

**RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT
REGULAR MEETING OF THE
BOARD OF DIRECTORS**

SEPTEMBER 21, 2020 (6:30 p.m.)

NOTICE: THIS MEETING WILL BE HELD IN ACCORDANCE WITH EXECUTIVE ORDER N-29-20, ISSUED BY CALIFORNIA GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020, THE RALPH M. BROWN ACT (CALIFORNIA GOVERNMENT CODE SECTION 54950, ET SEQ.), AND THE FEDERAL AMERICANS WITH DISABILITIES ACT.

THIS MEETING WILL NOT BE PHYSICALLY OPEN TO THE PUBLIC. ALL MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE MEETING VIA VIDEO CONFERENCE OR BY TELEPHONE

Join Zoom Meeting
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Meeting ID: 897 1049 0849
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Our Mission is to provide a safe and reliable water supply in a cost-effective manner.

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

2. PUBLIC COMMENT

2.1. 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. CONSENT CALENDAR (Action items: Approve Consent Calendar Items)

3.1. Minutes

August 17, 2020

The Board is being asked to approve the Minutes from the August 17, 2020 Regular Board Meeting.

3.2. Expenditures

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

3.3. Financial Reports

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

4. REGULAR CALENDAR ITEMS FOR DISCUSSION AND ACTION

4.1. GM Report

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

4.2. District Engineer's Report

4.2.1. The Contract District Engineer will provide his monthly report to the Board of Directors.

4.3. Budget revision, Fiscal Year 2020/2021 Capital Budget

4.3.1. The Board will consider authorizing a revision to the Capital Budget the Board previously adopted on August 17, 2020. The revision is necessary to correct an error in the beginning balance for the Capital Budget.

4.4. Customer Request for Board Consideration of Billing Issues.

4.5. Consider directing staff on the timing and meeting method of future public meetings of the District.

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

5. INFORMATION ITEMS

5.1. District Activities Reports

5.1.1. Water Operations Report

5.1.2. Conservation Report

5.1.3. Completed and Pending Items Report

5.2. Board Member Reports

5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065

5.2.2. Sacramento Groundwater Authority – Harris (primary), Reisig

5.2.3. Sacramento Groundwater Authority (with RWA and SCGA) 3x3- Reisig

5.2.4. Executive Committee – Jason Green, Robert Reisig

5.2.5. ACWA/JPIA – Ridilla

6. DIRECTORS' AND GENERAL MANAGER COMMENTS

7. ADJOURNMENT

Upcoming meetings:

Executive Committee

October 5, 2020, Monday, 6:00pm Place To Be Determined (in-person attendance pending Board consideration)

Regular Board Meeting

October 19, 2020, Monday, 6:30 pm Place To Be Determined (in-person attendance pending Board consideration).



**Consent Calendar
Agenda Item: 3.1**

Date: September 21, 2020

Subject: Minutes

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

N/A -Minutes of Board meetings are not reviewed by committees.

Current Background and Justification:

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

Conclusion:

I recommend the Board review and approve (as appropriate) the minutes of meetings provided with your Board packets.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla: _____ Harris: _____ Jason Green _____ Gifford _____ Reisig _____.

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

**MINUTES OF THE
AUGUST 17, 2020
PUBLIC HEARING AND BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

1. CALL TO ORDER, ROLL CALL

The August 17, 2020 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. via Zoom Video Conference. This meeting was held in accordance with executive order n-29-20, issued by California governor Gavin Newsom on March 17, 2020, the Ralph M. Brown act (California government code section 54950, et seq.), and the federal Americans with disabilities act. General Manager Tim Shaw took roll call of the Board of Directors. President Jason Green, Director Chris Gifford, Director Robert Reisig, Director Mary Harris, General Manager Tim Shaw, and Legal Counsel Karry Fuller were present. Director Harris led the pledge of allegiance.

2. PUBLIC COMMENT

No Public Comment

3. PUBLIC HEARING to consider adopting FY 2020/2021 Budgets

- 3.1 Open Public Hearing
- 3.2 FY 2020-21 Operating and Capital Budget
- 3.3 Public Comment
- 3.4 Close Public Hearing

President Green closed the Public Hearing.

3.5 Consider Adoption of Resolution No. 2020-04 FY 2020-21 Operating and Capital Budget

It was moved by Director Harris and seconded by Director Ridilla to adopt Resolution No. 2020-04 Operating and Capital Budgets. Directors Green, Gifford, Reisig, Ridilla, Ridilla and Harris voted yes. The motion carried with roll call vote of 5-0-0.

4. CONSENT CALENDAR

4.1 Minutes

July 20, 2020 and August 5, 2020

4.2 June Expenditures

4.3 June Financial Reports

No public comment.

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

REGULAR CALENDAR

5. ITEMS FOR DISCUSSION AND ACTION

5.1 General Manager's Report

GM Shaw provided a written report.

No public comment on this item.

The Board made no action on this item

5.2 District Engineer's Report – Mike Vasquez

Mike Vasquez provided a written report to the Board of projects in the works since the last meeting of the Board. The report highlighted topics of General District Engineering and Well 16 Pumping Station Construction Project.

No public comment on this item.

The Board made no action on this item.

5.3 General Manager's Annual Performance Review.

The June 15, 2020 Board meeting included Board approval of establishing an ad hoc committee comprised of Directors Harris and Gifford to deliberate on the General Manager's performance review. The July 20, 2020 Board meeting included an update from the GM Performance Review Ad Hoc to convey that the Ad Hoc and the General Manager mutually agree as follows:

The General Manager's performance is satisfactory.

In recognition of the ongoing economic crisis associated with COVID-19, the merit raise described in the Employment Agreement should be bypassed this year with the stipulation that such bypass is not reflective of poor performance.

No public comment.

It was moved by Director Gifford and seconded by Director Green to approve a finding of satisfactory performance by the General Manager, and further stipulate that bypassing any merit raise this year due to current economic crisis due to Covid 19. Directors Reisig, Gifford, Harris, Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.

5.4 Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.

No public comment on this item.

The Board took no action on this item.

6. INFORMATION ITEMS

6.1. DISTRICT ACTIVITY REPORT

6.1.1. Water Operations Report provided.

6.1.2. Conservation Report provided.

6.1.3 Completed and Pending Items Report provided.

6.2. BOARD REPORTS

6.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065

6.2.2. Sacramento Groundwater Authority – Harris, Reisig. Agenda provided.

6.2.3. Executive Committee – Green, Reisig - Minutes provided.

6.2.4. ACWA/JPIA – Ridilla - No Report

6.2.5 Ad Hoc- GM Performance Review

7. DIRECTORS' AND GENERAL MANAGER COMMENTS – None.

8. ADJOURNMENT

Director Green adjourned the meeting at 7:50 p.m.

Respectfully submitted,

Timothy R. Shaw, Secretary

Jason Green, President of the Board

DRAFT



**Consent Calendar
Agenda Item: 3.2**

Date: September 21, 2020

Subject: Expenditures

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee recommends approval of the Expenditures for the month of July 2020.

Current Background and Justification:

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

Conclusion:

I recommend the Board approve the Expenditures for July 2020.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla: _____ Harris: _____ Jason Green _____ Gifford _____ Reisig _____.

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

Rio Linda Elverta Community Water District
Expenditure Report
 July 2020

Type	Date	Num	Name	Memo	Amount
Liability Check	07/01/2020	EFT	QuickBooks Payroll Service	For PP Ending 06/27/2020 Paydate 07/02/2020	20,269.08
Liability Check	07/02/2020	EFT	CalPERS	For PP Ending 06/27/2020 Paydate 07/02/2020	2,772.67
Liability Check	07/02/2020	EFT	CalPERS	For PP Ending 06/27/2020 Paydate 07/02/2020	1,055.60
Liability Check	07/02/2020	EFT	Nationwide	Deferred Compensation Plan: Employer & Employee Share	1,378.80
Liability Check	07/06/2020	EFT	CalPERS	2020-21 Unfunded Accrued Liability	68,603.00
Bill Pmt -Check	07/06/2020	EFT	Adept Solutions	Computer Maintenance	1,333.00
Bill Pmt -Check	07/06/2020	EFT	Comcast	Phone/Internet	234.80
Bill Pmt -Check	07/06/2020	EFT	Republic Services	Utilities	84.04
Liability Check	07/06/2020	EFT	Internal Revenue Service	Employment Taxes	7,454.38
Liability Check	07/06/2020	EFT	Employment Development	Employment Taxes	1,387.41
Liability Check	07/06/2020	EFT	Voyager Fleet Commander	Transportation Fuel	237.20
Transfer	07/06/2020	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	07/06/2020	1305	Suncrest Bank	AMI Meter Loan Payment	29,256.96
Check	07/06/2020	1306	Customer	Final Bill Refund	20.58
Check	07/06/2020	1307	Customer	Final Bill Refund	52.11
Check	07/06/2020	1308	Customer	Final Bill Refund	10.93
Bill Pmt -Check	07/06/2020	1309	ABS Direct, Inc.	Postage, Printing	213.72
Bill Pmt -Check	07/06/2020	1310	ACWA/JPIA	EAP	25.70
Bill Pmt -Check	07/06/2020	1311	BSK Associates	Lab	955.00
Bill Pmt -Check	07/06/2020	1312	Buckmaster Office Solutions	Office Equipment Expense	59.71
Bill Pmt -Check	07/06/2020	1313	Energy Systems	Pumping Maintenance	1,122.51
Bill Pmt -Check	07/06/2020	1314	Henrici, Mary	Retiree Insurance	900.00
Bill Pmt -Check	07/06/2020	1315	ICONIX Waterworks	Distribution Supplies	2,810.14
Bill Pmt -Check	07/06/2020	1316	Intermedia.net, Inc.	Phone	84.44
Bill Pmt -Check	07/06/2020	1317	Johnson Controls Fire Protection	Safety	473.02
Bill Pmt -Check	07/06/2020	1318	Lechowicz & Tseng Muniipal Consultants	Professional Fees-Rate Study	7,015.00
Bill Pmt -Check	07/06/2020	1319	Phelan, Michael	Retiree Insurance	3,150.00
Bill Pmt -Check	07/06/2020	1320	Quill	Office Expense	44.02
Bill Pmt -Check	07/06/2020	1321	Rio Linda Eleverta Recreation & Park Dist	Meeting Fee	50.00
Bill Pmt -Check	07/06/2020	1322	Rio Linda Hardware & Building Supply	Shop Supplies	223.37
Bill Pmt -Check	07/06/2020	1323	Sacramento Suburban Water District	Regional Collaboration Project	407.91
Bill Pmt -Check	07/06/2020	1324	Special District Riusk Management Auth.	Workers Compensation 2020-21	18,115.23
Bill Pmt -Check	07/06/2020	1325	Sierra Chemical Company	Chemical Supplies	1,284.32
Bill Pmt -Check	07/06/2020	1326	SMUD	Utilities	22,509.71
Bill Pmt -Check	07/06/2020	1327	USA BlueBook	Safety	224.01
Bill Pmt -Check	07/06/2020	1328	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	07/06/2020	1329	Wired & Wireless Low Voltage	Building Maintenance	306.25
Check	07/17/2020	EFT	ARCO	Transportation: Fuel	689.66
Liability Check	07/15/2020	EFT	QuickBooks Payroll Service	For PP Ending 07/11/20 Pay date 07/16/20	19,545.18
Liability Check	07/15/2020	EFT	WageWorks	FSA Administration Fee	76.25
Liability Check	07/16/2020	EFT	CalPERS	For PP Ending 07/11/20 Pay date 07/16/20	2,839.11
Liability Check	07/16/2020	EFT	CalPERS	For PP Ending 07/11/20 Pay date 07/16/20	1,106.49



