuming no new entrants, and are net of retiree contributions. Projected pay-as-you-go costs for selected years are as follows:

FYB	Pay-as-you-go
2017	\$22,144
2018	22,019
2019	21,715
2020	21,430
2021	21,313
2022	21,269
2023	21,132
2024	20,973
2025	17,412
2026	17,431
2030	17,925
2035	14,027
2040	2,972
2045	1,154
2050	1,018
2055	7
2060	0
2065	0
2070	0

Implicit Subsidy and ASOP 6

When premiums charged for retiree healthcare are lower than expected claims, an implicit subsidy is realized. This occurs, for example, when pre-Medicare retirees are afforded medical coverage at the same rates as active employees.

Actuarial Standard of Practice No. 6 (ASOP 6), revised in May 2014, provides guidance in measuring OPEB obligations and determining periodic costs or actuarially determined contributions. The standard specifies that in (almost all instances), the actuary must include the value of this implicit subsidy in the GASB 45/75 liabilities.

This valuation reflects the value of the implicit subsidy equal to \$0. See the Benefit Plan Provisions section for additional information.

Breakdown by Employee/Retiree Group

Exhibit I, attached at the end of the report, shows a breakdown of the GASB 75 components by bargaining unit (or non-represented group) and separately by active employees (future retirees) and current retirees.

Certification

The actuarial certification, including a caveat regarding limitations of scope, if any, is contained in the "Actuarial Certification" section.

We have enjoyed working with the District on this project and are available to answer any questions you may have concerning any information contained herein.

Sincerely,
DFA, LLC



Carlos Diaz, ASA, EA, MAAA
Actuary

Benefit Plan Provisions

Retiree health benefits are secured through outside providers and premiums are reimbursed by the District according to the rules and to the extent described below. Because retirees do not remain on the District's group health plans, there is no implicit rate subsidy.

Retiree health benefits vary by tier, which is in turn based on date of hire, as follows:

Tier 1: Hired prior to January 1, 2003: Eligible for District-paid retiree health benefits after the later of age 50 and 5 years of service. Coverage will be for retiree and one eligible dependent, up to \$600/month for retiree and \$800/month for retiree plus one coverage.

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of \$600/month for retiree and \$800/month for retiree plus one coverage, based on years of service at retirement, as follows:

Years of Service	District Percent
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20+	100%

Tier 3: Hired on or after May 1, 2004 and before January 1, 2013. Eligible for District-paid benefits after the later of age 50 and 5 years of service. Benefit of \$300/month for the retiree only.

Tier 4: Hired on or after January 1, 2013: Eligible for District-paid benefits after the later of age 62 and 20 years of service. Benefits limited to \$300/month for the retiree only.

General Manager (hired June 1, 2011): Eligible for District-paid benefits of \$300/month after completion of 5 years of full-time service and retirement under CalPERS.

Benefits for all tiers end at eligibility for Medicare (age 65). Benefits are reduced for employees working less than full-time for the 3-year period before retirement.

There is one retired management employee and one retired Board member with benefits being provided according to special arrangements not expected to be repeated in the future. Current Board members will not be entitled to District-paid retiree health benefits upon retirement.

Valuation Data

Active and Retiree Census

Age distribution of retirees included in the valuation

Age	Total
55-59	1
60-64	0
65-69	0
70-74	1
75-79	0
80-84	1
85+	0
All Ages	3
Average Age	71.2

Age/Years of service distribution of active employees included in the valuation

Years→	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<u>Age</u>									
<25	0	0	0	0	0	0	0	0	0
25-29	1	1	0	0	0	0	0	0	2
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	1	0	1	0	0	0	0	0	2
45-49	0	0	1	0	1	0	0	0	2
50-54	1	0	0	0	0	0	0	0	1
55-59	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0
All Ages	3	1	2	0	1	0	0	0	7

Average Age: 41.2
Average Service: 8.7

Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

- Valuation Date: July 1, 2017
- Actuarial Cost Method: Entry Age, Level Percent of Pay
- Discount Rate:
 - Accrued Liability 4.00% per annum
 - GASB 75 3.13% per annum
- Salary Increases: 3.00% per annum
- Pre-retirement Turnover: According to Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages. Sample rates are as follows:

Age	Turnover (%)
25	7.7%
35	6.3
45	4.0
55	0.9

Pre-retirement Mortality: RP-2014 Employee Mortality, without projection. Sample deaths per 1,000 employees are as follows:

Age	Males	Females
25	0.48	0.17
35	0.52	0.29
45	0.97	0.66
55	2.79	1.67

Post-retirement Mortality: RP-2014 Healthy Annuitant Mortality, without projection. Sample deaths per 1,000 retirees are as follows:

Age	Males	Females
55	5.74	3.62
60	7.78	5.19
65	11.01	8.05
70	16.77	12.87
75	26.83	20.94
80	44.72	34.84
85	77.50	60.50
90	135.91	107.13

**Actuarial Assumptions
(Continued)**

Claim Cost per Retiree or Spouse:

Age	Medical/Rx
50	\$11,226
55	11,226
60	11,226
64	11,226
65	6,300
70	6,300
75	6,300

Retirement Rates:

Age	Percent Retiring
50	5.0%
51	5.0
52	5.0
53	5.0
54	5.0
55	10.0
56	12.0
57	15.0
58	18.0
59	20.0
60	22.0
61	25.0
62	30.0
63	35.0
64	40.0
65	100.0

* The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.

Trend Rate:

Healthcare costs were assumed to increase according to the following schedule:

FYB	Medical/Rx
2017	6.0%
2018+	5.0

District Dollar Caps:

Assumed frozen for all future years.

Actuarial Certification

The results set forth in this report are based on our actuarial valuation of the health and welfare benefit plans of the Rio Linda/Elverta Community Water District ("District") as of July 1, 2017.

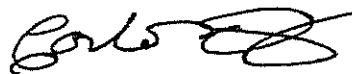
The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the District. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the District, and (when applicable) trust statements prepared by the trustee and provided to us by the District.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 74 and GASB 75, and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the valuation process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this valuation report to the clients' financial statements.

The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:



Carlos Diaz, ASA, EA, MAAA
Actuary



**Items for Discussion and Action
Agenda Item: 5.5**

Date: August 20, 2018

Subject: Request for Qualifications (RFQ) for Contract District Engineer

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Planning Committee reviewed the Request for Qualifications (RFQ) for Contract District Engineer and recommended it be considered by the full Board on the August 20th agenda.

Current Background and Justification:

District Policy stipulates a Request for Qualifications (RFQ) process be conducted for services in the amount of \$25,000 or more. We have a temporary engagement in place to address engineering issues while the RFQ process is being performed. Legal Counsel has reviewed and revised the RFQ draft, and the revised draft is the document being submitted for Board consideration.

Conclusion:

I recommend the Board approve the RFQ and further recommend the Board direct staff to solicit responses.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:____ Green:____ Ridilla:____ Henrici:____ Harris:_____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.5

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning Issues or state of emergency

Consider approval Request for Qualifications (RFQ) for Contract District Engineer

08/03/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

07/31/18

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

08/01/18 & 08/08/18

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18



**RIO LINDA/ELVERTA COMMUNITY
WATER DISTRICT**

730 L Street
Rio Linda, California 95673
Phone: (916) 991-1000 • Fax: (916) 991-6616
www.rlecwd.com

**REQUEST FOR QUALIFICATIONS
(RFQ)**

For Professional Engineering Services, Contract District Engineer for the Rio Linda
Elverta Community Water District
in
Rio Linda, California

August 20, 2018

Responses Due
October 01, 2018
2:00 P.M.

CONTACT:
Timothy R. Shaw
(916) 991-8891
GM@RLECWD.COM

August 20, 2018

Subject: Request for Qualifications – Rio Linda/Elverta Community Water District for Contract District Engineer

1. Introduction

The Rio Linda/Elverta Community Water District (District) is soliciting statements of qualifications (SOQ) from qualified consulting firms to serve as District Engineer, and provide civil engineering services for various, specific District projects including groundwater resource studies, management, and development related projects such as well, groundwater pumping station design and construction management. The District will negotiate and execute professional services agreement with the selected firm. The selected firm will provide varied levels of engineering consulting services for the District on an as-needed basis. Payment will be on a time and materials not to exceed basis with a fixed monthly amount for miscellaneous administrative services provided as District Engineer, such as attending board meetings, responding to e-mails, and providing general guidance.

2. Background/Overview

The District is an independent special water district which serves the communities of Rio Linda and Elverta in Sacramento County and serves approximately 4,700 customers. The District is located north of the City of Sacramento in northwestern Sacramento County. The area within the District's boundary comprises about 12,415 acres (19.4 square miles).

The District supplies its water system from 11 active groundwater wells, one elevated reservoir, one inline booster station, and a ground level reservoir and pump station.

One of the water supply goals of the District is to develop new wells while avoiding the need for water treatment, particularly for arsenic, iron, manganese, and hexavalent chromium (Cr6). Over half of the District's water supply is over the new Cr6 maximum contaminant level (MCL) which was established in 2014 and subsequently remanded by court order for additional financial impact analysis. As part of the mitigation plan for Cr6, the District plans to replace wells affected with Cr6 with new wells that avoid the need for water treatment and treat an existing well via ion exchange.

The District relies on services and support from consulting firm services when planning, designing, and constructing groundwater facilities. A primary responsibility of the District Engineer will be to review the plans, designs and reports of other engineering consultants to assure conformance with the District's needs.

3. Scope of Services

The work to be performed by the selected consultant includes but is not limited to the following:

1. Provide groundwater investigation and evaluation services on an as-needed basis for the District. The Consultant shall submit all information generated to the District in a report that adequately describes the scope of the study, the work or tasks that were performed, all findings, observations, conclusions, and recommendations. The reports shall also include exhibits, drawings, illustrations, and other supplementary documentation to support the information presented in the report.
2. Provide technical support, if needed, for staff presentations or reports to the District's Board of Directors. The District Engineer will also be available to address the Board on an as-needed basis.
3. Provide design review services on submittals from other engineering consultants engaged by the District and make minor design changes on existing designs to meet changes in regulatory requirements or situational necessity. These services include providing design recommendations and calculations, developing detailed drawings, and refining District well construction specifications. All drawings will be produced using AutoCAD and saved as version 2013 (or older), and specifications will follow CSI format standards.
4. Provide technical support to District staff during bidding and construction of well projects. This includes but is not limited to responding to bidder questions, providing addenda and written clarifications when necessary, responding to contractor Requests for Information (RFIs), reviewing contractor submittals to assure conformance with the construction specifications and drawings, attending project related meetings, and addressing well construction problems and deficiencies. Provide construction inspection and observations services during critical phases of construction. Help identify and address issues pertaining to fluid or water disposal, noise mitigation, and other environmental controls. Assist with regulatory compliance issues as necessary. Compile and present bound reports containing construction records and as built documentation for each well project.
5. Provide general consulting services such as responding to design questions, interpreting code requirements, identifying and selecting design alternatives, assisting with cost estimates, providing peer reviews, and assisting with the development and improvement of the District's design standards, specifications, and drawings.

4. Required Submittals for Statement of Qualifications

Hard copies of SOQs are to be submitted no later than 2:00 pm on Monday, October, 01, 2018 to:

Rio Linda/Elverta Community Water District
Attention: Timothy R. Shaw, General Manager
730 L Street
Rio Linda, CA 95673

The District reserves the right to reject any or all of the SOQs submitted. During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarification from any of the firms providing an SOQ.

The consultant is requested to submit 4 copies of an SOQ that contains the items listed in the following section.

5. Statement of Qualifications Requirements

The SOQ shall display clearly and accurately the capability, knowledge, experience, and capacity of the consulting firm to meet the requirements of this RFQ. The entire content of the SOQ is limited to 10 sheets (20 pages), excluding cover and any appendices. The SOQ submitted in response to this RFQ shall be in the following order and shall include:

Cover Letter

A principal of the consulting firm authorized to commit the firm to the requirements of the RFQ must sign the letter. A statement shall be included in the cover letter committing personnel identified in the SOQ to support the District when requested by the District. The letter shall state that the consultant will meet the insurance requirements stated in the attached Sample Agreement (Appendix A).

Company Background

A brief statement of the firm's background and organization.

Project Team

An organizational chart and a brief summary of the qualifications and experience of the key members of the firm's project team who would be expected to provide the desired services. Any change in the project team by the selected consulting firm would need to be approved in writing by the District. Finally, the SOQ must describe the primary responsibilities of each staff member.

Qualifications

A statement of the firm's qualifications and ability to commit adequate resources to perform the scope of services and successfully complete the projects as needed in a timely manner.

Experience

A summary of the firm's experience with at least one (1) local Sacramento Valley groundwater facility designs and at least four (4) municipal well design and construction projects successfully completed in the last three years. Include a brief project description, an explanation of the work that was performed by the firm, dates, client information, contact name(s) and phone numbers.

Describe each team member's involvement with the projects listed in the summary of firm's experience. Provide similar level of information for key members of any proposed sub-consultant firm.

Project Approach/Work Plan

Provide a general description of the consultant's approach towards the successful and timely completion of typical groundwater pumping station projects. Identify any critical issues or potential problems and discuss how your firm will address them. Include a description of all work that will be subcontracted to others. Also, include your expectations of work to be performed by District staff.

Rate Schedule (submitted in a separate, sealed envelope)

In a separate sealed envelope, which will only be opened for the highest rated responder: Provide the hourly rate for each project team member proposed to work on the District's projects. It is expected that the rates will remain in effect for the duration of the Agreement. The rate schedule shall also include any other rates such as subconsultant markups, reimbursable expenses, equipment, or other direct costs that may be incurred. Also include the monthly fixed charge for administrative services. Lastly, include any other rates to be potentially incurred by the District. If the District is unable to negotiate a professional services agreement with the most qualified respondent, and/or finds the rate schedule unreasonable for the needs of the District, the District will terminate discussions with the most qualified respondent and begin discussions with the second most qualified respondent and so on until a professional services agreement is executed with reasonable rates/charges meeting the District's needs.

Terms and Conditions Statement

Statement of acceptance or objections to terms and conditions of the District's Standard Professional Services Agreement (Appendix A). If there are any objections to the terms and conditions, alternative language shall be included for consideration by the District.

Statement of No Conflict of Interest

Statement of no conflict of interest if awarded this contract or how any potential conflicts will be addressed.

Appendices

Include resumes of project team members. Each resume shall not exceed three (3) pages.

6. Pertinent Information**Addenda and Supplements**

If it becomes necessary to revise any part of this RFQ, an addendum to the RFQ will be provided to all firms on the RFQ distribution list.

SOQ Costs

All costs associated with the development of the SOQ shall be the responsibility of the consultant and shall not be chargeable in any manner to the District.

Use of SOQ Ideas

The District reserves the right to use any or all of the firms' ideas presented in the SOQs. Selection or rejection of the SOQ does not affect this right.

Any information submitted in an SOQ which the consultant considers proprietary must be identified as such, and the consultant shall include the legal basis for a claim of confidentiality. The District will not assert the confidentiality of such information unless the consultant executes and submits a written agreement prepared by the District, to defend and indemnify the District for any liability, costs, and expenses incurred in asserting such confidentiality as part of the

SOQ. The final determination as to whether or not the District will assert the claim of confidentiality on behalf of the bidder is in the sole discretion of the District.

7. SOQ Evaluations

The SOQs will be reviewed and evaluated by District staff. The District may choose to interview respondents to further evaluate qualifications relevant to the District's need. Final selection is expected on or before October 15, 2018.

8. Award of Contract

The District reserves the right to reject any and all SOQs, to contract work with whomever and in whatever manner the District decides, to abandon the work entirely and to waive an informality or non-substantive irregularity as the interest of the District may require and to be the sole judge of the selection process. The District also reserves the right to negotiate separately in any manner to serve the best interest of the District.

We appreciate your interest in providing professional engineering services and look forward to a successful relationship with the selected firm. If you have any questions, please contact Timothy R. Shaw at (916) 991-8891 or gm@rlecwd.com.

Sincerely,

Timothy R. Shaw, General Manager

Appendix A

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
PROJECT: Contract District Engineer
PROJECT NO. _____ - _____

AGREEMENT FOR CONSULTING SERVICES

THIS ENGINEERING SERVICES AGREEMENT (“Agreement”) is made and entered into this ___ day of _____, 20___, by and between the Rio Linda Elverta Community Water District, a county water district of the State of California (“District”) and [Consultant Name], (“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 various District water supply projects and as a contract District Engineer.

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 water supply projects (the “Project”).

C. Consultant has been selected as the most qualified to provide hydrogeologic services as District Engineer resulting from their submitted Statement of Qualifications dated [Month, Day,] 2018 in response to the District’s Request for Qualifications dated [Month, Day,] 2018, a description of such services is attached hereto as **Exhibit A** (“Services”).

D. In addition to monthly administrative support for a fixed charge as District Engineer, Project specific time and materials engineering services shall be provided by task order and approved by the District prior to any services provided (“Task Order”), as more fully described in the Services, attached as **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.

Appendix A

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 District Engineer 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. In addition to the monthly administrative services charge associated with the District Engineer Services provided in **Exhibit A**, the District shall pay Consultant for all Services described in an approved Task Order, 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 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 hydrogeologic consultant practices and standards, in compliance with all applicable federal, state and local laws.

Appendix A

(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 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 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

Appendix A

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 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. 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.

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

Appendix A

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, copies of all finished or unfinished Work Product shall become the property of District. Notwithstanding the above, in no event shall 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:

Appendix A

(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 harmless and release 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 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 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. With respect to

Appendix A

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

If to Consultant: Consultant Name
 Address
 City, State Zip
 Attention:
 Tel:

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

<u>Exhibit Designation</u>	<u>Exhibit Title</u>
Exhibit A:	Services
Exhibit B:	Sample Task Order

Appendix A**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, 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.

Appendix A

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: _____

Approved as to Form:

By: _____
Barbara A. Brenner, District Counsel

CONSULTANT:

Consultant Name

By: _____
Name, Title

Date: _____



Items for Discussion and Action Agenda Item: 5.6

Date: August 20, 2018
Subject: Status of Discussions with Elverta Developers
Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Planning Committee recommend status reports on pending issues with Elverta Specific Plan Owners Group (ESPOG) and Elverta Associates LLC. issues be provided to the Board at the August 20th meeting.

Current Background and Justification:

The Planning Committee discussed pending issues with ESPOG and Elverta Associates LLC. A common thread to both topics was the absence of response by both ESPOG and Elverta Associates LLC to separate and distinct District letters sent to each.

The ESPOG core elements can be summarized as a divergence in approach between the District and ESPOG for compliance with policies and objectives stipulated in the *Rio Linda Elverta Community Plan* (Community Plan), e.g. PF-8. A copy of the relevant excerpt of the Community Plan is included with your Board packets. The essential disparities between the District's and the Developer's approaches distills down to three primary elements:

1. The degree to which long-term agreements and financing are in place to assure Policy PF-8 is sufficiently addressed.
2. The intended meanings of "supplemental surface water" and "no net increase in groundwater pumping".
3. The priority for conjunctive use and the prescribed deterrents in the Community Plan for failing to achieve conjunctive use as delineated in PF-7.

The Planning Committee advised the ESPOG representatives of the District's frustration for not having received any written response to the June 18th District letter, specifically the letter's stipulation to address the long-term financing elements by engaging a municipal finance consultant working for the District's interests. ESPOG has submitted a letter (by e-mail to every Director), which summarizes the actions taken through the years, but the ESPOG letter does **not** respond to the District's bulleted items specifically requiring an ESPOG response. Instead, ESPOG proposes to work out these issues via a series of workshops with the Planning Committee.