Rio Linda Elverta Community Water District
Expenditure Report
July 2020

Type	Date	Num	Name	Memo	Amount
Liability Check	07/16/2020	EFT	Internal Revenue Service	Employment Taxes	7,474.12
Liability Check	07/16/2020	EFT	Employment Development	Employment Taxes	1,445.18
Liability Check	07/16/2020	EFT	Nationwide	Deferred Compensation Plan: Employer & Employee Share	1,365.40
Check	07/16/2020	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	48,000.00
Bill Pmt -Check	07/16/2020	EFT	PG&E	Utilities	45.04
Bill Pmt -Check	07/16/2020	EFT	Umpqua Bank CC	Computer, Office, Postage, Transportation Maint	1,266.29
Liability Check	07/16/2020	1330	Teamsters Local #150	Union Dues	619.00
Check	07/16/2020	1331	Customer	Final Bill Refund	212.81
Check	07/16/2020	1332	Customer	Final Bill Refund	58.98
Check	07/16/2020	1333	Customer	Final Bill Refund	46.11
Check	07/16/2020	1334	Customer	Final Bill Refund	147.55
Bill Pmt -Check	07/16/2020	1335	ACWA/JPIA Powers Insurance Authority	2020-21 Property Insurance	6,099.28
Bill Pmt -Check	07/16/2020	1336	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	07/16/2020	1337	EKI Environment & Water	Engineering	5,000.00
Bill Pmt -Check	07/16/2020	1338	Elk Grove Security Systems	Security	84.00
Bill Pmt -Check	07/16/2020	1339	GM Construction & Developers	Contract Repairs	1,200.00
Bill Pmt -Check	07/16/2020	1340	Government Finance Officers Association	Annual Membership Dues	160.00
Bill Pmt -Check	07/16/2020	1341	ICONIX Waterworks	Distribution Supplies	2,866.17
Bill Pmt -Check	07/16/2020	1342	Lechowicz & Tseng Muniipal Consultants	Professional Fees-Rate Study	8,805.00
Bill Pmt -Check	07/16/2020	1343	Sacramento County Utilities	Utilities	113.70
Bill Pmt -Check	07/16/2020	1344	Sacramento Suburban Water District	Regional Collaboration Project	522.55
Bill Pmt -Check	07/16/2020	1345	Sierra Chemical Company	Chemical Supplies	861.30
Bill Pmt -Check	07/16/2020	1346	Spok, Inc.	Field Communication	15.30
Bill Pmt -Check	07/16/2020	1347	Unifirst Corporation	Uniforms	233.32
Liability Check	07/29/2020	EFT	QuickBooks Payroll Service	For PP Ending 07/25/20 Pay date 07/30/20	19,232.75
Liability Check	07/30/2020	EFT	CalPERS	For PP Ending 07/25/20 Pay date 07/30/20	2,852.32
Liability Check	07/30/2020	EFT	CalPERS	For PP Ending 07/25/20 Pay date 07/30/20	1,106.49
Liability Check	07/30/2020	EFT	Nationwide	Deferred Compensation Plan: Employer & Employee Share	1,358.27
Liability Check	07/30/2020	EFT	Internal Revenue Service	Employment Taxes	7,106.72
Liability Check	07/30/2020	EFT	Employment Development	Employment Taxes	1,318.28
Liability Check	07/30/2020	EFT	Employment Development	Employment Taxes	470.17
Liability Check	07/30/2020	EFT	Kaiser Permanente	Health Insurance	2,178.78
Liability Check	07/30/2020	EFT	Principal	Dental & Vision Insurance	1,363.75
Liability Check	07/30/2020	EFT	Western Health Advantage	Health Insurance	9,358.06
Bill Pmt -Check	07/30/2020	EFT	Verizon	Field Communication, Field IT	559.78
Bill Pmt -Check	07/30/2020	1348	BSK Associates	Lab Fees	840.00
Bill Pmt -Check	07/30/2020	1349	Buckmaster Office Solutions	Office Equipment Expense	46.52
Bill Pmt -Check	07/30/2020	1350	Churchwell White LLP	Legal Fees	530.40
Bill Pmt -Check	07/30/2020	1351	County of Sacramento	Permit Fees	936.00
Bill Pmt -Check	07/30/2020	1352	ICONIX Waterworks	Distribution Supplies	1,861.92
Bill Pmt -Check	07/30/2020	1353	Oreilly Automotive	Transportation Maintenance	163.54
Bill Pmt -Check	07/30/2020	1354	Pacific Shredding	Office Expense	27.00

**Rio Linda Elverta Community Water District
Expenditure Report
July 2020**

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	07/30/2020	1355	Quill	Office Expense	173.44
Bill Pmt -Check	07/30/2020	1356	RW Trucking	Distribution Supplies	648.26
Bill Pmt -Check	07/30/2020	1357	Sierra Chemical Company	Chemical Supplies	1,284.32
Bill Pmt -Check	07/30/2020	1358	Staples	Office Expense	60.79
Bill Pmt -Check	07/30/2020	1359	State Water Resources Control Board	License Fees	50.00
Bill Pmt -Check	07/30/2020	1360	TWL Construction	Building Maintenance	1,316.00
Bill Pmt -Check	07/30/2020	1361	The News	Publication Fee	53.56
Bill Pmt -Check	07/30/2020	1362	Underground Service Alert	Distribution Supplies	1,428.04
Bill Pmt -Check	07/30/2020	1363	Anvil Builders	Capital Improvement: Well 16	557,276.51
Bill Pmt -Check	07/30/2020	1364	County of Sacramento	Capital Improvement: Well 16	184.50
Total 10000 - Bank - Operating Account					<u>935,638.33</u>



Rio Linda Elverta Community Water District
Expenditure Report
 July 2020

Type	Date	Num	Payee	Memo	Amount
Transfer	07/29/2020	EFT	RLECWD	CIP Expense Transfer: Refer to operating check numbers: 1363 & 1364	557,953.01
10385 - OPUS Bank Checking					<u>557,953.01</u>



Consent Calendar Agenda Item: 3.3

Date: September 21, 2020

Subject: Financial Reports

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee recommends approval of the Districts Financial Reports for the month of July 2020.

Current Background and Justification:

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

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

Conclusion:

I recommend the Board approve the Financial Reports for July 2020.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____
Ridilla: _____ Harris: _____ Jason Green _____ Gifford _____ Reisig _____
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Rio Linda Elverta Community Water District

Balance Sheet
As of July 31, 2020



ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents

10000 · Operating Account

10020 · Operating Fund-Umpqua 511,276.21

Total 10000 · Operating Account 511,276.21

10475 · Capital Improvement

10480 · General 1,521,425.97

10482 · Future Capital Imp Projects 63.48

10485 · Vehicle Replacement Reserve 15,000.00

Total 10450 · Capital Improvement 1,536,489.45

Total 100 · Cash & Cash Equivalents 2,047,765.66

102 · Restricted Assets

102.1 · Restricted Capital Improvements

10700 · ZIONS Inv/Surcharge Reserve 524,881.94

Total 102.1 · Restricted Capital Improvements 524,881.94

102.2 · Restricted for Debt Service

10300 · Surcharge 1 Account 663,962.42

10350 · Umpqua Bank Debt Service 54,198.11

10380 · Surcharge 2 Account 224,654.83

10385 · OpusBank Checking 2,522,197.81

Total 102.2 · Restricted for Debt Service 3,465,013.17

102.4 · Restricted Other Purposes

10600 · LAIF Account 305,282.96

10650 · Operating Reserve Fund 301,628.71

Total 102.4 · Restricted Other Purposes 606,911.67

Total 102 · Restricted Assets 4,596,806.78

Total Checking/Savings 6,644,572.44

Accounts Receivable 505,040.00

Other Current Assets

12000 · Water Utility Receivable 654,925.10

12200 · Accrued Revenue 0.00

12250 · Accrued Interest Receivable 1,033.61

15000 · Inventory Asset 68,727.94

16000 · Prepaid Expense 106,353.22

Total Other Current Assets 1,336,079.87

Total Current Assets 7,980,652.31

Fixed Assets

17000 · General Plant Assets 709,029.25

17100 · Water System Facilities 20,760,495.17

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -9,894,836.59

18000 · Construction in Progress 2,498,738.27

18100 · Land 576,673.45

Total Fixed Assets 15,023,142.97

Other Assets

19000 · Deferred Outflows 262,764.00

19900 · Suspense Account 72.38

Total Other Assets 262,836.38

TOTAL ASSETS 23,266,631.66

Rio Linda Elverta Community Water District

Balance Sheet

As of July 31, 2020

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	44,442.19
Credit Cards	60.00
Other Current Liabilities	816,263.71

Total Current Liabilities	860,765.90
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Long Term Liabilities

23000 · OPEB Liability	211,573.00
23500 · Lease Buy-Back	656,542.27
25000 · Surcharge 1 Loan	3,833,912.47
25050 · Surcharge 2 Loan	2,790,040.16
26000 · Water Rev Refunding	1,806,855.00
27000 · Community Business Bank	244,415.94
29000 · Net Pension Liability	987,630.00
29500 · Deferred Inflows-Pension	5,192.00
29600 · Deferred Inflows-OPEB	26,811.00

Total Long Term Liabilities	10,562,971.84
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Total Liabilities	11,423,737.74
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Equity

31500 · Invested in Capital Assets, Net	5,763,114.46
32000 · Restricted for Debt Service	702,232.24
38000 · Unrestricted Equity	5,359,419.45
Net Income	18,127.77

Total Equity	11,842,893.92
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TOTAL LIABILITIES & EQUITY	23,266,631.66
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Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
 As of July 31, 2020

9

	<u>Annual Budget</u>	<u>Jul 20</u>	<u>Jul 20</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	2,719,575.00	166,491.24	166,491.24	6.12%	2,553,083.76
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	400.00	15.00	15.00	3.75%	385.00
Surcharg Total 41110 · Investment Revenue	400.00	15.00	15.00	3.75%	385.00
41120 · Property Tax	88,500.00	0.00	0.00	0.00%	88,500.00
Total 41000 · Nonoperating Revenue	88,900.00	15.00	15.00	0.02%	88,885.00
Total Income	<u>2,808,475.00</u>	<u>166,506.24</u>	<u>166,506.24</u>	<u>5.93%</u>	<u>2,641,968.76</u>
Gross Income	2,808,475.00	166,506.24	166,506.24	5.93%	2,641,968.76
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	135,000.00	16,872.95	16,872.95	12.50%	118,127.05
60100 · Personnel Services					
60110 · Salaries & Wages	729,867.00	78,978.57	78,978.57	10.82%	650,888.43
60150 · Employee Benefits & Expense	489,145.00	43,368.03	43,368.03	8.87%	445,776.97
Total 60100 · Personnel Services	<u>1,219,012.00</u>	<u>122,346.60</u>	<u>122,346.60</u>	<u>10.04%</u>	<u>1,096,665.40</u>
60200 · Administration	205,010.00	12,047.55	12,047.55	5.88%	192,962.45
64000 · Conservation	300.00	0.00	0.00	0.00%	300.00
65000 · Field Operations	436,400.00	20,741.45	20,741.45	4.75%	415,658.55
Total 60000 · Operating Expenses	<u>1,995,722.00</u>	<u>172,008.55</u>	<u>172,008.55</u>	<u>8.62%</u>	<u>1,823,713.45</u>
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	145,736.00	0.00	0.00	0.00%	145,736.00
69110 · Interest	57,490.00	0.00	0.00	0.00%	57,490.00
Total 69100 · Revenue Bond	<u>203,226.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>203,226.00</u>
69125 · AMI Meter Loan					
69130 · Principle	48,281.00	24,703.02	24,703.02	51.17%	23,577.98
69135 · Interest	10,233.00	4,553.94	4,553.94	44.50%	5,679.06
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>261,740.00</u>	<u>29,256.96</u>	<u>29,256.96</u>	<u>11.18%</u>	<u>232,483.04</u>
69400 · Other Non-Operating Expense	2,000.00	0.00	0.00	0.00%	2,000.00
Total 69000 · Non-Operating Expenses	<u>263,740.00</u>	<u>29,256.96</u>	<u>29,256.96</u>	<u>11.09%</u>	<u>234,483.04</u>
Total Expense	<u>2,259,462.00</u>	<u>201,265.51</u>	<u>201,265.51</u>	<u>8.91%</u>	<u>2,058,196.49</u>
Net Ordinary Income	<u>549,013.00</u>	<u>-34,759.27</u>	<u>-34,759.27</u>		
Net Income	<u>549,013.00</u>	<u>-34,759.27</u>	<u>-34,759.27</u>		

Accrual Basis

Rio Linda Elverta Community Water District
CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2020-21
 As of July 31, 2020

	GENERAL		FUTURE CAPITAL IMPROVEMENT PROJECTS		VEHICLE REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
FUNDING SOURCES						
Fund Transfers						
Operating Fund Transfers In	549,013.00	48,000.00	-	-	-	-
CIP Fund Intrafund Transfers	(456,670.00)	-	381,670.00	-	75,000.00	-
Beginning Balance Redistribution	(1,396,338.00)	-	1,396,338.00	-	-	-
Surcharge 2 Surplus Repayment	107,171.00	-	-	-	-	-
Investment Revenue	-	-	3,500.00	63.48	-	-
	-	-	-	-	-	-
PROJECTS						
A - WATER SUPPLY						
A-1 - Miscellaneous Pump Replacements	40,000.00	-	-	-	-	-
Total A - WATER SUPPLY	40,000.00	-	-	-	-	-
B - WATER DISTRIBUTION						
B-1 - Service Replacements	30,000.00	-	-	-	-	-
B-2 - Small Meter Replacements	120,000.00	-	-	-	-	-
B-3 - Large Meter Replacements	5,000.00	-	-	-	-	-
Total B - WATER DISTRIBUTION	155,000.00	-	-	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	195,000.00	-	-	-	-	-



**Items for Discussion and Action
Agenda Item: 4.1**

Date: September 21, 2020
Subject: General Manager's Report
Staff Contact: Timothy R. Shaw

Recommended Committee Action:

N/A this item is not reviewed by committee.