The Elverta Associates LLC issue regarding the Property Donation Agreement was discussed at the Planning Committee, but Elverta Associates LLC did not attend. Staff subsequent correspondence with Elverta Associates LLC has produced a revised Property Donation Agreement draft, which is being reviewed by Legal Counsel as of the writing of this staff report.

Conclusion:

No action is required by the Board. However, the Board may wish to Direct staff to respond to the August 13th ESPOG letter, and further direct staff on key elements for inclusion in such response.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:_____ Green:_____ Ridilla:_____ Henrici:_____ Harris:_____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.6

Date

Initial Potential Meeting Date08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Status of Discussions with Elverta Associates LLC on Well #16 Property Donation

08/13/18**Staff Work Completed**

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other
Water or special districts, District Engineer, Legal Counsel then laying out business cases,
pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work08/03/18

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc
Committees, to prepare board recommendations

Formal Legal Counsel Review07/20/18 &

Legal Counsel should have enough time to review all potential legal matters
for correctness and legality

GM Review08/17/18**Actual Meeting Date Set for Agenda Item**08/20/18



August 13, 2018

Mary R. Harris, President RLECWD
 Brent Dills, Director RLECWD
 Rio Linda Elverta Community Water District (RLECWD) Planning Committee
 730 L Street
 Rio Linda, CA 95673

SUBJECT: Follow-up to 8/3/18 Planning Committee meeting

Dear President Harris and Director Dills:

On behalf of the Elverta Specific Plan Owners Group (ESPOG), thank you for the opportunity to discuss important water and infrastructure issues at your recent Planning Committee meeting.

As you are aware, we have been working for the past several years, most recently with District General Manager Tim Shaw and District Counsel Barbara Brenner, toward the development and adoption of a Water Services Agreement ("Agreement") to provide water for future homes within the 1,744-acre Elverta Specific Plan ("ESP") area. Adoption of this agreement will memorialize the District's commitment to serve ESP, as well as affirm the obligation of ESP developers to install the necessary groundwater facilities to serve the ESP area until the Rio Linda Elverta Community Water District ("District") is able to deliver surface water to the District's customers.

Over the last few years we have worked extensively with the District Board and Staff to develop the water supply program for ESP. During that time the District Board took four equally important actions relating to water supply for ESP:

1. Approval of the District's Water Supply Master Plan (April 2014),
2. Approval of the Elverta Specific Plan Water Supply Strategy (January 2016),
3. Approval of the Water Supply Assessment for the Elverta Specific Plan (January 2016), and
4. Adoption of the Water Service Connection Fee Ordinance No. 2016-01 (September 2016).

The Water Service Connection Fee adopted by your Board consists of four major components:

1. Groundwater Supply, Treatment and Storage	\$ 4,470±/DU (±45.6%)
2. Surface Water Supply, Treatment and Transmission	\$ 6,936±/DU (±53.1%)
3. Transmission & Distribution System	\$ 1,489±/DU (±11.4%)
4. District Wide Facilities (Incl. Capacity Buy-In)	<u>\$ 170±/DU (±01.3%)</u>
Total Connection Fee	\$ 13,065±/DU (100.0%)

In 2016, Sacramento Ground Water Authority ("SGA") on August 11th and the Sacramento County Board of Supervisors ("County Board") on September 27th reviewed and approved the Elverta Specific Plan Water Supply Strategy as complying with PF-8 of the Elverta Community

Plan, demonstrating how the proposed water supply program would provide a long-term conjunctive water supply for ESP. In combination, as approved by SGA and the County Board, in August 2016 and September 2016, respectively, these actions document ESP's compliance with PF-8 and clearly sets forth a plan to provide groundwater in the early years while the District works towards the implementation of its surface water supply program. Further, that ground water supply was demonstrated to be sufficient for the approximately 3,500 units planned for ESP Phase One development and Northborough.

As you will recall, two critical requirements of PF-8 that were fulfilled (as explained above) were the existence of:

1. An approved groundwater management plan. The SGA adoption of a Groundwater Management Plan fulfilled this requirement.
2. A Finance Plan for the delivery of surface water. The District adoption of the Water Service Connection Fee fulfilled this requirement.

Moving forward, the implementation of the surface water program should be our collective focus. ESPOG is committed to working with your Board in the coming weeks to develop an implementation plan for surface water. The surface water portion of the Connection Fee (\$6,936±/DU) will generate approximately \$24.1 million from the development of ESP Phase One and Northborough. Over time, these fees will build a significant war chest for the District to plan, entitle, and provide funds for the first phase of the surface water program.

We believe that the fees collected from ESP, along with fees collected from other new development within the District, will be adequate to initiate surface water deliveries to the District. At the discretion of the District Board, these funds can be used to further the District's efforts to develop a standalone surface water project or to participate in the proposed RiverArc project. Both options are worthy of further consideration by the District.

Notwithstanding the RiverArc option, we believe the standalone option studied in the Water Supply Strategy should be independently pursued by the District in parallel with the proposed RiverArc project in the chance that the RiverArc program does not come to fruition. As a reminder, the standalone project was fully funded in the Water Supply Connection Fee Program in the amount of \$188.5 million.

Alternative surface water supply options may also be viable and worthy of District consideration. For example, connection to the PCWA system in western Placer County might be an interim solution. Additionally, connection to the Sac Suburban "Super Pipeline" may be a prudent interim option as the District is already within the PCWA Place of Use and the pipeline was constructed with sufficient capacity to serve the District's needs, or at least a portion thereof.

Depending on the actual configuration of the surface water supply program developed and implemented over time, the costs thereof will likely be different than those forecasted in the District's Water Master Plan and Water Service Connection Fee Program. As needed, the Water Service Connection Fee program can be adjusted over time to account for changes in the total cost of the surface water program, as well to provide cost escalation adjustments in the fee itself to keep up with inflation.


While the ESPOG has elected to pause on the advanced funding of the River Arc project while the District assesses other surface water options, we fully intend to work with the District to find the best solution for long-term surface water needs. As such, we should develop a public-private partnership approach to solving this issue.

It is our desire to establish a series of workshops with the District's Planning and Finance Committees and work towards the development of a Surface Water Implementation Plan and a

Water Services Agreement which satisfies the needs of all parties. We look forward to meeting with the Planning Committee at its next regularly scheduled meeting on September 7th.

Please feel free to contact me in the meantime if you need additional information.

Sincerely,



Rob Smith, RCH Group
ESPOG Project Manager

Cc: Mary Henrici, Vice President RLECWD
Paul R. Green Jr., Director RLECWD
John Ridilla, Director RLECWD
Tim Shaw, General Manager RLECWD
Simon Gray, Coleman Engineering, RLECWD District Engineer
Barbara Brenner, Churchwell White LLP, RLECWD Legal Counsel
Jeff Pemstein, RCH Group, ESPOG Project Manager
Ken Giberson, MacKay & Somps Civil Engineers, Inc.
Elverta Specific Plan Owners Group (ESPOG)

FROM RIO LINDA ELVERTA COMMUNITY PLAN

June 3, 1998

WATER SUPPLY AND QUALITY

- ❖ *Objectives: A reliable, high quality, long-term source of water to meet the community's needs along with a water distribution system capable of conveying that water to urban and agricultural-residential users.*

The groundwater aquifer(s) protected from long-term damage from draw-down by public and private wells.

No negative impact to groundwater quality, pursuant to State and local standards, by contamination from septic tank systems.

❖ *Policies:*

- PF-5 All new development in urban zones must have public water. New development on lots of two acres or less in agricultural-residential zones must provide or make provisions for public water service.
- PF-6 The Rio Linda Water District and the Citizens Utility Water District are encouraged to pursue a conjunctive use water supply (surface and ground water) for their respective service areas.
- PF-7 In the event a conjunctive use water supply is not obtained, the County shall not take actions that will result in long-term damage from draw-down to the groundwater aquifer(s).
- PF-8 In the new growth area in eastern Elverta, and other comprehensively planned development areas, entitlements for urban development shall not be granted until adequate, long term agreements and financing for supplemental water supplies are in place. "Supplemental water supplies" means any water supply (i.e., surface water, reclaimed water, etc.) that results in no net increase in groundwater pumping. The land use planning process may proceed, and specific plans and rezoning may be approved, *while water plan is being developed.*

July 20, 2018

VIA EMAIL (tkihm@rtacq.com)

Tim Kihm
TK Consulting, Inc.

Dear Mr. Kihm:

I represent the Rio Linda / Elverta Community Water District (“District”). It is my understanding that you represent Elverta Associates, LLC (“Elverta”) relevant to the one-acre parcel located at Assessor’s Parcel Number 202-0170-024 (the “Parcel”).

The District and Elverta entered into a Right of Entry Agreement that allowed the District to perform groundwater testing to determine the viability of constructing a well on the Parcel. The District and Elverta also entered into a Term Sheet at the same time in April of 2017. The Term Sheet provides the parties will use good faith efforts to enter into a Property Dedication Agreement (“Dedication Agreement”).

We have exchanged a Dedication Agreement with you and Ken Giberson. We have incorporated the suggested changes by Mr. Giberson to the Dedication Agreement. You, on behalf of Elverta, have now indicated that Elverta is not willing to execute the Dedication Agreement until a water service agreement is entered into by the District and the Elverta Specific Plan property owners. The Elverta Specific Plan water service agreement is not related to the Dedication Agreement nor does the Term Sheet indicate that the two agreements are related.

The District has incurred significant expense associated with developing Well Site 16 on the Parcel, and it is imperative the Dedication Agreement be completed to fully develop Well Site 16. The District has entered into a loan agreement to complete Well Site 16 on the Parcel. Further delay of the Dedication Agreement will result in financial expense and other damages to the District.

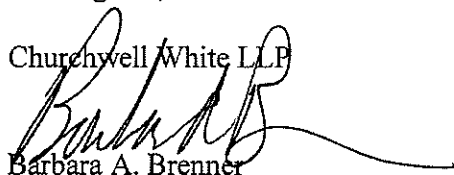
The current version of the Dedication Agreement is attached. Please provide any comments you have to the Dedication Agreement by next Friday, July 27, 2018, so we can finalize the Dedication Agreement and complete Well Site 16 in accordance with the Term Sheet.

Tim Kihm
July 20, 2018
Page 2 of 2

Any further delay of the Dedication Agreement will result in other steps by the District to gain ownership of the Parcel. Please feel free to contact Robin Baral or me at (916) 468-0950 with any questions. Thank you.

Best regards,

Churchwell White LLP


Barbara A. Brenner

BAB/dmg

Enclosure

Cc: Tim Shaw (via email, w/encl.)
Ken Giberson (via email, w/encl.)

PROPERTY DEDICATION AGREEMENT

This Property Dedication Agreement ("Agreement") is entered into on this ____ day of _____, 2018 ("Effective Date"), by and between Rio Linda/Elverta Community Water District, a California special district (the "District"), and Elverta Associates, LLC, a California limited liability company ("Owner"). District and Owner may individually be referred to herein as a "Party" or collectively as the "Parties." There are no other parties to this Agreement.

RECITALS

A. Owner is the owner of certain real property located in Sacramento County, California, commonly identified by the assessor parcel number ("APN") 202-0170-024 and as more fully described in the Irrevocable Offer of Dedication and Grant Deed ("Deed"), attached and incorporated hereto as **Exhibit A**.

B. A roughly one-acre portion of the Property, as described in the Deed is proposed to be ~~dedication-dedicated~~ by Owner to the District and developed as a well site ("Well Site"), on terms and conditions set forth in this Agreement and as modeled in the Well 16 Production Well, Reservoir and Pump Station Modification Site Plan attached and incorporated hereto as **Exhibit B** ("Well Site Plan").

C. Owner desires to dedicate the Well Site to District on the terms and conditions of this Agreement.

D. District intends to acquire the Well Site to develop water infrastructure to serve planned development in the District and to implement the District's long-term operational objectives.

NOW, THEREFORE, in reliance on the above and in consideration of the mutual covenants and benefits that accrue to each, the Parties agree as follows:

AGREEMENT

Section 1. Land Dedication. Owner agrees to dedicate and convey ownership of the Well Site to District, and District agrees to accept ownership of the Well Site, on the terms and conditions set forth herein.

Section 2. Conditions Precedent and Contingencies. Subject to the terms and conditions of this Agreement, Owner and District agree to use good faith efforts to satisfy the conditions set forth in this Agreement and shall submit evidence satisfactory to the other, as appropriate, that the conditions have been satisfied, if such evidence is required.

Section 3. Well Site Improvements. District shall design, construct, and install and maintain improvements on the Well Site in substantial conformance with the proposed improvements depicted on the Well Site Plan, attached as **Exhibit B**. District shall ~~construct and~~ be responsible for the cost of the ~~design, construction and maintenance of all well site improvements plus the~~ above grade improvements, including: (1) a six (6) foot sidewalk along "U" Street with a six (6)

inch concrete curb; (2) an eight (8) foot wrought iron fence with pedestrian and vehicle gate; (3) a twenty (20) foot driveway and an eight (8) foot high; and (4) a one (1) inch thick sound wall along the back and east end of the site, as depicted in the Well Site Plan as well as the related below grade improvements associated therewith. Further, District shall construct and be responsible for the cost of the design, construction and maintenance of its U Street frontage improvements (including, but without limitation, pavement widening, drain lines, sewer service, curb and gutter, sidewalks, joint trench, landscaping and fencing).

3.1 Landscaping. District shall design, construct, ~~and install and maintain~~ landscaping on the Well Site frontage located along "U" Street in substantial conformance with the landscaping depicted on the Well 16 Production Well, Reservoir and Pump Station Proposed Site Plan 3D Rendition, incorporated and attached hereto as **Exhibit C**, ~~provided no additional such features are added without consent of Owner.~~

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3.2 Reservoir Restriction. District shall not construct, design, or install a reservoir on the Well Site. This restriction does not apply to a backwash tank or any other closed water storage infrastructure that may be required for water treatment.

3.3 Architecture & Equipment. District agrees to coordinate with and gain Owner's approval of all architectural details of the Well Site (including colors, texture and materials of masonry walls, wrought iron fencing, landscaping, control building and roofs, wells, treatment equipment and tanks) prior to construction. Additionally, District shall obtain approval of Owner of the standby generator, including enclosure and muffler) prior to ordering and/or installing same. Said approvals by Owner shall not be unreasonably withheld.

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Section 4. Due Diligence. District shall perform all due diligence investigations related to the Well Site, which may include an appraisal, environmental review, environmental assessment ("ESA Phase 1 or Phase 2"), and a preliminary title report. Owner shall provide District with a copy of any environmental review, ESA Phase 1 or Phase 2, or other testing of the Well Site conducted in the past fifteen (15) years.

Section 5 Termination. In the event the District is not satisfied in District's sole discretion with (i) the physical condition and nature of the Well Site, including all environmental conditions thereof; (ii) all information concerning the Well Site made available by Owner to District; (iii) the status of title of the Well Site; and (iv) all other physical, environmental, legal, or other aspects of the Well Site (collectively, the "Conditions"), District shall have the option at any time before completion of construction of the Well Site to choose one of the following as its sole and exclusive remedy by sending written notice to the Owner: (i) the Well Site is not acceptable to the District and that District has disapproved the Well Site, and neither Party hereto shall have any further rights or obligations hereunder; or (ii) District waives any Conditions and intends to consummate this transaction. If District does not send any such written notice, then District shall be deemed to have elected subsection (ii) and waives any of the Conditions.

Notwithstanding any other provisions of this agreement, should District decide not to consummate this transaction and/or construct the well improvements on this Well Site, then District shall, at its own costs and expense, restore the property to the same condition in which it was prior to

~~District's entry on to the site, including the destruction. This requirement shall include destruction per County standards of any monitoring, test or production wells constructed by District, in compliance with the well destruction requirements established by Section 6.28.040 of the Sacramento County Code. Further, if District fails to complete the construct the contemplated well and site improvements within 24 months of the date of execution of this Agreement, then District shall reconvey title of said property to the Owner free and clear of any improvements and encumbrances created and/or constructed by District.~~

Section 6. Indemnification. District agrees to indemnify, defend, assume all liability for and hold harmless Owner from all actions, claims, suits, penalties, obligations, liabilities, damages to property, environmental claims or injuries to persons, which may be caused by the District's negligence or gross negligence arising out of or in connection with the improvements on the Well Site.

Section 7. Compliance with Laws/Permits. In all activities undertaken pursuant to this Agreement, District and its contractors, agents and employees, shall comply with all applicable federal, state and local laws, statutes, orders, ordinances, rules, regulations, plans, policies and decrees. District, at its sole cost and expense, shall obtain any and all permits which may be required by any law, regulation or ordinance for completing the improvements to the Well Site pursuant to this Agreement.

Section 8. Access. This Agreement shall in no way restrict Owner's access to the Property, provided that the Owner and any of its representatives or invitees to the Property shall not act in such a way as to interfere with the installation of the improvements at the Well Site.

~~**Section 9. Cooperation of District and Owner.** Owner shall cooperate with District in District's efforts to obtain any and all approvals of other agencies as required for improvements at the Well Site. Owner further agrees to cooperate with District in District's efforts to clear all liens, encumbrances, encroachments and special assessments levied or assessed against the Well Site prior to the dedication of the Well Site to the District, as contemplated in Section 1 of this Agreement.~~

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Section 10. General Provisions.

(a) *Integration.* This is an integrated Agreement and therefore contains all of the terms, considerations, understandings and promises between the Parties related to improvements at the Well Site and the dedication of the Well Site to the District. This Agreement may be modified, changed or rescinded only by written agreement, executed by the Parties.

(b) *Exhibits.* All exhibits referred to herein are incorporated into this Agreement. Failure to comply with the provisions or requirements of any exhibit shall constitute grounds for breach of this Agreement by either Party.

(c) *Waiver.* A waiver by any Party to this Agreement or a breach of any provision shall not operate or be construed as a waiver of any other or subsequent breach hereof unless specifically stated in writing

(d) *Necessary Acts.* The Parties shall at their own cost and expense execute and deliver further documentation and shall take other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

(e) *Successor and Assigns – Covenant Running with the Land.* This Agreement and all covenants and restrictions contained herein shall, to the fullest extent permitted by law and equity, be deemed a covenant running with the land of the Property and shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

(f) *Attorney's Fees and Costs.* In any action at law or in equity, including action for declaratory relief, brought by any Party to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorney's fees, costs of court and reasonable expense of litigation, in addition to any other relief which such party may be entitled.

(g) *Governing Law.* This Agreement shall be governed and construed in accordance with the laws of the State of California.

(h) *Venue.* Any action arising out of this Agreement shall be brought in Sacramento County, California, regardless of where venue may lie.

(i) *Binding Agreement.* This Agreement shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators, and assigns of the Parties.

(j) *Severability.* Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, or provisions shall not be affected, and the illegal, unenforceable, or invalid part, term, or provision shall be deemed not to be part of this Agreement.

(k) *Notices.* Any notice or communication required hereunder between the Parties 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 shall be deemed to have been given when delivered to the Party to whom it is addressed. Any Party may at any time, by giving ten (10) days written notice to the other Party, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices of 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, CA 95673
Attn: General Manager

With copies to: Churchwell White LLP
1414 K Street, Third Floor
Sacramento, CA 95814
Attn: Barbara A. Brenner, Esq.

If to Owner: Elverta Associates, LLC
2082 Michelson Drive, Suite 400
Irvine CA 92612
Attn: Tim Kihm

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With copies to: Nancy Dubonnet, Esq.
2082 Michelson Drive, Suite 450
Irvine CA 92612

(l) *Authority.* All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any persons, states, firms or other legal entities represented or purported to be represented by such persons, states, firms or other legal entities.