Current Background and Justification:

The General Manager will provide a written report of District activities over the period since the last regular Board meeting. The Board may ask for clarifications and may also provide direction in consideration of the reported activities.

Conclusion:

No Board action is anticipated for this item.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green ____ Gifford____ Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



Date: September 21, 2020

Subject: General Manager Report

Staff Contact: Timothy R. Shaw, General Manager

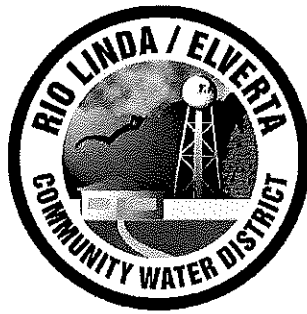
For the given month, I participated in the following reoccurring meetings and special events: The dispute with Tesco improved since the last report. A senior Tesco employee intervened to modify the quote for transitioning to a new workstation replacing the workstation damaged by a power spike earlier this summer. The transition to Empower Differed Compensation Plan is nearly completed. An unplanned and unreasonable amount of my time was consumed to obtain relatively minor modifications to the office phone system. The modification was needed to enable forwarded inbound phone calls to either of two District cell phones used by office employees working remotely. The frustrating evolution terminated in the District changing its phone system technician.

1. On Aug 18th, I participated in a meeting with Adept Solutions (IT consultant) to discuss options for replacing the 2012 computer workstation damaged by the power spike.
2. On Aug 19th, I participated (remotely) in monthly RWA legislative advocacy meeting.
3. On Aug 20th and Aug 27th I participated in remote meetings with Empower (differed compensation) to discuss the status of transition.
4. On Sept 2nd, I participated in a meeting with the Operations Superintendent and the Contract District Engineer to discuss annual pipe replacement project options.
5. On Sept 3rd I met with CalMuni Advisors to discuss District options available to mitigate the spiraling increases in annual Unfunded Accrued Liability payments to CalPERS. The annual payment will increase from approximately \$68,000 this year to approximately \$82,000 next July and over \$100k in July 2022.
6. On Sept 9th Operations Superintendent and I participated annual inspection by the State Water Resources Control Board, Division of Drinking Water.
7. On Sept 10th, I met with a technical consulting firm with potential to replace exiting technician on our office phone system. I met with and/or participated in phone meetings with at least two other phone technician service providers. We believe we have found to viable alternative. We meet with TF Network Solutions on 9-16-2020.

8. On Sept 16th, I participated in a remote meeting with the Dept. of Water Resource (DWR) on the 2020 Urban Water Management Plan guidelines.
9. On Sept 16th (afternoon), I participated in the RWA Water Bank Phase 1 project meeting.

Additional items of interest:

This reporting period also included a focus on customer water consumption software options. The District will be pilot testing an option that is completely scalable, i.e. the District only pays for each customer enrolled. The alternatives the District has previously considered, dating back to the failed effort by Fathom, charge a full annual subscription charge regardless of the number of customers enrolled. The method and service provider ultimately chosen, and the options to mitigate the upward spiraling annual UAL CalPERS payments have potential influence on the District's rate structure. The UAL aspect will impact rates whether we mitigate or not, i.e. status quo translates to a material increase in annual operating costs.



**Items for Discussion and Action
Agenda Item: 4.2**

Date: September 21, 2020
Subject: District Engineer’s Report
Staff Contact: Mike Vasquez, District Engineer

Recommended Committee Action:

N/A this item is not discussed at committees.

Current Background and Justification:

The District Engineer will provide a written report to the Board of Directors on engineering activities since the previous monthly meeting. The Board may ask for clarifications and may also provide direction in response to the report.

Conclusion:

There is no Board action anticipated for this item.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green____ Gifford____ Reisig____.

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

17 September 2020

DISTRICT ENGINEER'S REPORT

To: Tim Shaw, General Manager, Rio Linda / Elverta Community Water District

From: Mike Vasquez, PE, PLS, Principal (EKI), District Engineer (RL/ECWD)

Subject: **District Engineer's Report for the 21 September 2020 Board of Directors Meeting**

The District Engineer is pleased to submit this brief update of duties and tasks performed for the period of 13 August 2020 to 17 September 2020:

1. General District Engineering:

- Electric Avenue Residential Development (7 Lots between Cypress Street and Elverta Road): The most recent communication with the developer was on 9/1/2020 resulting in the developer's intent to move forward with the development. The District is currently waiting for final plans from the developer for signature and approval of the water facilities design.
- Fox Hollow Residential Development (28 lots 6th Street between Q Street and S Street): The developer's engineer submitted revised subdivision plans to the District for review on 8/31/2020. The Operations Superintendent and District Engineer tentatively reviewed the plans and provided comments on 9/2/2020. The District is currently waiting for the developer to pay District plan check and construction inspection fees and for submittal of revised plans.
- Wildflower Solar Project (7501 West 6th Street): The developer's engineer submitted plans for the District to review for a 15 Megawatt commercial solar facility. Although the project does not anticipate connection to the District's water system, the property is within the District's boundary, and the District can provide comments on the project. The General Manager finalized and sent a response letter on 8/24 stating that if the project will require water service from the District in the future, they'll need to participate in funding the extension of existing water infrastructure to serve the site, and may need to dedicate easements to allow for such infrastructure. In addition, if the developer intends to install a groundwater well on site in the future, they'll need to consult SGA to meet SGA Groundwater Sustainability Plan restrictions and requirements, and consult Sacramento County to meet Rio Linda Elverta Community Plan restrictions.
- 428 West Delano Street Development (5 lots, between El Rio Avenue and Marindell Street): This is the same developer as the Electric Avenue Development. The developer reached out to the District on 9/1/2020 to inquire about submittal requirements. The

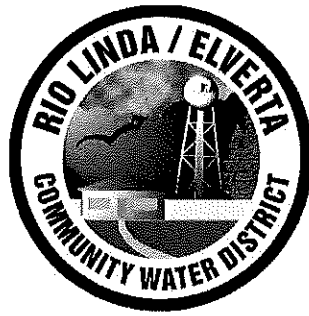
project is for 5 existing residential lots. Water main infrastructure exists fronting the property on West Delano Street, and will require a new water main on a new cul-de-sac that will service the lots. The developer has not submitted subdivision plans to the District for review.

2. Well 16 Pump Station Construction Project:

- Over the past month, the construction contractor has installed interior components in the control building such as doors, sheet rock, and HVAC system. Gutters and downspouts have been installed on the exterior. Site work such as installation of vaults, below ground piping, chlorine analyzer, and site grading has also been in progress.
- The "three week look ahead" schedule through 10/9/2020 indicates installation of concrete slabs for the generator and well piping, chemical equipment, and aboveground piping.
- Processed the contractor's 4th invoice.
- To date, have responded to 63 contractor submittals.
- To date, have responded to 28 contractor Request for Information letters.
- Continue to perform ongoing and daily construction management services.

Please contact me directly at the office (650) 292-9112, cell phone (530) 682-9597, or email at mvasquez@ekiconsult.com with any questions or require additional information.

Very truly yours,
Mike Vasquez, PE, PLS
Principal (EKI), District Engineer (RL/ECWD)



Items for Discussion and Action

Agenda Item: 4.3

Date: September 21, 2020

Subject: FY 2020/2021 Capital Budget Revision (Rev. 1)

Staff Contact: Tim Shaw, General Manager

Recommended Committee Action:

The Executive Committee discussed this item and forwarded it onto the September 21st Board agenda recommending Board approval.

Current Background and Justification:

The Board adopted the fiscal year 2020/2021 Capital Budget via public hearing on August 17, 2020. More recently, staff discovered an accounting error in the beginning balance of accumulated capital improvement funds. The erroneous beginning balance was used in distributing accumulated funding among the Board adopted Capital Improvement Projects List items. For example, the annual pipe replacement funding was given a beginning allocation equal to one year of budgeted pipe replacements. The effect would have begun the first fiscal year 20/21 with effectively two-years of funding.

The error in the beginning balance was enabled by the absence of balance reconciling. Actual budgets and audits (i.e. for operating budgets) typically entail a reconciliation process to capture any differences between budgeted funding and actual funding. Prior to the 2020/2021 budget adoption process, the capital budget funding amount was arbitrary and based on a stipulated funding amount directed via state enforcement order. With the 2020/2021 capital budget, the funding is now appropriately based on actual capital improvement projects costs and timing. Additionally, the capital budget for several preceding years was comingled with other funding, e.g. capacity fees. Further omissions in the preceding Capital Budgets included representing revenue that had not materialized (and never did), i.e. a "Holeman Capital loan" In short, the beginning balances shown in preceding Capital Budgets were not reconciled. Instead, they were typically copied as text from the prior year's Capital Budget.

Moving forward, all of the above practices, limitations and inaccuracies have been corrected. Staff has reached out to the Local Agency Investments Fund (LAIF), but LAIF restricts each agency to only one account, currently used for the capacity fees. Accordingly, staff has coordinated with Umpqua to establish a new account with the best combination of interest rates and intentionally cumbersome withdrawal limitations to be the right investment tool for the need. When we complete configuration of the new Umpqua Capital Budget Account, which will not be comingled with any other funds, the account reports

will show clear and reconciled reports of the accumulated balance, deposits and withdraws over the long-term of capital improvement funding.

The budget revision, which is not intended to be a General Manager minor revision, will correct the total accumulated amount of capital improvement funding. No Capital Improvement Projects were modified. No timelines were extended. The annual pipe replacement item is reduced from double funding the first year to just year of funding (dropped from \$422,000 in FY 20/21 to \$211,000). The amount of annual contributions for Well 12 construction was increased by \$36,000 each year to yield the same timeline for funding completion as shown in the originally adopted Capital Budget.

Conclusion:

I recommend and the Executive Committee concurs that the Board approve revision #1 to the fiscal year 2020/2021 Capital Budget.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Jason Green _____ Gifford _____ Reisig_____.

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

RLECWD Agenda Item Checklist

Item 4.3

Date

Initial Potential Meeting Date

9/21/2020

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

Budget revision, Fiscal Year 2020-2021 Capital Budget

9/3/2020

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

9/8/2020

Review by appropriate ~~Executive~~ 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

9/17/2020

Actual Meeting Date Set for Agenda Item

9/21/2020

Rio Linda / Elverta Community Water District										
Capital Improvement Plan Project List										
9/21/2020 Revision 1										
Priority	Project Name	Project Budget Amount	Beginning Fund Balance	2020-21	Accumulated Funding Balance	Years to Implementation Date (as of 7/1/2020)	Annualized Cost	Last Transaction Date	Amount Paid to Date	Budget FY(s)
1	Annual Pipeline Replacement	\$211,200	\$0	\$211,200	\$211,200	Annually	\$211,200	N/A	\$ -	Annually
2	Well 12A Design	\$500,000	\$167,561	\$22,163	\$189,723	15	\$22,163	5/6/2015	\$ 6,542	2021-2036
3	Well 12A Construction	\$3,750,000	\$1,228,777	\$148,307	\$1,377,085	17	\$148,307	N/A	\$ -	2021-2038
Totals			\$1,396,338	\$381,670	\$1,778,008		\$381,670			

Rio Linda Elverta Community Water District
Balance Sheet
 As of June 30, 2020

Accrual Basis

	Jun 30, 20
ASSETS	
Current Assets	
Checking/Savings	
100 · Cash & Cash Equivalents	
10000 · Operating Account	
10020 · Operating Fund-Umpqua	773,295.20
Total 10000 · Operating Account	773,295.20
10475 · Capital Improvement-Umpqua	
10480 · General	1,472,933.97
10485 · Vehicle Fund	15,000.00
Total 10475 · Capital Improvement-Umpqua	1,487,933.97
Total 100 · Cash & Cash Equivalents	2,261,229.17
102 · Restricted Assets	
102.2 · Restricted for Debt Service	
10700 · ZIONS/Surcharge 1 Reserve	524,881.94
10300 · Surcharge 1 Account	663,939.93
10350 · Umpqua Bank Debt Service	37,695.92
10380 · Surcharge 2 Account	224,645.29
10385 · OpusBank Checking	3,079,765.58
Total 102.2 · Restricted for Debt Service	4,530,928.66
102.4 · Restricted Other Purposes	
10600 · LAIF Account	304,201.01
10650 · Operating Reserve Fund	301,615.90
Total 102.4 · Restricted Other Purposes	605,816.91
Total 102 · Restricted Assets	5,136,745.57
Total Checking/Savings	7,397,974.74
Accounts Receivable	
11150 · Accounts Receivable - Other	505,009.70
Total Accounts Receivable	505,009.70
Other Current Assets	636,266.14
Total Current Assets	8,539,250.58
Fixed Assets	
17000 · General Plant Assets	709,029.25
17100 · Water System Facilities	20,760,310.67
17300 · Intangible Assets	373,043.42
17500 · Accum Depreciation & Amort	-9,894,836.59
18000 · Construction in Progress	2,498,738.27
18100 · Land	576,673.45
Total Fixed Assets	15,022,958.47
Other Assets	
19000 · Deferred Outflows	262,764.00
Total Other Assets	262,764.00
TOTAL ASSETS	23,824,973.05
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	1,437,235.06
Long Term Liabilities	

Rio Linda Elverta Community Water District
Balance Sheet
 As of June 30, 2020

Accrual Basis

	Jun 30, 20
23000 · OPEB Liability	211,573.00
23500 · Lease Buy-Back	656,542.27
25000 · Surcharge 1 Loan	3,833,912.47
25500 · Surcharge 2 Loan	2,790,040.16
26000 · Water Rev Refunding	1,806,855.00
27000 · Community Business Bank	244,415.94
29000 · Net Pension Liability	987,630.00
29500 · Deferred Inflows-Pension	5,192.00
29600 · Deferred Inflows-OPEB	26,811.00
Total Long Term Liabilities	10,562,971.84
Total Liabilities	12,000,206.90
Equity	
31500 · Invested in Capital Assets, Net	5,763,114.46
32000 · Restricted for Debt Service	702,232.24
38000 · Unrestricted Equity	3,592,575.00
Net Income	1,766,844.45
Total Equity	11,824,766.15
TOTAL LIABILITIES & EQUITY	23,824,973.05



Operating and Capital Budget

Fiscal Year July 1, 2020 – June 30, 2021

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

8/17/2020 • Original Adoption

9/21/2020 • Capital Budget Revision 1

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EXECUTIVE SUMMARY

August 17, 2020

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2020-2021 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, compliance mandates and means to accomplish such goals and mandates. These relationships 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 both anticipated and unanticipated events is a continuous process. The District maintains a proactive response in regularly performing budget reviews if adjustments are required. The District amended its budget adoption policy in 2019 to:

- Associate the public hearing / public notice requirement with the final budget adoption (in August) instead of the preliminary budget adoption (in May).
- Allow for minor budget revisions by the General Manager where the overall spending is not increased. Examples include moving funding from a relatively over-funded line item to an under-funded line item.

The pending hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) and other mandates continue to influence our operating and capital budgets. Although the District's current rate structure (adopted in 2016) partially provides funding for capital improvements to comply with anticipated re-adoption of the Cr+6 MCL, the 2016 rate structure does not provide any additional funding for operating costs associated with treating drinking water to remove Cr+6. Additionally, the rates analysis for the 2016 rates presumed the District would receive 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 because the median household income for the service area is above the income defined to be disadvantaged. Consequently, the District narrowed its Cr+6 mitigation efforts to two projects, Well #16 Pumping Station and a future wellhead treatment project using ion exchange treatment of existing groundwater facilities.

The District secured a loan from Opus Bank using Surcharge #2 as debt service. The construction of the Well #16 Pumping Station has been underway since March of 2020. Construction of the Well #16 facility, which produces drinking water with hexavalent chromium substantially below the anticipated re-adopted MCL, is scheduled for completion in September 2020. To supplement the current rate structure for Cr+6 mitigation infrastructure, staff continues to stay abreast of additional funding opportunities as may materialize by legislative or other action. The District Board of Directors has also engaged a rate study / cost of service consultant to analyze the foreseeable cost of Cr+6 compliance, as well as other

regulatory mandates (e.g. SB-555, SB-606 and AB 1668) already adopted by the California legislature. The study will quantify any foreseeable shortfalls in funding for compliance with state and federal drinking water requirements, mandates, and enforcement provisions.

Last fiscal year, the District adopted the Capital Improvements Projects List. Such action by the District enables capital budget adoption based on actual projected capital improvement needs instead of the former basis, which was essentially an arbitrary basis formerly associated with an enforcement provision (compliance order). The improved basis for capital budget presents focus, clarity, and transparency. Since the ultimate sources of funding for the capital budget is the operating budget, the two are inextricably linked; benefits to one transcend to the other. Lastly, the cumulative capital budget funding from prior years has been applied to the current capital budget. This provides a realistic gauge of the timing (e.g. when each project will achieve full funding) and annual contribution needed to bring each capital improvement project to fruition.

The District amended its finance policies to reflect statutory requirements and staffing realities. The previous finance policies were adopted subsequent to significant findings in annual independent audits performed in 2011 and 2012. The previously adopted finance policies assumed the District staff and/or consultants included the services of a properly credentialed finance officer. The new policies simplify the District's investment options, which are now the right tool for the job. The previous funding for retiree medical was transitioned to the California Employers Retiree Benefit Trust (CERBT), which is generating higher dividends than the prior investment tool. The District's capacity fees were transferred to our Local Agency Investment Fund (LAIF). Capacity fees are by statute "restricted" and should not have been comingled with District capital improvement funds. This will enable required statutory reporting of capacity fee account status. Only the Board, at properly noticed public meetings, can make changes to the District's investments.

Looking ahead; several laws already signed by the Governor have current and future increases in operating cost to the District. Some new laws have direct financial burdens and others have burdens via increased demands for staff time by requiring additional reporting and more complex compliance elements. Among these new laws are SB-998, SB-555, SB-606 and AB-1668. The District has partially mitigated the costs and personnel burdens from SB-998, the new requirements for discontinuation of residential water service for non-payment. The District hopes to similarly offset the cost burdens associated with SB-555, the water loss audit and audit validation mandates, by collaborating with neighboring water agencies to share the costs for compliance. Collaboration is being discussed at the organizations the District already participates, e.g. Sacramento Groundwater Authority. Other more focused and dedicated discussions on collaboration are through a Sacramento Regional Water Utilities, who have partnered to engage a collaboration study.

Even though some of the cost for compliance with new mandates, limits and requirements may be softened via partnerships and creative staffing adjustments, the District's current (2016) rate structure is substantively incompatible with the mandates for water loss (SB-555) and water efficiency (SB-606, AB-1668). Failure to address these incompatibilities will result in the state assessing fines for non-compliance, e.g. \$10,000 per day for not achieving efficient water usage during drought conditions.

The District withdrew its membership in the Regional Water Authority (RWA) in May 2020. The roughly \$17,000 withdrawal liability will be offset by no longer paying membership operating costs in RWA. After approximately two fiscal years of not paying RWA annual membership costs, the District will recover the withdrawal liability.

The District is required to contribute approximately \$27,000 in annual 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 American River North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. SGA 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 Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and California Rural Water Association (CRWA). We can expect an increase in annual dues from these associations due to inflation. We can also expect beyond inflation increases in property and workers compensation insurance due to the impact of COVID-19 and wildfires on the insurance industry. The increases in funding for SGA also goes beyond inflation. SGA operating cost increases also reflect generous funding (relative to the District's approach) of employee compensation and benefits, as well as additional operating costs associated with Groundwater Sustainability Act mandates and an adopted SGA policy for steadily eliminating unfunded pension liabilities.

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

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

Teamwork and cohesiveness are often used as buzz words. However, the dramatic improvements in District finances and financial position would literally not be possible without cohesive teamwork. From the staff to the Board Members, we are all pulling in the same direction, and our collective efforts are reflected in the improvements our team continues to achieve for the benefit of our ratepayers.

Sincerely,

Timothy R. Shaw, General Manager

UNDERSTANDING THE BUDGET DOCUMENT

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

The budget is divided into several sections as follows:

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

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

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

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

Budgetary Control and Process

Budgetary Control

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

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

Budget Process

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

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

PRESENTATION AND REVIEW

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

PUBLIC HEARING

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

ADOPTION

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

REVISIONS

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

MINOR ALLOCATIONS AND REVISIONS BETWEEN LINE ITEMS

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

DISTRICT PROFILE

District History and Service Description

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

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

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

District Mission Statement

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

District Officials

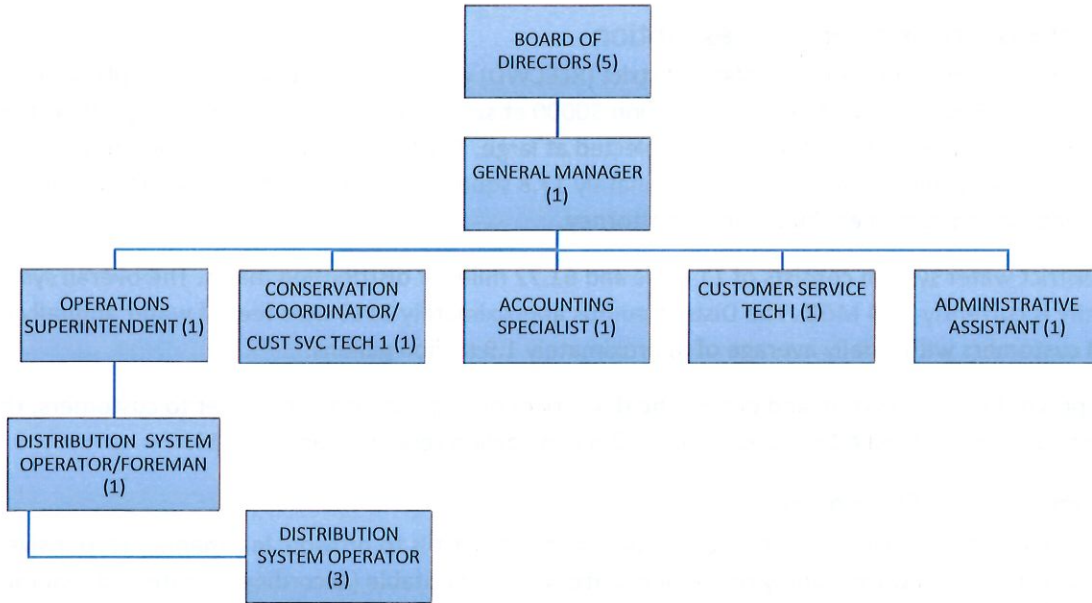
Board of Directors

Jason A. Green, President/Director
Chris Gifford, Vice President/Director
Mary Harris, Director
Robert Reisig, Director
John Ridilla, Director