(m) *Counterparts.* This Agreement may be executed in one or more counterparts and all so executed shall be binding upon the Parties, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

(n) *Recitals.* The recitals set forth above are incorporated herein by this reference and made a part of this Agreement. In the event of any inconsistencies between the recitals and Sections 1 through 9 of this Agreement, Sections 1 through 9 shall control.

(o) *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.

(p) *Fees and Other Expenses.* Except as otherwise provided herein, each of the Parties shall pay its own fees and expenses in connection with this Agreement.

(q) *Headings.* The headings used herein are for purposes of convenience only and shall not be used to construe, expand or limit the meaning of the language of this Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

Rio Linda/Elverta Community Water District, a California special district

Elverta Associates, LLC, a California limited liability company

By: _____
Timothy R. Shaw, General Manager

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

Barbara A. Brenner, General Counsel

EXHIBIT A
Irrevocable Offer of Dedication

{CW058323.6}

EXHIBIT B

Well 16 Production Well, Reservoir and Pump Station Modification Site Plan

EXHIBIT C

Well 16 Production Well, Reservoir and Pump State Proposed Site Plan 3D Rendition



60

Items for Discussion and Action Agenda Item: 5.7

Date: August 20, 2018

Subject: Proposed change in District hours of operation and consider directing the minimum lead time and method(s) for informing the public

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Finance and Admin Committee discussed the written request from the Employees and commensurately provided advice and direction to the GM. The Finance and Admin Committee supports efforts to increase employee productivity and job satisfaction, while also exploring potential costs savings. Furthermore, the Finance and Admin committee embrace the need to preserve the District's autonomy for establishing and revising the working hours to meet the operational needs of the District, which is reflecting in current District Policy authorizing the GM to set working hours.

Current Background and Justification:

Flexible work schedules have proven to be a valid means of increasing employee productivity and job satisfaction. The District, through authorizing the GM to set working hours to support the operational needs of the District must preserve this management right. Accordingly, it's worthy to preclude morphing of this dialog and discussion into MOU negotiations and/or revising of District Policy.

Notwithstanding the foregoing, changing hours of operation to include being closed for business on one day of the week is a substantial change, one which warrants careful consideration. It was in such context that the Memo to respond to the Employees' written request was crafted. Likewise, the need for the balance between guarding existing authority and enabling the whole Board to weigh in on such an impactful operational decision factored into the agenda item for the Board's consideration. This process is deliberately intended to compile and consider all aspects of the decision. If operational needs are not being met under the proposed change, the GM has the authority and the Board's expectation to make changes, including changing back to a schedule which supports 5-days a week staffing.

The decision for the Board's consideration should be to prescribe the amount of lead time and means for notifying the public about our planned change to hours of operation. It is worthy to note that if the public notification process yields a relevant degree of public opposition, it's reasonable to expect the GM to retract the proposed change and update the public notice accordingly.

Conclusion:

I recommend the Board authorize approximately ____ weeks of lead time prior to implementation of the proposed change in hours of operations, and further direct staff to inform the public via newspaper notice, social media, newsletter, flyers posted on bulletin boards and public places (including the Country Fair) and the District's website.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:____ Green:____ Ridilla:____ Henrici:____ Harris:____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.7

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/ Goal/Strategic Planning issues or state of emergency

Proposed change in District hours of operation and consider directing the minimum lead time and method(s) for informing the public

08/16/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

08/13/18

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18

RLECWD INTEROFFICE MEMORANDUM

TO: RLECWD EMPLOYEES

FROM: TIMOTHY R. SHAW, GENERAL MANAGER

SUBJECT: CONSIDERATION OF ALTERNATIVE WORK SCHEDULES

DATE: 8-16-2018

CC:

Management has reviewed your request to consider alternative work schedules and has the following comments in response to your written request:

- Management shares your embrace for practices and policies that can lead to greater productivity, lower operating costs, and better job satisfaction.
- The current District policy clearly establishes, and must continue to uphold, the principal that the District must be able to establish and, as necessary, modify the work schedule to meet the operational needs of the District.
- Any change in schedule, which is properly noticed and implemented by the General Manager is, as it should be, subject to revisions as may be deemed necessary for the operational needs of the District, now and in the future. In other words, if we change schedule, and District needs are not being sufficiently addressed, the work schedule may need to change for some employees.
- Even if the District goes to a 4-10 schedule, it is not necessary or justified to have the same start times for operations employees as customer service employees. For example; some field employees may start work earlier in warm weather months and later in cool weather, shorter daylight months.
- The District will need to provide sufficient lead time to make the change associated with being closed on Fridays. We will need time for notices, postings flyers etc. to minimize the impact on customers who would otherwise plan to pay bills on Fridays.
- Although changing work schedules is within the authority of the GM, and such changes when properly noticed are not subject to Union meet and confer requirements, there will need to be some reasonable clarifications on pay days, observed holidays that fall on a regular day off (potentially now including Fridays) and vacation/sick leave accrual equivalents. For example, the existing MOU stipulates vacation accrual is two weeks per year (up to five years of service). The intent of two weeks in a 5-days per week schedule is 80-hours of vacation. If you take 80-hours of vacation, you will be absent for two weeks in a 4-10 schedule. However, if you take one day off, that's 10-hours of vacation.

If these stipulations are acceptable to the employees, please respond accordingly and the F/A Committee will forward an item on to an upcoming Board agenda to consider the length of lead time needed to notify the customers about the planned changes in office hours.

Proposal : Change to Hours of Operation

The RLECWD staff would like to change the district's hours of operations. The new hours of operation would change to Monday thru Thursday (6:30am-5:00pm). Currently we operate Monday thru Friday (7:00am – 4:00pm). We desire this change to enhance our quality of life while providing exceptional customer service and meeting all of the district's needs. This change would require most employees to change from an eight hour work day to a ten hour work day. We have all agreed to this change.

The change to hours of operation would benefit the district in many ways.

1. While we would be closed 52 days more a year, this would help drive down operational cost. Which in turn would save the district money.
2. We have been told by many of our customers "Why do you close at 4:00pm; when a lot of people get off work at 4:00pm?" "I cannot make it in by 4:00pm." "I had to take time off work to come in." Changing the hours would give our customers six more hours a week to conduct business, outside of our current hours of operation. With this larger window customers would be able to come in and speak with personnel to pay a bill, talk about water conservation, or fix customer's problems as they arise.
3. With longer hours, the field staff would accrue less overtime. Much of the overtime is accrued by not having enough time to complete scheduled repairs or other time

consuming tasks. Most overtime is accrued between 4:00pm and 5:00pm.

In closing we would like to express our appreciation for taking the time to review this matter.

The RLECWD Team:

Pat Goyet



Deborah Denning



Renita Lehman



Kimberly Bassett



Chris Bell



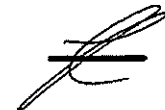
Vincent Vigallon



Justin Davis



Frank Chacon





Items for Discussion and Action
Agenda Item: 5.8

Date: August 20, 2018

Subject: District's planned participation in the annual Rio Linda Elverta Country Faire

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

N/A

Current Background and Justification:

The District traditionally participates in this annual event as a form of community outreach. Informational items and conservation promotion items are typically distributed from the District's booth.

Conclusion:

It may be necessary and appropriate for the Board to confirm assumptions. Participation entails overtime for hourly rated staff to work on a Saturday. Apparently, there is some inconsistency as to whether this event satisfies the definition of a meeting for purposes of Board Member compensation.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills: _____ Green: _____ Ridilla: _____ Henrici: _____ Harris: _____

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.8

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

District's planned participation in the annual Rio Linda Elverta Country Faire

08/17/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

N/A

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18



**Items for Discussion and Action
Agenda Item: 5.9**

Date: August 20, 2018

Subject: New Board Member assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

These standing agenda items are not normally discussed in committee prior to the Board meeting.

Current Background and Justification:

N/A

Conclusion:

If the Board President desires to appoint any new committees or Board Member assignments, the Board President should announce such. After any necessary discussion, the Board should entertain motions accordingly.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills: _____ Green: _____ Ridilla: _____ Henrici: _____ Harris: _____

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 5.9

Date

Initial Potential Meeting Date

08/20/18

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Consider confirming any new Board Member assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.

08/17/18

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

N/A

Review by appropriate Finance/Administration, Projects /Planning or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

08/17/18

Actual Meeting Date Set for Agenda Item

08/20/18



**Information Items
Agenda Item: 6.1**

Date: August 20, 2018

Subject: District Reports

Staff Contact: Timothy R. Shaw, General Manager

1. DISTRICT ACTIVITY REPORT

- a. Operations Report
- b. Conservation Report

RIO LINDA/ELVERTA C.W.D. 2018

REPORT OF DISTRICT OPERATIONS

SOURCE WATER DATA

68

Water Production (Million Gallons)

January	February	March	April	May	June	Year To Date
34.8	34.5	36.5	43.7	78.5	102.9	
34,761,308	34,533,300	36,538,945	43,675,247	78,471,746	102,941,005	
July	August	Sept.	Oct.	Nov.	Dec.	
121						451.90
120,520,384						
						Monthly Total
Gallons = Multiply M.G. by: 1,000,000						120,520,384
Cubic Feet = Divide gallons by: 7.48						16,112,351
Hundred Cu Ft. = Divide cu. ft. by: 100						161,124
Acre Ft. = Divide gallons by: 325,829						369.89
						Gallons 451,441,935
						Cubic Feet 60,353,200
						Hundred Cubic Feet 603,532
						Acre Ft. 1,386

DISTRIBUTION SYSTEM DATA

Water Quality Complaints

Complaints Total (Low Psi Complaints)

January	February	March	April	May	June	Year To Date
1	1	1	3 (3)	1	1 (1)	
July	August	Sept.	Oct.	Nov.	Dec.	
1 (1)						9

New Services

New Construction	1	5
Existing Homes	0	0
Paid prior to increase. (2 not installed)	0	0
Total of Service Connections to Date ----->		4636

Distribution System Failures

Deterioration July 1 thru 31	9	33
Damaged July 1 thru 31	1	2

Bacteriological Sampling

Routine	20	124
Raw Water Well Samples	0	24

July 1, 2018 - July 31, 2018

10 - Distribution leaks repaired by District staff, 0 - by Contractor or with contractor assistance.

Work Orders Issued - 96

Work Orders Completed - 52

USA's Issued - 122

Backflow Test - 2

Backflow Test - 2

Change Out Meter - 61

Change Out Meter - 20

Flow Test - 1

Flow Test - 1

Get Current Read - 6

Get Current Read - 6

Install New Service - 1

Install New Service - 1

Line Leak - 5

Line Leak - 5

Other Work - 1

Possible Leak - 9

Possible Leak - 9

Pressure Complaint - 1

Pressure Complaint - 1

Pull Meter - 1

Pull Meter - 1

Repair - 1

Repair - 1

New Service Quote - 1

New Service Quote - 1

Tag Property - 2

Tag Property - 2

Turn Off Service - 1

Turn Off Service - 2

Turn On Service - 1

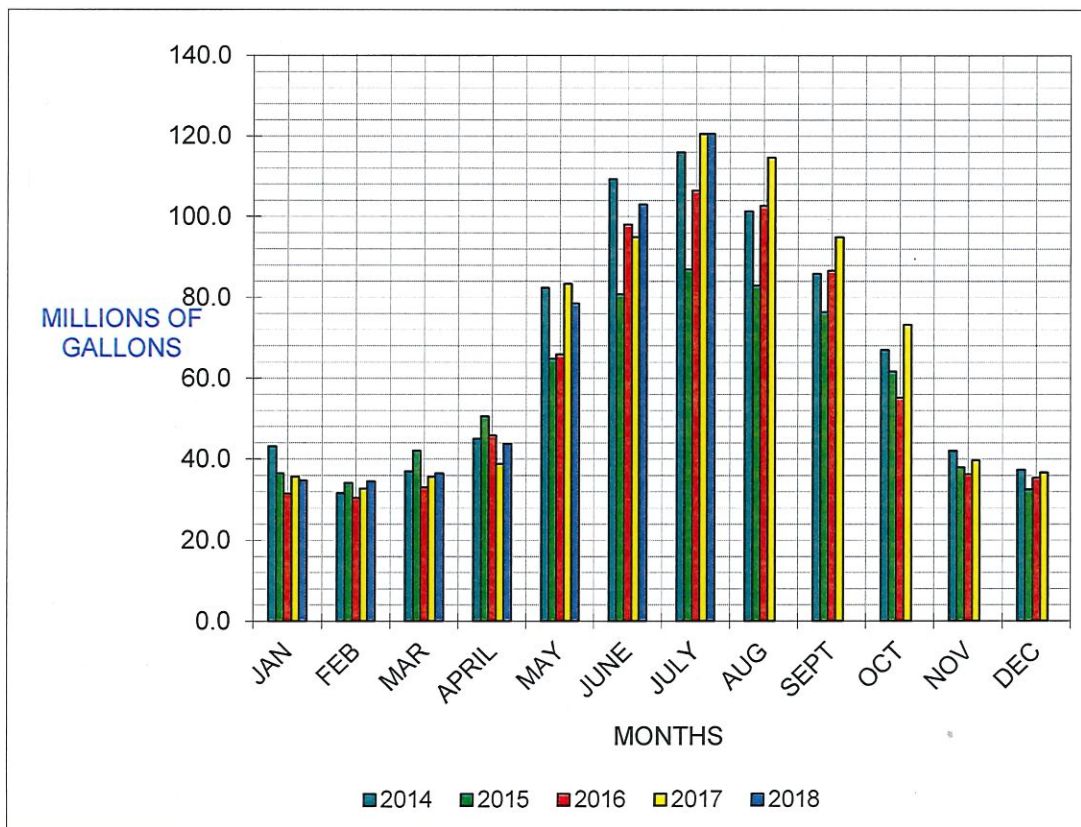
Turn On Service - 2

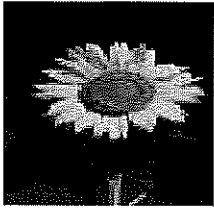
RIO LINDA/ELVERTA C.W.D.

WATER PRODUCTION

2014 \ 2018

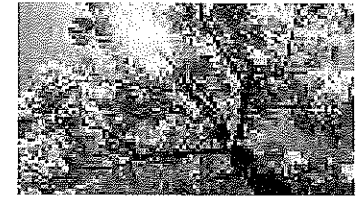
Water Production in Million Gallons							SSWD Water Purchases				
Month	2014	2015	2016	2017	2018	Avg.	2014	2015	2016	2017	2018
JAN	43.2	36.5	31.5	35.6	34.8	36.3	0.0	0.0	0.0	0.0	0.0
FEB	31.6	34.1	30.5	32.7	34.5	32.7	0.0	0.0	0.0	0.0	0.0
MAR	37.0	42.0	33.0	35.6	36.5	36.8	0.0	0.0	0.0	0.0	0.0
APRIL	45.0	50.5	45.8	38.8	43.7	44.8	0.0	0.0	0.0	0.0	0.0
MAY	82.4	64.8	65.9	83.4	78.5	75.0	0.0	0.0	0.0	0.0	0.0
JUNE	109.2	80.8	98.0	94.9	102.9	97.2	2.8	0.0	0.0	0.0	0.0
JULY	116.0	87.0	106.4	120.5	120.5	110.1	0.0	0.0	0.0	0.0	0.0
AUG	101.3	83.0	102.6	114.6		100.4	0.0	0.0	0.0	0.0	
SEPT	85.9	76.4	86.7	94.9		86.0	0.0	0.0	0.0	0.0	
OCT	67.0	61.7	55.2	73.2		64.3	0.0	0.0	0.0	0.0	
NOV	42.0	38.0	36.3	39.7		39.0	0.0	0.0	0.0	0.0	
DEC	37.4	32.5	35.4	36.7		35.5	0.0	0.0	0.0	0.0	
TOTAL	798.0	687.3	727.3	800.6	451.4	753.3	2.8	0.0	0.0	0.0	0.0



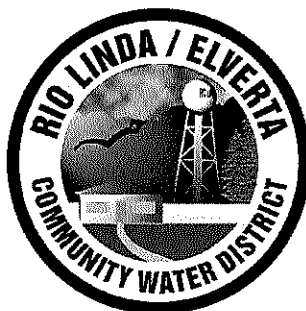


Conservation Report

July 2018



Supplies (kits):	Shower heads (3), Kitchen Aerators (3) Bathroom Aerators (3) Nozzle (0) Hose Timer (0) Shower Timer (0) Dish Scrapper (0)
Water Waste (calls, emails, letter, leaks detected/fixed):	0 Water Waste Complaints 0 Leak Follow-up calls 0 Leak Letters
Water Schedule:	
Surveys:	0
Rebates:	Toilets: 2 Washing Machines: 0
Workshops, Webinars, Meetings:	None
Fines:	NONE
Other Tasks:	
Grant Updates:	N/A



Information Items Agenda Item: 6.2

Date: August 20, 2018

Subject: Board Reports

Staff Contact: Timothy R. Shaw, General Manager

2. BOARD REPORTS

- a. Announce ad hoc committee(s) dissolved by the criteria in Policy 2.01.065
- b. Regional Water Authority – Henrici
- b. Sacramento Groundwater Authority – Green
- c. LAFCO – Green
- d. Planning Committee – Dills, Harris
- e. Finance / Administrative Committee – Ridilla, Henrici
- f. Ad Hoc Committee's
 1. MOU Negotiations – Dills, Harris
 2. GM Contact Revision –Henrici, Ridilla
- g. Other Reports

**SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Thursday, August 9, 2018; 9:00 a.m.

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

Agenda

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT: Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR

Minutes of June 14, 2018 meeting

Action: Approve June 14, 2018 meeting minutes

4. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Information Update: Rob Swartz, Manager of Technical Services

5. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE

Information Update: John Woodling, Executive Director

6. EXECUTIVE DIRECTOR'S REPORT

7. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meeting – October 18, 2018, 10:00 a.m., RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.

AUGUST 9, 2018

TO: SACRAMENTO GROUNDWATER AUTHORITY BOARD

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. **Legislative/Regulatory Update** – Staff is closely engaged with ACWA on legislation and regulatory changes that will promote and streamline groundwater recharge. An ACWA workgroup has held several meetings with State Water Resources Control Board staff to pursue administrative changes that will make acquiring water for groundwater recharge easier. SWRCB staff recently provided a draft process for temporary water rights permits for consideration (attachment). In addition, AB 2649 (Arambula) would make statutory changes for temporary water rights permits. A working group of the ACWA State Legislative Committee developed amendments that allowed ACWA to take a “support if amended” position.
- b. **SGA Outreach** – As you probably know, SGA was formed 20 years ago in 1998. To celebrate this milestone, we will hold a luncheon event on October 18, 2018 (attachment). SGA is engaged in other activities to mark this anniversary, including preparing and submitting an application for the Governor’s Environmental and Economic Leadership Award (GEELA), and sponsoring lunch at the upcoming GRA Western Groundwater Congress. We are also planning to brief the boards/councils of the four JPA signatories; Sacramento, Folsom, Citrus Heights, and Sacramento County.
- c. **Human Resources Policy Updates** – Pursuant to the management agreement between RWA and SGA, staff members are directly employed by RWA even when performing SGA work. While SGA has become a CalPERS contracting employer, we have maintained all other aspects of the RWA-SGA agreement. RWA has recently selected a human resources consultant, and will be conducting a number of activities over the next two years, including updating the employee manual, considering alternatives for retiree health insurance benefits, and focusing on succession planning. I will keep the SGA Board informed of progress on these activities.
- d. **Financial Documents** – The financial reports for the period ending June 30, 2018 are attached.