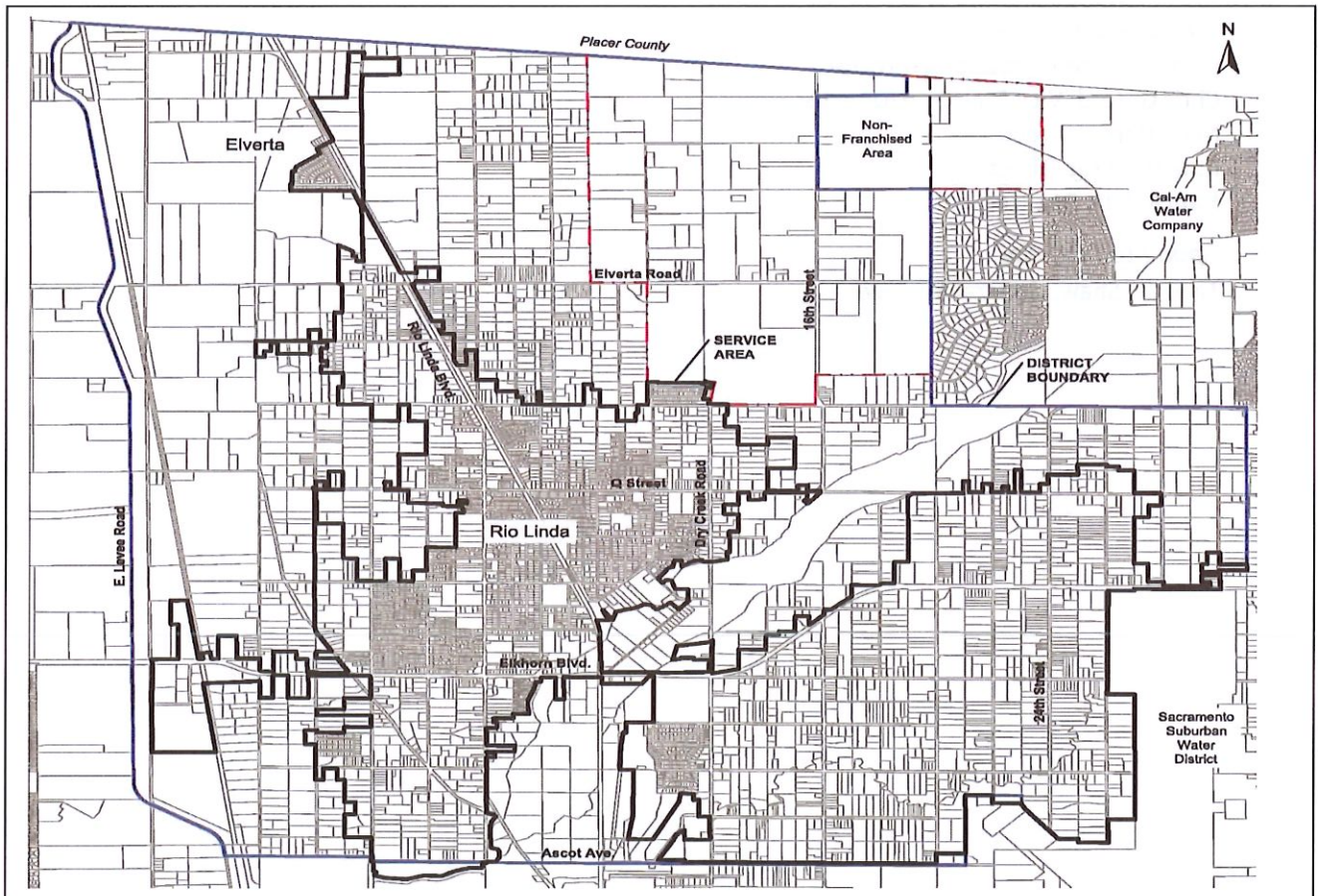
Appointed Official

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 - 2019-2020 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2020-2021 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

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
OPERATING REVENUE						
40100 Water Service Rates						
40101	Basic Service Charge	\$1,942,033.00	\$1,901,272.00	\$1,901,272.00	\$0.00	No change until new Water Rate Study completed
40102	Usage Charge	680,999.00	656,303.00	656,303.00	0.00	No change until new Water Rate Study completed
40105	Backflow Charge	26,358.00	25,000.00	25,000.00	0.00	
40106	Fire Prevention	13,085.00	13500.00	13,500.00	0.00	
Total Water Service Rates		2,662,475.00	2,596,075.00	2,596,075.00	0.00	
40200 Water Services						
40201	Application Fee	6,550.00	6,500.00	6,500.00	0.00	
40202	Delinquency	92,830.00	80,000.00	90,000.00	10,000.00	Increased based on prior year actual
40209	Misc. Charges	6,046.00	12,000.00	7,000.00	-5,000.00	Decreased based on prior year actual
Total Water Services		105,426.00	98,500.00	103,500.00	5,000.00	
40300 Other Water Service Fees						
40301	New Construction QC	6,864.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	12,456.00	10,000.00	10,000.00	0.00	
40304	Other Operating Revenue	9,392.00	6,000.00	6,000.00	0.00	
40305	Grant Revenue-Operating	900.00	900.00	0.00	-900.00	Decrease to eliminate RWA grant reimbursements
Total Other Water Service Fees		29,612.00	20,900.00	20,000.00	- 900.00	
TOTAL OPERATING REVENUE		\$2,797,513.00	\$2,715,475.00	\$2,719,575.00	\$4,100.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
NON-OPERATING REVENUE						
41110	Interest Revenue	1,942.00	400.00	400.00	0.00	
41120	Property Taxes & Assessments	95,164.00	81,856.00	88,500.00	6,644.00	Increased based on prior 3 year average
TOTAL NON-OPERATING REVENUE		\$97,106.00	\$82,256.00	\$88,900.00	\$6,644.00	
TOTAL OPERATING & NON-OPERATING REVENUE		\$2,894,619.00	\$2,797,731.00	\$2,808,475.00	\$10,744.00	

Operating Expense

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
60010 PROFESSIONAL FEES						
60011	General Counsel-Legal	11,890.00	30,000.00	15,000.00	-15,000.00	Decreased based on prior year actual
60012	Auditor Fees	14,212.00	11,212.00	11,500.00	288.00	Increased to adjust for projected increase annual financial audit
60013	Engineering Services	60,000.00	70,000.00	70,000.00	0.00	
60015	Other Professional Fees	633.00	31,000.00	38,500.00	7,500.00	Increased \$34K for Prop 218 rate study contract. Prior FY budget was not spent and is carried over into the 20-21 FY budget. \$4500 for Sac Suburban Collaboration Study.
TOTAL PROFESSIONAL FEES		\$86,735.00	\$142,212.00	\$135,000.00	\$-7,212.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
60111	Salary - General Manager	109,746.00	114,113.00	118,087.00	3,974.00	Increased to adjust for projected cost
60112	Staff Regular Wages	565,092.00	579,479.00	583,330.00	3,851.00	Increased to adjust for projected cost
60113	Contract Extra Help	0.00	0.00	0.00	0.00	
60114	Staff Standby Pay	17,450.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	9,962.00	10,200.00	10,200.00	0.00	
Total Salaries & Wages		702,250.00	722,042.00	729,867.00	7,825.00	
60150 Employee Benefits & Expense						
60151	PERS Retirement	119,688.00	124,770.00	132,665.00	7,895.00	Increased to adjust for projected costs
60152	Workers Compensation	14,643.00	16,054.00	18,115.00	2,061.00	Actual Annual Contribution Change
60153	Group Insurance	166,810.00	200,289.00	217,740.00	17,451.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	36,563.00	36,763.00	36,200.00	-563.00	Decreased to adjust for projected costs
60155	Staff Training	222.00	5,000.00	5,000.00	0.00	
60157	Uniforms	4,661.00	4,650.00	6,550.00	1,900.00	Increased to adjust for projected costs
60158	Payroll Taxes	57,813.00	56,916.00	57,825.00	909.00	Increased to adjust for projected costs
60159	Payroll Services	1,196.00	1,200.00	1,200.00	0.00	
60160	457 Employer Contribution	10,427.00	9,568.00	13,850.00	4,282.00	Increased to adjust for projected costs
Total Employee Benefits & Expense		412,023.00	455,210.00	489,145.00	33,935.00	
TOTAL PERSONNEL SERVICES		\$1,114,573.00	\$1,177,252.00	\$1,219,012.00	\$41,760.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
60200 ADMINISTRATION						
60205	Bank and Merchant Fees	4,035.00	4,500.00	4,500.00	0.00	
60207	Board Meeting Expense	10,975.00	10,770.00	11,370.00	600.00	Increased based on prior year actual
60210 Building Expenses						
60211	Office Utilities	5,655.00	6,000.00	6,000.00	0.00	
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance	2,999.00	5,700.00	4,200.00	-1,500.00	Reduced based on prior 3 year average
60214	Security	336.00	400.00	400.00	0.00	
	Total Building Expenses	11,330.00	14,440.00	12,940.00	-1,500.00	
60220 Computer & Equipment Maint.						
60221	Computer Systems	21,784.00	25,000.00	25,000.00	0.00	
60222	Office Equipment	2,864.00	3,650.00	660.00	-2,990.00	Reduced to adjust contract printer usage fees (see GL 60250 outsourced billing) and expired Neopost Maintenance Contract
	Total Computer & Equipment Maint.	24,648.00	28,650.00	25,660.00	-2,990.00	
60230	Office Expense	2,995.00	6,000.00	6,000.00	0.00	
60240	Postage and Delivery	16,285.00	20,000.00	20,000.00	0.00	
60250	Printing	4,005.00	3,400.00	6,000.00	-2,600.00	Increased to adjust for outsourced printing costs; refer to GL 60222
60255	Meetings & Conferences	73.00	4,000.00	3,000.00	-1,000.00	Reduced based on prior 3 year average
60260	Publishing	88.00	800.00	200.00	-600.00	Decreased to adjust for prior year actual
60270	Telephone & Internet	3,651.00	5,500.00	3,700.00	-1,800.00	Decreased to adjust for prior year actual
60430 Insurance						
60431	General Liability	22,387.00	21,221.00	22,775.00	1,554.00	Increased to reflect actual premium
60432	Property	5,611.00	5,611.00	5,611.00	0.00	
	Total Insurance	27,998.00	26,832.00	28,386.00	1,554.00	

Agenda Item 4.3

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
60500 Water Memberships						
60501	SAWWA	0.00	110.00	110.00	0.00	
60502	Regional Water Authority	26,806.00	26,806.00	0.00	-26,806.00	Decreased to adjust for cancellation in membership
60503	SGA	24,210.00	24,210.00	26,179.00	1,969.00	Increase includes 8.133% annual increase
60504	ACWA	9,640.00	9,640.00	10,122.00	482.00	Increase includes 5% annual increase
60505	CSDA	7,077.00	7,077.00	7,431.00	354.00	Increase includes 5% annual increase
60507	CRWA	0.00	1,326.00	1,392.00	66.00	Increase includes 5% annual increase
Total Water Memberships		67,733.00	69,169.00	45,234.00	-23,935.00	
60550	Permits & Fees	30,954.00	30,000.00	31,000.00	1,000.00	Increased to adjust for prior year actual
60555	Subscriptions & Licensing	1,787.00	2,120.00	2,120.00	0.00	
60560	Elections	0.00	0.00	2,400.00	2,400.00	Increased for Election Year
60565	Uncollectable Accounts	0.00	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	800.00	500.00	500.00	0.00	
TOTAL ADMINISTRATION		\$207,357.00	\$228,681.00	\$205,010.00	\$-23,671.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
64000 CONSERVATION						
64001	Community Outreach	0.00	300.00	300.00	0.00	
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
TOTAL CONSERVATION		\$ 0.00	\$ 300.00	\$ 300.00	\$ 0.00	
65000 FIELD OPERATIONS						
65100 Other Field Operations						
65110	Backflow Testing	2,363.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	6,868.00	7,500.00	7,500.00	0.00	
65130	Field Communication	2,574.00	2,600.00	2,600.00	0.00	
65140	Field IT	14,136.00	17,500.00	19,800.00	2,300.00	Increased for SCADA backup service; AMI Meter Cloud Service
65150	Laboratory Services	26,607.00	23,500.00	23,500.00	0.00	
65160	Safety Equipment	5,554.00	5,000.00	5,000.00	0.00	
65170	Shop Supplies	6,494.00	7,000.00	7,000.00	0.00	
Total Other Field Operations		64,596.00	66,100.00	68,400.00	2,300.00	
65200 Treatment		22,269.00	18,000.00	18,000.00	0.00	
65300 Pumping						
65310	Maintenance	27,384.00	25,000.00	25,000.00	0.00	
65320	Electricity and Fuel	200,515.00	180,000.00	205,000.00	25,000.00	Increased to adjust for SMUD's rate increase
Total Pumping		227,899.00	205,000.00	230,000.00	25,000.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
65400 Transmission & Distribution						
65410	Distribution Supplies	30,440.00	37,000.00	37,000.00	0.00	
65420	Meter Maintenance	116,106.00	120,100.00	0.00	-120,100.00	Decreased to move to Capital Budget; removed GL account from Operating Budget
65430	Tank Maintenance	768.00	3,000.00	3,000.00	0.00	
65440	Contract Repairs	3,933.00	21,000.00	21,000.00	0.00	
65450	Valve Replacements	0.00	15,000.00	15,000.00	0.00	
65460	Paving Repairs	10,909.00	25,000.00	25,000.00	0.00	
	Total Transmission & Distribution	162,156.00	221,100.00	101,000.00	-120,100.00	
67000 Transportation						
67001	Fuel	9,829.00	13,000.00	13,000.00	0.00	
67002	Maintenance	5,505.00	6,000.00	6,000.00	0.00	
	Total Transportation	15,334.00	19,000.00	19,000.00	0.00	
TOTAL FIELD OPERATIONS		\$492,254.00	\$529,000.00	\$436,400.00	\$-92,800.00	
TOTAL OPERATING EXPENSE		\$1,900,919.00	\$2,077,645.00	\$1,995,722.00	\$-81,923.00	

Non-Operating Expense

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
69010 Debt Service						
69100	Revenue Bond 2015					
69105	Revenue Bond 2015-Principle	139,015.00	139,015.00	145,736.00	6,721.00	Per Loan Payment Schedule
69120	Interest	61,024.00	61,717.00	57,490.00	-4,227.00	Per Loan Payment Schedule
	Total Revenue Bond 2015	200,039.00	200,732.00	203,226.00	2,494.00	
69125 AMI Meter Loan						
69130	Principle	48,281.00	48,281.00	49,789.00	1,508.00	Per Loan Payment Schedule
69135	Interest	10,233.00	10,233.00	8,725.00	-1,508.00	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	0.00	2,000.00	2,000.00	Increased to normal budget amount
TOTAL NON-OPERATING EXPENSE		\$258,553.00	\$259,246.00	\$263,740.00	\$4,494.00	
TOTAL OPERATING & NON-OPERATING EXPENSE		\$2,159,472.00	\$2,336,891.00	\$2,259,462.00	\$-77,429.00	
NET REVENUE (Revenue-Expense)		\$735,147.00	\$460,840.00	\$549,013.00	\$88,173.00	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,894,619.00	\$2,797,731.00	\$2,808,475.00	\$10,744.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,159,472.00	\$2,336,891.00	\$2,259,462.00	\$-77,429.00
NET REVENUE (Revenue-Expense)	\$735,147.00	\$460,840.00	\$549,013.00	\$88,173.00

Fund Balances

OPERATING FUND BALANCE		2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
Operating Account Balance June 30		\$764,769.00	\$764,769.00		
Net Revenue		460,840.00	549,013.00		
Transfer to Operating Reserve		-50,000.00	0.00	-50,000.00	Decreased to adjust for no transfer
Transfer to Capital Improvement Funds		-410,840.00	-549,013.00	-140,060.00	Increased to adjust for available funds
Estimated Operating Fund Balance June 30		\$764,769.00	\$764,769.00		
SURCHARGE 1 FUND BALANCE					
Surcharge 1 Fund Balance June 30		\$556,621.00	\$627,540.00		
43010	Surcharge Revenue	523,374.00	523,374.00	0.00	
41110	Investment Revenue	11,000.00	11,000.00	0.00	
69155	SRF Principle	-351,403.00	-360,494.00	9,091.00	Per Loan Payment Schedule
69160	SRF Interest	-109,952.00	-100,860.00	-9,092.00	Per Loan Payment Schedule
69220	SRF Administration	-2,100.00	-2,100.00	0.00	
Estimated Surcharge 1 Fund Balance June 30		\$627,540.00	\$698,460.00		
SURCHARGE 2 FUND BALANCE					
Surcharge 2 Fund Balance June 30		\$166,927.00	\$167,727.00		
43050	Surcharge 2 Revenue	439,019.00	439,019.00	0.00	
41110	Investment Revenue	800.00	800.00	0.00	
	Surcharge 2 Surplus Repayment	-110,201.00	-107,171.00	-3,030.00	Per District Repayment Schedule
69180	Principle	-210,000.00	-220,000.00	10,000.00	Per Loan Payment Schedule
69185	Interest	-118,818.00	-96,597.00	-22,221.00	Per Loan Payment Schedule
Estimated Surcharge 2 Fund Balance June 30		\$167,727.00	\$183,778.00		
LAIF FUND (CAPACITY FEES) BALANCE					
CERBT Fund Balance June 30		\$205,000.00	\$308,500.00		
44100	Capacity Fee Revenue	100,000.00	60,000.00	-40,000.00	Decreased for projected revenue
41110	Investment Revenue	3,500.00	2,000.00	-1,500.00	Decreased for projected revenue
Estimated CERBT Fund Balance June 30		\$308,500.00	\$370,500.00		

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 and Large Equipment Replacements. Funding sources may include Operating Fund Transfers and Investment Revenue.

FUTURE CAPITAL IMPROVEMENT PROJECTS – Capital expenditures defined as future projects on the Capital Improvement project list approved by the board. Each budget year, each project is allocated a defined amount to be used for future use.

VEHICLE & LARGE EQUIPMENT REPLACEMENT – Capital expenditures identified as General Plant Assets: Transportation and Large 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

	GENERAL	FUTURE CAPITAL IMPROVEMENT PROJECTS	VEHICLE & LARGE EQUIPMENT REPLACEMENT
FUNDING SOURCES			
Fund Transfers			
<i>Operating Fund Transfers In</i>	549,013.00	0.00	0.00
<i>CIP Fund Intrafund Transfers</i>	-456,670.00	381,670.00	75,000.00
<i>Beginning Balance Redistribution**</i>	-1,396,338.00	1,396,338.00	0.00
Surcharge 2 Surplus Repayment	107,171.00	0.00	0.00
Investment Revenue	0.00	3,500.00	0.00
PROJECT EXPENDITURES			
A-1 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00
Total A · WATER SUPPLY	40,000.00	0.00	0.00
B-1 · Service Replacements	30,000.00	0.00	0.00
B-2 · Small Meter Replacements	120,000.00	0.00	0.00
B-3 · Large Meter Replacements	5,000.00	0.00	0.00
Total B · WATER DISTRIBUTION	155,000.00	0.00	0.00
TOTAL BUDGETED PROJECT EXPENDITURES	195,000.00	0.00	0.00

****NOTE:**

The Beginning Balance Redistribution is a one-time reallocation from the General beginning fund balance to Future Capital Improvement Projects. *September 21, 2020; Revision 1*

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 · Miscellaneous Pump Replacements – 40,000

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

B · Water Distribution

B-1 · Service Replacements – 30,000

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

B-2 · Small Meter Replacements – 120,000

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

B-3 · Large Meter Replacements – 5,000

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

GLOSSARY

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

ACWA Association of California Water Agencies

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

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

AWWA American Water Works Association

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

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

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

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

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

CRWA California Rural Water Association

CSDA California Special Districts Association

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

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

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

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

MOU Memorandum of Understanding agreement

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

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

PCWA Placer County Water Agency

PERS Public Employees Retirement System

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

RWA Regional Water Authority

SAWWA Sacramento Area Water Works Association

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

SGA Sacramento Ground Water Authority



Items for Discussion and Action

Agenda Item: 4.4

Date: September 21, 2020

Subject: Customer Request for Board Consideration of Billing Issues

Staff Contact: Tim Shaw, General Manager

Recommended Committee Action:

The Executive Committee discussed this item and forwarded it onto the September 21st Board agenda without a recommended Board action.

Current Background and Justification:

Current District policy stipulates that the full Board consider customer's request for waivers, reversal of charges, refunds etc. The Executive Committee discussed the request included with the Board packets, but the Executive Committee intentionally withheld its recommendation.

The customer requesting Board consideration believes the charges from the beginning of service should be reversed because the customer has had zero consumption. The customer was charged appropriately for an active account with zero consumption. The customer did not request "inactive status" and did not apprise the District that the customer's preference was to exclusively use the private well serving the customer's parcel.

If the Board is inclined to consider relieve for this lapse in communication, the appropriate relieve would be to authorize a credit in the amount of the accumulated increment between inactive account charges and the active without consumption charges. In context with the Ordinance and associated policies established for opting out of the inactive service charges, it would be inappropriate consequential to grant a waiver of the entire charge, which would effectively be an opt out without the requisite stipulations entailed in the customer's relinquishing entitlements beset from paying (and/or succeeding to) the capacity fee.

Included with your Board packets is the Customer Request...and the computation of the cumulative difference between the inactive rate and active with zero consumption rate.

Conclusion:

I recommend the board review the documents, request any clarification or additional information. If the Board is so inclined to grant relief in response to the customer's request, I recommend such relief be

limited to the accumulated difference between the inactive service rate and the charges for an active account with zero consumption.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Jason Green _____ Gifford _____ Reisig _____.

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

RLECWD Agenda Item Checklist

Item 4.4

Date

Initial Potential Meeting Date

9/21/2020

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

Customer Request for Board Consideration of Billing Issues

Staff Work Completed

9/3/2020

(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

9/8/2020

Review by appropriate Executive 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

9/17/2020

Actual Meeting Date Set for Agenda Item

9/21/2020

Rio Linda Elverta Community Water District

Request for Consideration of Billing Issues by the Board of Directors



Account Holder: [Redacted] Account #: 24146001
 Service Address: [Redacted] Rio Linda, CA 95673

Check the appropriate box(s) and specify which fees you are requesting the Board to waive:

- Account Deposit Amount: \$ _____
- Delinquency Notice Fee Amount: \$ _____
- 48 Hour Notice Fee Amount: \$ _____
- Service Charges Amount: \$ _____
- Shutoff Fee Amount: \$ _____
- Tampering Fee Amount: \$ _____
- Other Amount: \$ _____

Notice: This request may be considered at a public Board Meeting. This document may become a part of the Board meeting agenda which is accessible to the public by request or via the District website. However, the District will make reasonable attempts to preserve customer privacy via redaction, e.g. addresses, phone, email etc.

Total: \$ _____

Justifying Information to Support Your Request: Never had service, checked by your people four times they tell me I am not committed to the Rio Linda, water never have been, we are only getting water from my pumps. I have been charged for water, back flows and you have better records than I do. would like me money back. (Attached additional sheets if necessary)

By signing below you are; attesting to the accuracy of the information you have provided and fraudulent submittal may result in Board denial, you acknowledge that all correspondence between yourself and the District is subject to California Public Records Act laws, and you further acknowledge the Board of Directors' rulings are final.

Signed: [Signature] Date: 8/14/2020

Account Holder Contact Information:
 In case you are unable to attend the Board Meeting, please provide with your preferred method for us to contact you regarding the Board's decision.
 Email Address: _____
 Phone Number: _____
 US Mail (provide mailing address): _____

Tim Shaw

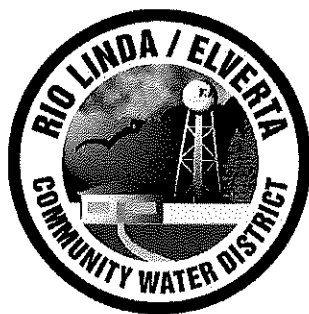
From: Kimberly Bassett
Sent: Tuesday, September 15, 2020 12:39 PM
To: Tim Shaw
Cc: Renita Lehman; Sara Cater
Subject: 24146001 Reimbursement

Tim,

Here are the figures for the account that would like to have the difference between the active rate they were billed and the inactive rate they should have been in.

Date	Billed	Inactive rate	Difference
11/20/2018	101.93	87.30	14.63
1/20/2019	101.93	87.30	14.63
3/20/2019	101.93	87.30	14.63
5/20/2019	101.93	87.30	14.63
7/20/2019	101.93	87.30	14.63
9/20/2019	102.99	88.19	14.80
11/20/2019	102.99	88.19	14.80
1/20/2020	102.99	88.19	14.80
3/20/2020	102.99	88.19	14.80
5/20/2020	102.99	88.19	14.80
7/20/2020	102.99	88.19	14.80
	1127.59	965.64	161.95
	Billed	Inactive rate	Difference

Kimberly Bassett
 Customer Service Tech I
Rio Linda/Elverta Community Water District
 730 L Street / PO Box 400
 Rio Linda, CA 95673
 Ph: (916) 991-1000
 Open: 7am – 4pm, M-F
kbassett@rlcwd.com
www.rlcwd.com



Items for Discussion and Action Agenda Item: 4.5

Date: September 21, 2020

Subject: Timing and Format of Future RLECWD Public Meetings - COVID19

Staff Contact: Tim Shaw, General Manager

Recommended Committee Action:

The Executive Committee discussed this item and forwarded the item to the September 21st Board agenda. The Committee intentionally withheld its recommendation.

Current Background and Justification:

Subsequent to a positive COVID19 result in July, the District transitioned to remote participation only (no in-person attendance) for all Board and Committee meetings. The purpose of this agenda item is to discuss when /if the District may resume allowing optional in-person attendance.

Additional aspects to consider include mitigation measures at public meetings. The District previously exercised physical distancing in the setup of the meeting room. The District could consider more mitigation measures including, but not limited to:

- Mandatory mask wearing.
- Requesting each attendee to confirm the absence of any COVID related symptoms.

Because present circumstances are unprecedented, there are no current District policies or guidelines. It is reasonable to conclude the Board President has the inherent authority to provide direction, given that the Board or any individual Board member can place an item on an upcoming meeting agenda and thereby consider establishing policy.

Conclusion:

I recommend the board establish a consensus and consider providing unified, clear direction to staff on the timing and format of future District public meetings. In the absence of firm consensus, it may be appropriate to direct reconsideration at the October regular meeting.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla: _____ Harris: _____ Jason Green _____ Gifford _____ Reisig _____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 4.5

Date

Initial Potential Meeting Date

9/21/2020

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

Timing and Format of Future RLECWD Public Meetings – COVID 19

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.

9/3/2020

Committee Review of Item and Staff Work

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

9/8/2020

Formal Legal Counsel Review

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

N/A

GM Review

9/17/2020

Actual Meeting Date Set for Agenda Item

9/21/2020



**Items for Discussion and Action
Agenda Item: 4.6**

Date: September 21, 2020

Subject: Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

N/A

Current Background and Justification:

District policy and various statutes stipulate Board approval of any Board Member assignments.

Conclusion:

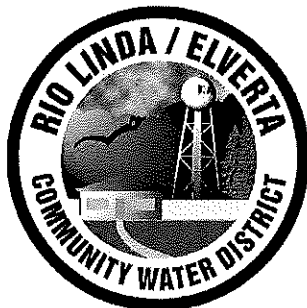
I recommend the Board consider approving any specific nominations and assignments as may be deemed necessary and appropriate.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green ____ Gifford ____ Reisig____.

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



**Information Items
Agenda Item: 5.1**

Date: September 21, 2020

Subject: District Reports

Staff Contact: Timothy R. Shaw, General Manager

1. DISTRICT ACTIVITY REPORT

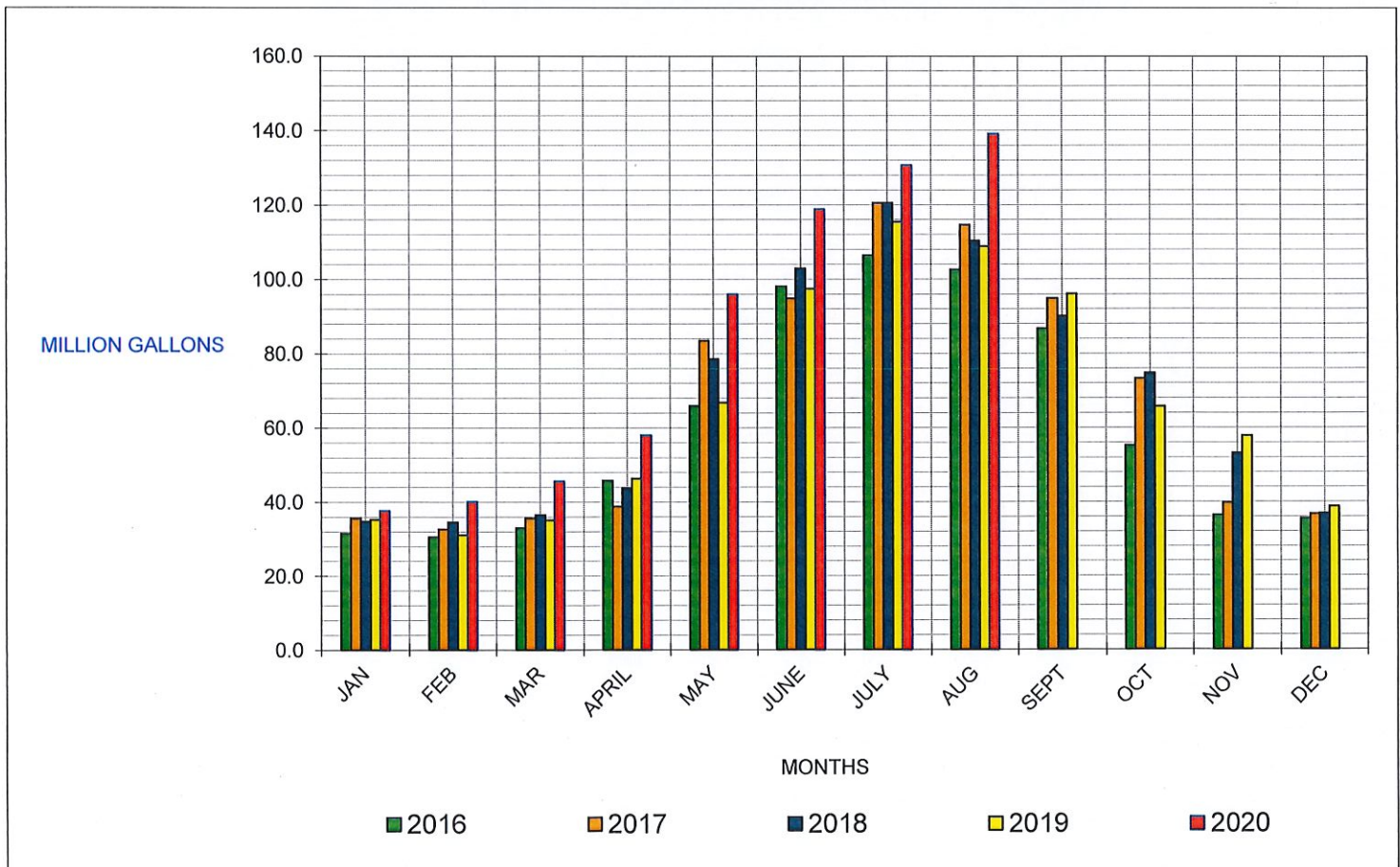
1. Operations Report
2. Conservation Report
3. Completed and Pending Items Report

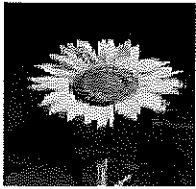
RIO LINDA/ELVERTA C.W.D.

WATER PRODUCTION

2016 \ 2020

Month	Water Production in Million Gallons						SSWD Water Purchases				
	2016	2017	2018	2019	2020	Avg.	2016	2017	2018	2019	2020
JAN	31.5	35.6	34.8	35.3	37.6	35.0	0.0	0.0	0.0	0.0	0.0
FEB	30.5	32.7	34.5	31.1	40.0	33.8	0.0	0.0	0.0	0.0	0.0
MAR	33.0	35.6	36.5	35.1	45.5	37.1	0.0	0.0	0.0	0.0	0.0
APRIL	45.8	38.8	43.7	46.3	57.9	46.5	0.0	0.0	0.0	0.0	0.0
MAY	65.9	83.4	78.5	66.8	95.9	78.1	0.0	0.0	0.0	0.0	0.0
JUNE	98.0	94.9	102.9	97.5	118.9	102.4	0.0	0.0	0.0	0.0	0.0
JULY	106.4	120.5	120.5	115.4	130.7	118.7	0.0	0.0	0.0	0.0	0.0
AUG	102.6	114.6	110.3	108.9	139.2	115.1	0.0	0.0	0.0	0.0	0.0
SEPT	86.7	94.9	90.1	96.1		92.0	0.0	0.0	0.0	0.0	
OCT	55.2	73.2	74.7	65.8		67.2	0.0	0.0	0.0	0.0	
NOV	36.3	39.7	53.1	57.8		46.7	0.0	0.0	0.0	0.0	
DEC	35.4	36.7	36.8	38.7		36.9	0.0	0.0	0.0	0.0	
TOTAL	727.3	800.6	816.4	794.8	665.7	784.8	0.0	0.0	0.0	0.0	0.0





Conservation Report August 2020



Supplies (kits):	Shower heads(0) Kitchen Aerators(0) Bathroom Aerators(0) Shower Timer(0) Nozzle(0) Toilet Tabs(0) Retro-Fit Kits(0) Welcome Kits(0) Kids Kit(0)
Water Waste (calls, emails, letter, leaks detected, and fixed):	1 Water Waste Call(s) contacted 4 customers about possible leaks - 1 were called, 0 was mailed, 3 was emailed 1 were confirmed resolved
Water Schedule:	given to customers with all violation letters and new applications
Surveys	0
Workshops, Webinar, Meetings:	None
Fines:	None
Other Tasks:	<ul style="list-style-type: none"> ● Assisted with payments and new customers ● Processed Payments ● Created/completed work orders ● Disconnect properties with no service application ● Notified and offered customers the ACH payment method ● Closed accounts and final billed customers ● Printed stamps ● Mailed out application requests to new owners ● Scanned and uploaded documents into UMS ● Verbal Demands ● Tagged properties with water violations
Grant	None



**PENDING AND COMPLETED ITEMS
9-21-2020 BOARD OF DIRECTORS MEETING**

1. **Rate Study / Cost of Service Analysis.** The consultant has submitted a draft study. I need to schedule a meeting with the consultant to assure known increases to annual operating costs (e.g. CalPERS annual Unfunded Accrued Liability (UAL) payments are addressed in the cost of service analysis. **Pending**
2. **SB-606 and AB-1668 planning for compliance** – See status of pending item 1, which is directly prerequisite to completing this item. **Pending**
3. **Evaluate options for mitigating the upward spiral in annual payments to CalPERS for UAL** – I have met and continued correspondence with a consultant having expertise on such matters. We currently have scheduled a presentation by CalMuni Advisors at the October Executive Committee meeting. **Pending**
4. **Create a New Position Description for Customer Service Tech 2:** Submitted a draft position description (not yet reviewed or approved by the Board) to Teamster Local 150. We have not received any response whatsoever from Teamster Local 150. **Pending**
5. **Hexavalent Chromium MCL economic feasibility** There have been no further announcement since the April 27th stakeholders workshop. Nevertheless, it is reasonably expected that the economic feasibility process is continuing as announced and on-schedule. **Pending**
6. **Adoption of FY 2020/2021 Final Budget via a public hearing:** The Board adopted the fiscal year 2020/2021 Final Budget (operating and capital) at the public hearing held on August 17, 2020. **Completed**
7. **Annual Independent Financial Audit for fiscal year ending 6-30-2020** – The annual audit is currently underway. This is the last year the District will be able to engage this particular service provider due to statutory restrictions on then number of consecutive years an agency can receive an audit by the same firm. **Pending**



Information Items
Agenda Item: 5.2

Date: September 21, 2020

Subject: Board Reports

Staff Contact: Timothy R. Shaw, General Manager

2. BOARD REPORTS

1. Report ad hoc committee(s) dissolved by requirements in Policy 2.01.065
2. Sacramento Groundwater Authority – Harris (Primary), Reisig
3. Sacramento Groundwater Authority (with RWA and SCGA) 3x3-Reisig
4. Executive Committee – Green, Reisig
5. ACWA/JPIA –Ridilla

Agenda

3x3 Committee - SCGA Staffing
August 19, 2020 1:00 pm to 2:30 pm

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/870686677>

You can also dial in using your phone.

United States: +1 (571) 317-3122

Access Code: 870-686-677

Please note the GoTo Meeting information changed from the Draft agenda.

Please use the version above

Participants

RWA: Kerry Schmitz, Sean Bigley, Cathy Lee

SGA: Caryl Sheehan, Brett Ewart, Robert Reisig

SCGA: Todd Eising, Paul Schubert, Dalia Fadl

Staff: John Woodling, Jim Peifer, Rob Swartz

1. What are we trying to accomplish?
 - i. "3x3" MOU Recap
 - ii. Principles beyond the MOU (See attached)
 - iii. Other interests of the participants during this process
2. Inventory of issues that should be addressed
 - a. How to determine the resources needed
 - b. What items need to be addressed
3. Getting to Agreement
 - a. Process
 - b. Schedule
 - c. Frequency of meetings of the 3x3 Committee
 - d. Reports and consistent communication to the Authorities
4. Next Steps

Organization and Staffing Principles (proposed for discussion)

- RWA staffing the SCGA does not result in a reduced level of service compared to that which RWA and SGA currently receive.
- RWA staffing the SCGA does not raise the costs to the RWA and SGA [note: Additional resources are likely needed to implement the No. American Subbasin GSP]
- The RWA, SGA and SCGA will be appropriately staffed to be successful and sustainable.
 - Example: Provide staffing necessary to complete the work
 - Example: Do not burn out staff
- Staffing arrangements will be developed to provide effective and efficient operations of the Authorities.
- Modify the SCGA governance to remove barriers to staffing the SCGA with the RWA staff
- SCGA maintain progress in GSP development and Prop 218 assessment for long term funding
-

Additional Principles?

Tim Shaw

From: Robert Reisig
Sent: Wednesday, August 19, 2020 3:23 PM
To: Tim Shaw
Subject: 3x3 meeting take aways

After a rough start, I had the wrong agenda so I kept getting sent to a non-existent "Go to Meeting". Finally got a hold of Jim Piefer and he sent me the new updated correct agenda with the new, correct meeting link. Here are some of my take-aways from the meeting.

John Woodling of SCGA basically ran the meeting.

Basic question on staffing combination was it to a top-down consolidation or bottom-up consolidation? I don't know what exactly the specifics of those two methods would be but interjected into the discussion of whether the organization should be a triangle or a circle.

SGA is expected to need more staff in the future. Not for future needs just to handle existing work load for the future so SCGA coming on board might help with the staffing expansion.

Cathy Lee from RWA group mentioned that division of labor, i.e., having Jim and Rob and others serve three groups as opposed to two will dilute the quality of effort.

Seemed to be an agreement that whatever the structure ends up being, it need to serve the needs of the three at a lower cost, as yet undetermined.

Next meeting to be the week of Sept. 21.

Caryl Sheehan is also on board with cost savings are a must too.

Sorry, not a good note taker.

Bob

Minutes
Rio Linda / Elverta Community Water District
Executive Committee

45

September 8, 2020
6:00 P.M.

Minutes: The meeting was called to order at 6:04 P.M. The meeting was attended by Director Reisig (via Zoom), Director Green (via Zoom), General Manager Tim Shaw (via Zoom) and Contract District Engineer Mike Vasquez (via Zoom). There were no members of the public in attendance. The meeting remote participation application (Zoom) had no participants

Call to Order 6:04 P.M.

Public Comment None

Items for Discussion:

1. Review and discuss the expenditures of the District for the month of July 2020.

*Director Reisig requested additional information on the CalPERS payments, specifically the \$68K UAL payment. The General Manager explained the difference between the biweekly payments for each pay period in each monthly expenditure report and the annual Unfunded Accrued Liability (UAL) annual payment. Biweekly payments are amounts we are obligated to pay to CalPERS each pay period. There are two separate amounts each pay period because the District employs personnel in two legally defined categories, Classic and PEPR. Classic employees were hired prior to January 1, 2013 and Public Employee Pension Reform Employees (PEPR) were hired after January 1, 2013. These payments each pay period represent minimum payments. The minimum payments the District is making are analogous to the minimum payments some people make on their outstanding credit card balance. The similarities include that if you only make the minimum payments, you will end up paying an obscene amount of interest. The other amount is a big reason why PEPR was passed into law. The unfunded accrued liability (UAL) is a minimum payment on the unfunded accrued liability. Skyrocketing UALs are directly responsible for cities and other municipalities declaring bankruptcy. The total UAL, which is currently **\$1.1 million for RLECWD**, is the amount CalPERS has determined that the District owes the retirement system to meet the District's current obligation to employees by actuarially computed current employees age, mortality tables, income, etc. In 2011, the District's UAL was about \$630K, so you can see the impact of making minimum payments, which is basically financing the amount owed at 7% interest. Throughout the united states, for the past 20 years, defined benefit pension plans have encountered higher than expected payouts and lower and expected returns on investment. These shortfalls in funding of the plan result in alarming bottom lines. For example, in 2000, CalPERS had 128% of the funding it needed to honor its obligations, CalPERS was "super-funded". 10-years later, in 2010, CalPERS had only 61% of the funding to honor its obligations. Here is a zinger: CalPERS charges 7% interest to its participating employees for the UAL. The CalPERS UAL debt is the most expensive debt that RLECWD ratepayers/taxpayers have.*

CalPERS has policies that can be described as politically motivated. For example, we know and have known since June 30th that CalPERS investments failed to meet the 7% return on investment criteria in FY 2019/2020. The return was only 4.35%. However, CalPERS is deferring the increase in minimum UAL for two years. The debt is still there and CalPERS is still charging us (and all other participant employers) 7% interest on the new debt. CalPERS is just kicking the can down the road so when they start charging more minimum payments for this new debt, it will be even larger than it would have been if they applied the liability linearly. Next year, the RLECWD minimum UAL annual payment will increase to \$80K in July 2021, and will increase to \$90K in July 2022. See attached. Even more exasperating is that the attached is projections based on data through 2018. The attached does not factor in

increases in UAL minimum payments due to under performance in 2019 and under performance in 2020 due to COVID.

On the glass half full side of things, there is an abundance of low-hanging fruit available for RLECWD to improve its current UAL minimum payment status. The item will be on the October 5th Executive Committee agenda.

Director Reisig requested additional detail on a closed account refund, The amount refunded was due to an individual with multiple accounts (dwelling units).

Director Reisig questioned the two separate payments to Lechowicz (Rate Study). The General manager explained the first invoice was submitted via USPS and was much slower than the second invoice submitted via e-mail. The two invoices for fore succeeding months services, i.e. one for May and one for June, bot paid in July.

The Executive Committee forwarded the Expenditures Report onto the September 21st Board agenda with the Committee's recommendation for Board Approval.

2. Review and discuss the financial reports for the month of July 2020.

Director Reisig requested additional information about depreciation in the financial reports. The General Manager explained the District's depreciation is rigidly tied to our list of assets and our definition of assets. Typically, an audit comment might be along the lines of the need to update our list or that the service life we're using may be inconsistent with established standards. The District is not, however, funding depreciation. We have to compute it and report it, but we're not legally obligated to fund depreciation. Unlike private sector, for-profit entities, there are no tax implications because the District tax-exempt.. Reporting depreciation without funding depreciation leads the auditor to guard against deceptive practices, e.g. deceiving the public into concluded the unfunded depreciation is a smaller problem than it is.

Director Reisig asked for clarifications on the revenues contrasted between the July report and the June report (reviewed and discussed at the August Executive Committee). The General Manager explained that the bimonthly billing cycle and corresponding payment patterns results in the dissimilar revenues for every two consecutive months. The dissimilarities are further exacerbated when you split the fiscal year, with June being in one year and July another.

The Executive Committee forwarded the financial reports onto the September 21st Board agenda with the Committee's recommendation for Board approval.

3. Discuss a request for Board consideration of billing issues.

The General Manager expounded upon the written agenda item report. The GM explained that the account notes indicate this customer requested service, paid the capacity fees and then did not consume any District water. Apparently, this customer drilled a private well and has used that source instead. The customer did not request a status change to "Inactive Account" Staff infers the request now by the customer is a refund of the difference between the accumulated charges for active without consumption and the charges that would have accumulated for inactive service.

The General Manager further explained that the Board adopted policy is to have the full Board rule on customer's request for Board consideration, i.e. the Committee can recommend, but the Board has the final decision.

Accordingly, the Executive Committee forwarded this item onto the September 21st Board agenda and directed staff to compile the accumulated difference between active service with zero consumption and inactive service.

46

4. Discuss the need to process a Board approved budget revision to correct an error in the FY 2020/2021 Capital Budget.

The General Manager augmented his written agenda item report. Director Reisig requested some basic review of timelines (e.g. when the current budget was adopted and how/why the financial reports discussed in item 2 reflect the higher contributions for capital budget indicated with the staff-proposed reconciliation of the transcription error for the beginning balance. Director Green expressed that he understands the material presented and further supports the option for corrective actions prescribed by staff.

The Executive Committee forwarded Budget revision 1 onto the September 21st Board agenda with the Executive Committee's recommendation for Board approval.

5. Discuss the timing and process for initiating a pipe replacement project.

The General Manager explained that the budget revision, a capital budget revision recommended for Board approval in the preceding item, entails a one-year reduction in pipe replacement funding. The August version of the Capital Budget effectively had two years of pipe replacement funding in the first fiscal year of annual pipe replacement projects. With two months already lapsed in the current fiscal year, it may have been infeasible to undertake two years of pipe replacements in the first year of the program.

The Contact District Engineer and the General Manager explained that staff needs the Committee's direction to refine the process. One method of contracting for pipe replacements is to competitively bid a time and material contract. Such a method would entail less overhead costs compared to paying for a design, and reviewing, adopting bid specs, then soliciting bids. However, the District needs to confirm there are sufficient time & materials contractors interested and in our area. The District also needs to commence dialog with Sacramento County to ensure a flexible encroachment permit scenario and other construction aspects withing the County's purview.

The Executive Committee directed staff to update the Committee at the October 5th meeting.

6. Discuss quotes for service to enhance customer consumption data, e.g. WaterSmart and DropCountr.

The General Manager augmented his written agenda item report, and further explained a third, emerging option, which may be implantable as a fee instead of a rate. Additionally, this third option via Metron Farnier would enable the District to pilot test the equipment and software prior to wide-scale implementation.

The pros and cons with each method were discussed by the Executive Committee. One con about setting aside the DropCounter option now, is the timing of the ongoing rate structure study. The annual charges from DropCountr effectively means the District needs to increase rates to pay the annual service charges to DropCountr. There is no way to be sure how many customers would sign up for consumption software accounts, but the annual charge is the same for one customer or 4,700 customers. The Metron option is completely scalable. If one customer signs up, we pay only for that customer. The hardware and account are transferable, i.e. if a customer un-enrolls, we can transfer the hardware and account to a different customer.

The Executive Committee supports the staff conclusion that the Metro option is worthy of further consideration. Pilot testing will commence as soon as the material are provided by Metron.

7. Discuss the timing and preferences for re-establishing in-person public meetings.

The Executive Committee forwarded this item onto the September 21st Board agenda. The Committee intentionally withheld any recommendations for Board action.

8. Update from Contract District Engineer

The Contract District Engineer augmented his written report. No further explanations were requested by the Executive Committee.

Directors' and General Manager Comments

None

Adjournment 7:10 P.M.

Next Executive Committee meeting: Monday, October 5, 2020 at 6:00 p.m. TBD