Meeting was opened at 2:00 pm by Director Dills

Public Comment: None

RLECWD members present were G.M. Tim Shaw, Directors Mary Harris and Brent Dills. Coleman Engineering was represented by Simon Gray.

Also Present: Rob Smith, Elverta Owners Group, Ken Giberson, Consulting Engineer for Elverta Specific Plan Owner's Group.

1) Discuss current challenges for moving forward with development in the Elverta Specific Plan.

A long discussion took place? Ken and Rob said they were present in lieu of a missing written response to the letter sent by RLECWD to ESPOG.

Director Harris asked some questions about cost of providing surface water and how they are captured in the planning for ESP. The questions were answered by both Ken and Rob, in a way, mentioning future connection fees but that did not answer all the current questions regarding how providing the planning, design and installation of surface water will be paid for.

Director Dills asked questions about PF-8 regarding whether it is just a goal or an actual requirement for ESPOG. It was agreed that it is eventually a requirement but not needed initially.

Development of several surface water options and funding scenarios was discussed. That was one of the points mentioned in the RLECWD letter to ESPOG. Director Harris asked Ken Giberson for ESPOG help with that. He said they can do that in future discussion and that potential stipulation needs to be articulated in the ESPOG response to our letter. The stipulation then needs to be included in the Water Services Agreement with words to the effect that prior to issuance of the first meter the ESPOG will help RLECWD figure out.

2) Review the draft RFQ for engineering services and the timing and methods for the RFQ process.

A discussion took place. The committee recommends moving forward with the RFQ process as drafted.

3) Update on the letter Legal Counsel submitted to Elverta Associates on July 20th LLC regarding the Well #16 property donation.

ESPOG was not aware that a response to the letter had not taken place. But they were aware that a letter had been sent. Pending a response from ESPOG to the letter sent June 18th with the stipulation mentioned in item #1, legal will be directed to not dedicate more time and resources to this effort. Depending on the response, this may be scheduled as a closed session agenda item in the August board meeting.

Next Planning Committee meeting is Friday, September 7, 2018

Director Dills adjourned the meeting at 3:15pm.

Rio Linda/Elverta Community Water District

Finance and Administrative Committee Meeting Minutes

August 13, 2018

Attendees: Director Mary Henrici, Director John Ridilla, Karen Lookingbill of Cal Pers and General Manager Tim Shaw were present.

Meeting was called to order by Director Henrici at 6:30 PM.

Public Comment. There was none.

Agenda Items

1. Presentation of Cal PERS, California Employers Retirement Benefit Trust.

Karen Lookingbill of Cal Pers California Employers Retirement Benefit Trust made a presentation to the committee on the benefits of their OPEB trust program. Portions of the District's actuarial report were reviewed and discussed. The committee asked several questions of Ms. Lookingbill and thanked her for providing information on the CalPERS Trust. It was felt that a prefunded trust should be considered in the future.

There were some items in the actuarial that the committee felt should be revised.

The committee recommends the GASB 75 actuarial report be put through to the full Board for approval with revisions if needed.

2. Review and discuss expenditures of the District for the month of July 2018.

All items were in order.

The committee recommends approval to the full Board of Directors.

3. Review and discuss Financial Reports of the District for the month of July 2018.

The committee asked that June 30 financials be provided at the next meeting. Noting that they are unaudited would be acceptable to the committee.

The committee recommends approval of the financial reports to the full Board of Directors.

4. Discuss request of employees to consider changing hours of operation.

It is the General Manager's duty to set hours of work for District employees. General Manager Shaw provided the committee with a draft of his response to the employees. The committee is not opposed to the staff's request for a change in work hours.

The committee recommends this item go to the full Board so they may prescribe the method and amount of lead time for noticing the public.

5. Review draft final Budget for fiscal year 2018-19.

The committee was presented with the draft final budget. The committee requested additional information regarding the wage increase. It is based on the estimated COLA and step increases for certain employees. It was noted the item Elections should be removed as it will not be needed after all. It was suggested that the Board of Directors meeting fees remain the same due to upcoming MOU negotiations. The increase in employee health insurance costs is due to a new method of determining this cost. It is based on a maximum possibly paid for the year and will be adjusted at mid year. It was noted that the total increase in expenses is \$90,244.00. The increase in expense was more than the increase in revenue by \$43,626. This is mainly due to the change in method for determining health insurance costs.

Capital Budget – It was noted that the repayment from Surcharge 2 to the General Capital Improvement fund should be shown in the final budget. Director Henrici asked why the billing software upgrade was split between connections and general. It was noted that new connections will also benefit from the software upgrade.

The committee recommends the draft budget as amended go to the full Board for approval.

Directors' and General Manager comments not on the agenda.

There were none

Meeting adjourned at 8:00 p.m.



**The Government Finance Officers Association
of the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Timothy Shaw

General Manager

Rio Linda/Elverta Community Water District, California



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

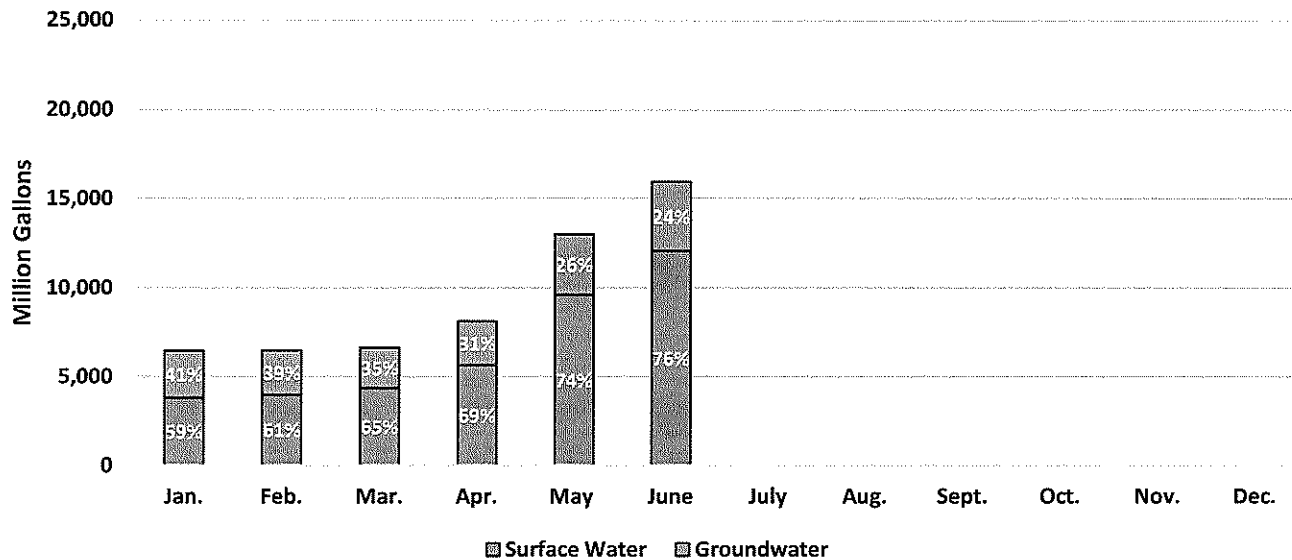
Christopher P. Morrill

Date July 27, 2018

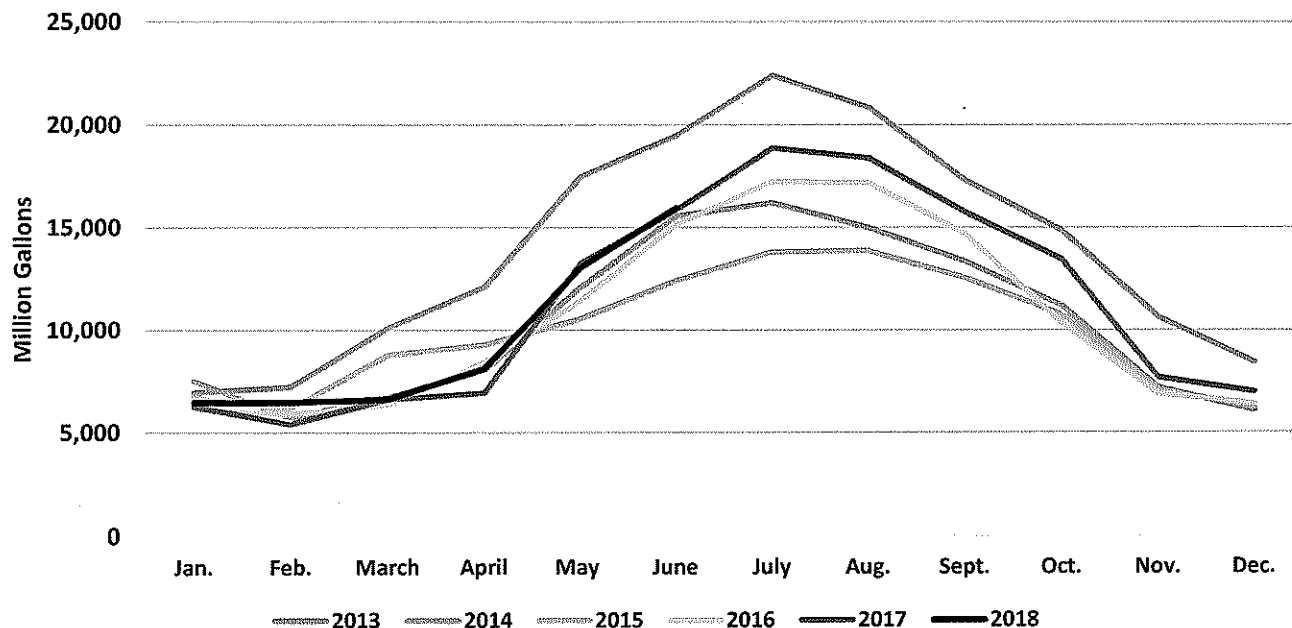
2018 Monthly Water Production by Source (Million Gallons)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
SW	3,793	3,949	4,331	5,625	9,595	12,062							39,355
GW	2,663	2,521	2,297	2,504	3,436	3,885							17,305
Total	6,456	6,469	6,627	8,129	13,031	15,947							56,660

2018 Monthly Water Production by Source

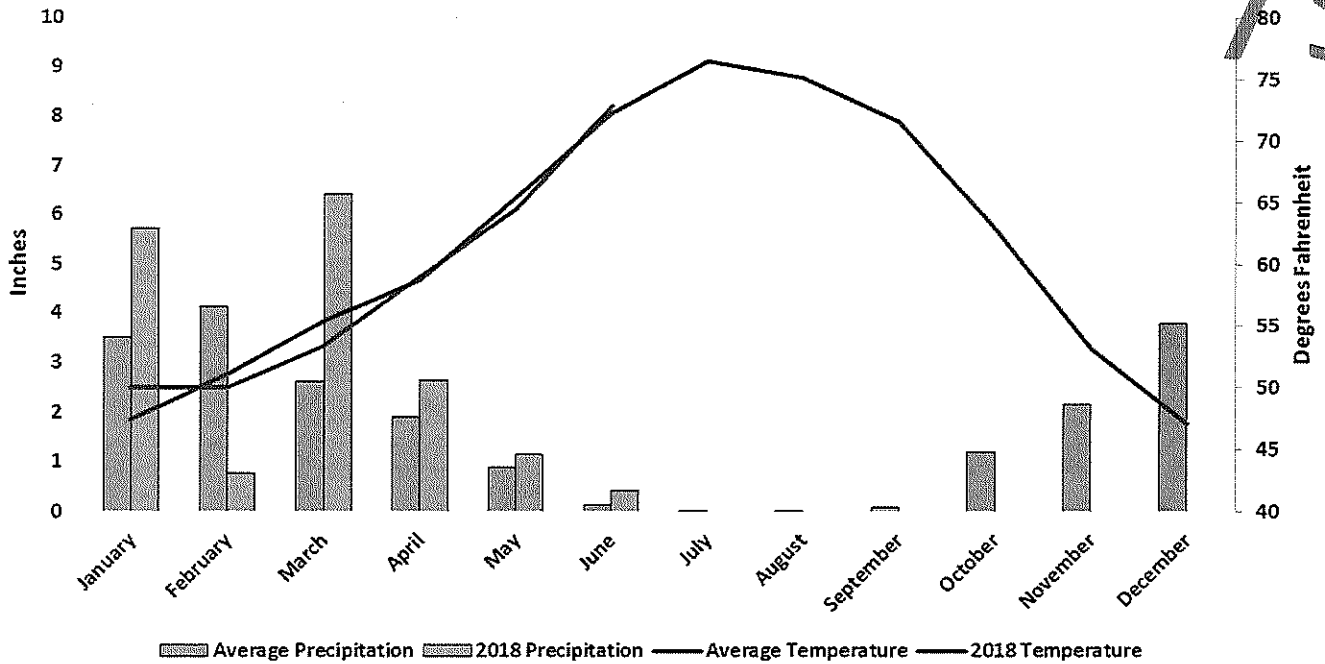


2013-2018 Regional Monthly Water Production



Precipitation and Temperature, Average (1998-2017) and 2018

79



Water Agency	2018 Residential Gallons Per Capita Per Day (R-GPCD)											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
California American Water	62	65	65	76	103	127						
Carmichael Water District	85	97	87	115	194	251						
Citrus Heights Water District	77	85	79	100	156	209						
City of Davis	59	68	61	80	111	128						
City of Folsom	80	94	86	112	178	223						
City of Lincoln	61	75	57	85	121	184						
City of Roseville	54	61	54	63	109	154						
City of Sacramento	62	65	66	77	119	138						
City of West Sacramento	70	79	58	81	105	157						
City of Woodland	55	62	48	61	88	113						
City of Yuba City	69	81	75	90	129	153						
El Dorado Irrigation District	97	93	99	111	183	260						
Elk Grove Water District	58	62	59	68	106	138						
Fair Oaks Water District	75	94	81	113	198	265						
Golden State Water Company	84	90	88	102	155	201						
Orange Vale Water Company	79	93	83	116	210	286						
Placer County Water Agency	68	71	63	106	151	203						
Rancho Murieta CSD	102	104	77	116	203	263						
Rio Linda/Elverta CWD	91	102	74	84	146	204						
Sacramento County Water Agency	80	89	78	112	143	176						
Sacramento Suburban WD	66	69	68	84	85	151						
San Juan Water District	91	136	102	175	362	477						
Sacramento Regional Average	69	75	70	89	131	171						

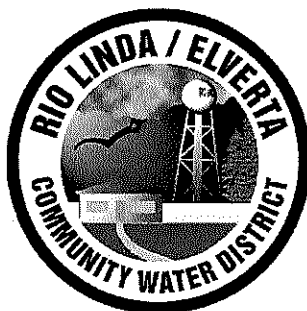


**PENDING AND COMPLETED ITEMS
8-20-2018 BOARD OF DIRECTORS MEETING**

1. **North Precinct Project** No activity has been reported on this project. **Pending**
2. **Credit/Debit Card Convenience Fees:** The addressing of these issues is subject to completion of the CUSI billing software upgrade. The first steps of installing the new billing software were completed yesterday (August 16th) CUSI Technical Support and Adept Solutions (District IT Consultant) are working diligently to preclude any interruptions in service during the transition. **Pending**
3. **Letter to Tesco for Disappointing Service:** XIO retrieved the historical data (data prior to June 2017, that the Tesco upgrade rendered inaccessible. The subsequent correspondence with XIO yielded some disappointing revelations, XIO also wants to submit a proposal for using the data they've retrieved to produce a value-added solution for long-term service, i.e. the same as the two previous consultants brought in by Affinity. In response, Adept solutions is scheduled to review the data retrieval objective today (Aug 17th). **Pending**
4. **Professional Services Agreement with Affinity Engineering for the design of the Well #16:** Affinity Engineering terminated their engagement on June 20th. A suitable form of temporary engagement with Coleman Engineering has been executed. The developer recently submitted a revised draft Property Donation Agreement, which is being reviewed by District Legal Counsel. **Pending**
5. **Strategic Planning:** The community partners and public workshop was conducted on August 6th. I need to coordinate with Brent Ives to produce a draft strategic plan, for the Board's consideration at a "tone check" meeting to be scheduled once Brent Ives and I have completed staff work. **Pending**
6. **General Unit MOU renewal:** The MOU Renewal Ad Hoc Committee is scheduled to meet today *Aug 17th) The only correspondence for Teamsters Local 150 is to convey their intention to meet with the employees is mid-August and to follow up after such meeting. **Pending**
7. **GM Contract revisions:** There is an item on this agenda in closed session for you to provide direction to the GM Contract Revisions Ad Hoc (negotiators) to confirm the appointment of a GM Contract Revisions Ad Hoc Committee. **Pending**
8. **Consideration of changing working hours:** The Finance/Admin Committee is in discussions with the employees on changes necessary to support a 4-10 work schedule. The District has and will continue to have the sole discretion to establish work schedules to meet the operational needs of the

District. Dialog on changes to support 4-10 should not be allowed to morph into MOU negotiations and language. The Finance/Admin Committee has directed the GM's response to the employees' written request I distributed my memo to the employees today (Aug 17th). The Aug 20th agenda has an item for you to discuss matters relevant to the proposed change. **Pending**

9. **Disposition of the District assets recently declared as surplus by the Board:** Staff needs to set up accounts with internet-based auctions service providers (e.g. eBay). Development, HR, and budget adoption priorities have relegated this item temporarily deferred. **Pending..**
10. **Executed a Professional Services Agreement with Coleman Engineering to serve until the RFQ process can run it's course.:** Coleman Engineering has been engaged to review the submittals of Affinity and report to the Board regarding the sufficiency in impact of the Affinity submittal of District property (design files, many of which are in AutoCAD). **Completed.**
11. Drafted an RFQ, Reviewed by Legal Counsel, ready for Board Approval. **Completed.**
12. Filled the vacant Conservation Coordinator/Customer Service Tech position. **Completed.**
13. Drafted and refined the final budget and completed all appurtenant processes to enable Board adoptions. **Completed**



Agenda Item: 7

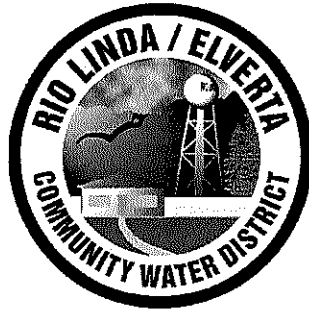
Date: August 20, 2018

Subject: Public Comment for Closed Session

Staff Contact: Timothy R. Shaw, General Manager

7. PUBLIC COMMENT FOR CLOSED SESSION

Public comment for closed session items only. The public is invited to comment on any item listed on the closed session agenda. Each speaker is limited to 2 minutes.



Agenda Item: 8

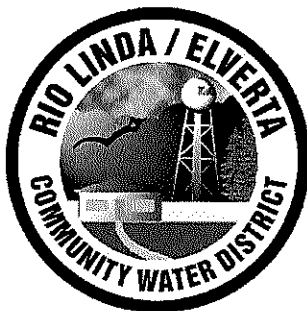
Date: August 20, 2018

Subject: Closed Session

Staff Contact: Timothy R. Shaw, General Manager

8. **CLOSED SESSION** - The Board of Directors will convene to Closed Session to discuss the following item.

- A. **CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54954.5(f) and Government Code Section 54957.6) District Negotiators: Mary Henrici/John Ridilla
General Manager Employment Agreement revisions.



**Reconvene Open Session
Agenda Item: 9**

Date: August 20, 2018

Subject: Report of Action Taken in Closed Session

Staff Contact: Timothy R. Shaw, General Manager

9. Report of Action Taken in Closed Session

The Board will disclose any reportable actions taken and/or directed in closed session.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Dills:___ Green:___ Ridilla:___ Henrici:___ Harris:___.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent