

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

MUNICIPAL SERVICE REVIEW WORKSHEET
AND QUESTIONNAIRE RESPONSE

DRAFT

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite 100, Sacramento, California 95814
(916) 874-6458

August 20, 2010

DISTRICT SUMMARY PROFILE

Date: Approved by the RLECWD Board of Directors: August 16, 2010

District: Rio Linda/Elverta Community Water District
Location: 730 L Street
Rio Linda, California 95673

Telephone: (916) 991-1000
FAX: (916) 991-6616
e-mail Address:
Website: www.rlecwd.com

Administrator: Mychael Cardenas, Interim General Manager
Contact: Luis Ching, Assistant General Manager

Staffing: Seven Full Time Employees
Two Part Time Employees

Service Provided: Water and Associated Services

Service Area: Northwest Sacramento County

Sphere of Influence: Coterminous with Existing District Boundary

Population: 14,750

Registered Voters: Approximately 9,850

Date of Formation: 1948

Governing Body: Five Member Board of Directors

Latent Powers: Fire Protection, Parks and Recreation, Sewers, and Public Works

Total Budget: \$1,777,000 FY 2010-2011 (Attached)

Primary Revenue Source: Water Sales and Related Services

Water Source: 9 Wells and 1, 8-inch Intertic with Sacramento Suburban Water District

INTRODUCTION

Background Information

The Rio Linda/Elverta Community Water District (District) was established in 1948 for the purpose of providing domestic, irrigation and fire protection water to a portion of unincorporated residents of Rio Linda. The District grew over the years to include Elverta and operates as an independent special district that serves approximately 17.8 square miles.

Mission

The District's Mission is to serve our customers, provide clean, safe drinking water, install, improve, operate and maintain the public water system in Rio Linda and Elverta.

Setting

Located in Northwest Sacramento County, the District represents a small community of nearly 15,000 residents.

Please see Attachment 'A' - Map of District Boundary

Services Provided

The Rio Linda/Elverta Community Water District provides water service and related consumer services to customers within the District.

Management, Consultants, and Staffing Structure

Please see Attachment 'B' - Organization Chart

Management Structure: One General Manager, and one part-time Assistant General Manager

Employee Structure:

The District employs seven (7) full time positions. In addition, the District employs on average two (2) part-time positions.

Please see the attached Organization Chart which includes Board representatives.

Much of the technical and engineering resources are provided by consulting firms working through Master Service Agreement contracts for the District. For engineering, two firms are currently under contract, and for Information Technology Network Service, one consultant has a monthly service contract with the District.

Additionally, California 'A' licensed contractors are hired to perform emergency repairs and/or specialty work, such as main breaks, building repairs and well maintenance. The work is generally assigned on an as-needed basis with competitive bidding based on the circumstances. All public works construction and/or repairs are through solicitation or check bids.

District staff performs routine daily duties and manages the majority of all tasks necessary to operate the District. The areas of responsibility include, but are not limited to:

- Business Administration
- Field Operations and Maintenance
- Board of Directors Admin Support
- Customer Service
- Billing and Collections
- Accounting
- Engineering Management
- Community Outreach
- Conservation

The District is currently undergoing an organizational restructuring to reduce operating costs. Salaries were evaluated to eliminate three step (15%) reductions in the wage. Even with the pay and benefit cuts, it results in a very competitive wage package for the District employees. Supervisory positions were eliminated, as the District was paying supervisors the kind of wages and benefits supervisors in other districts who supervise larger numbers of employees. The District's position was to eliminate those positions as they were supervising only two employees. The proposal did not elect to lay off any employees. The medical benefits contribution of the District would still be sustainable, and hourly wages were reduced to save money.

On April 22, 2010 The Brotherhood of Teamsters, Local 150 proposed a tentative Memorandum of Understanding (MOU) to the District negotiators. Subsequently, the Board of Directors held a special session on April 26, 2010 where a consensus was reached to accept the terms and conditions of the April 22nd negotiation. On May 4, 2010 the proposal was presented to the members and has yet to be ratified. As this report is being prepared, the negotiations continue with optimism that an agreement will be reached soon.

With a few exceptions, wages and salaries are comparable to regional standards, although less than paid prior to November 2009. The District medical benefits contribution of the District would still be a substantial benefits package.

We currently employ five certified Distribution Operators of varying levels, with Treatment certifications as their backup. Additionally, our staff includes a certified Conservation Specialist that oversees the water conservation program, and we have two certified Backflow Prevention Specialists to manage our Cross Connection Control and backflow prevention programs.

Various free training programs are offered to staff as available. Each employee is required to maintain contact hours in their respective areas of expertise, although a formalized program has

not been implemented. As a budgetary consideration, employees are required to pay for any training requiring tuition.

RLECWD serves a small community, so the business practices and organizational structure are akin to a small town atmosphere with fewer provisions than other large service providers in the area. In contrast, however, the District manages its operations in conformance with all regulatory agencies, even though the small distribution system requires less maintenance and repairs than larger municipalities.

MUNICIPAL SERVICE REVIEW INFORMATION AND DETERMINATIONS

Growth and Population Projections

The District currently services a population of approximately 14,750 residents through 4,616 residential and commercial water meters from a distribution system that exceeds 61.2 miles of pipeline infrastructure. Our maximum day demand is approximately 6,800 gpm with a peak hour demand at approximately 10,200 gpm.

RLECWD serves the District with 9 active wells that produce approximately 5,900 gpm, and a 125,000 Gallon Water Tower. We are currently in the design and development phase to construct 3 new high capacity wells to increase source capacity within the next two years. To supplement capacity, an intertie with Sacramento Suburban Water District was put into service through an Interim Supply Agreement between the agencies in July 2007. The intertie is seldom utilized and generally only on exceptionally warm days or when a RLECWD well in the vicinity is being serviced.

Due to a California Department of Public Health (CDPH) moratorium that was implemented in November 2007 because of inadequate water supply issues, the District is unable to install new services until our source capacity has been increased to sufficient levels to meet peak hour demand. Several large subdivisions are proposed, with Elverta Villages being the largest with a projection of 4,950 dwelling units at build out. California American Water Company will service a small percentage of the connections in Elverta Villages, but the larger portion will be serviced by RLECWD. Plans are currently being engineered with both agencies providing oversight.

Other infill projects are proposed throughout Rio Linda and Elverta to be developed upon lifting of the moratorium in Spring/Summer 2011.

The District was recently granted a conditional waiver from CDPH to allow 36 new residential connections to be built in the meantime because the applicants had met all capacity fee issues prior to the implementation of the moratorium.

LAFCo MSR Determination

Note: LAFCo to complete

Facilities

Summary of Facilities

Please see Attachment 'C' - Facilities Map

Present and Planned Capacity of Public Facilities

RLECWD's current service capacity includes:

- 3,637, 5/8-inch Metered Connections
- 26, 3/4-inch Metered Connections
- 696, 1-inch Metered Connections
- 22, 1 1/2-inch Metered Connections
- 22, 2-inch Metered Connections
- 8, 3-inch Metered Connections
- 5, 4-inch Metered Connections
- 15, Private Fire Service Connections of varying sizes

As previously explained, the District has been unable to install new services until source capacity has been increased to sufficient levels to meet peak hour demand of 10,200 gpm. Several large subdivisions are proposed within the District's service boundaries, with Elverta Villages being the largest with a projection of 4,950 dwelling units at build out. California American Water Company will service a small percentage of the connections in Elverta Villages, but the larger portion will be serviced by RLECWD.

Other infill projects are proposed throughout Rio Linda and Elverta to be developed upon lifting of the moratorium in Spring/Summer 2011.

The District was recently granted a conditional waiver from CDPH to allow new 28 residential connections to be built by Beazer Homes for Fox Hollow Subdivision, and 8 additional residential services by other developers in the meantime because the applicants had met all capacity fee issues prior to the implementation of the moratorium. Beazer Homes has announced commencement of construction is underway.

Infrastructure Needs or Deficiencies/Capital Improvement Program

The District is currently being closely monitored and supervised by CDPH under Compliance Order 01-09-09-CO-004 to increase Source Capacity and build redundancy by spring 2011. RLECWD has been working very diligently with CDPH oversight to design and construct 3 wells to meet peak demand requirements as necessary to comply with state regulations. In order to finance the engineering, construction, and activation of the wells and infrastructure improvements, the District is in the final stages of state review for SRF Loan funding with only the Fiscal Services Unit review to be completed. To provide advance engineering and project development funding, the District implemented a 3 Phase Surcharge program that went into effect in May 2009. The Surcharge is also designed to repay SRF funding for 20 years upon completion of the project which is scheduled for winter 2011, or early spring 2012.

Beyond the immediate Source Capacity CIP, the District has the following projects to complete within 5 years:

- Build an 800,000 gal. steel reservoir for additional fire storage
- Replace approximately 1.5 miles of aging or undersized distribution mains and valves
- Place two wells back into emergency standby service due to them having high arsenic levels
- Install 2 additional power generators at existing wells for emergency backup power
- Install a new radio read antenna and retrofit 1678 meters with radio read equipment
- Provide additional SCADA improvements and upgrades
- Install surveillance equipment at the office and each well
- Effectively reactivate the District's Developer Services Unit to potentially double the number of service connections due to large development projects in the region.

Please see Attachment 'D' - 5 year Capital Improvement Plan Budget

Summary of Programs

Water Conservation Program: The District actively participates in Water Forum Conservation practices with rebates and public outreach programs in effect. The District reimburses customers for water efficient toilet replacements, as well as water conservation washing machine rebates. The District also provides educational programs and public workshops on conservation through a link on our webpage. Staff conducts routine patrols to promote water conservation as well.

Backflow Prevention Device Testing Program: The District maintains an annual backflow prevention device testing program that is monitored by CDPH. We currently test 411 devices annually through a fee schedule that is included in our bimonthly billing to customers owning Backflow Prevention Devices. All reports are furnished to the appropriate regulatory agencies.

Cross Connection Control Program: Water audits and site surveys are conducted periodically to ensure District operations are not affected by cross connections or unprotected loops through private plumbing. The Cross Connection Control Program follows CDPH guidelines and annual reports are provided to the department.

LAFCo Determination

NOTE: LAFCo to Complete

FINANCIAL INFORMATION

Budget

Please see Attachment 'E' – Operating Budget Profit Loss 10/11 Forecast

Revenue

- Revenue primarily comes from water sales, administration fees, and associated services. Additional revenue derives from leases, taxes, developer fees, grants and miscellaneous non-operating sources as shown on the attached ***Operating Budget Profit Loss 10/11 Forecast***

Rates, Fees, Charges, and Assessments

Water Rates (effective January 1, 2010 – Service Charges / per Ordinance 2009-02)

Water Service – Fees for water service from the District Water System are as indicated below based upon meter size servicing the premises and includes 600 cubic feet of water:

Meter Size	Bi-Monthly Service Charge	+	Capital Improvements Surcharge	=	Total Bi-Monthly
5/8"	\$29.00		\$15.00		\$44.00
3/4"	\$34.80		\$15.00		\$49.80
1"	\$52.50		\$15.00		\$67.50
1-1/2"	\$101.50		\$15.00		\$116.50
2"	\$162.40		\$15.00		\$177.40
3"	\$304.50		\$15.00		\$319.50
4"	\$507.50		\$15.00		\$522.50

Plus any usage over 600 cubic feet, charges per 100 cubic feet or portion thereof as follows:

Meter Size	Cubic Feet Used		
Rate Per 100	\$0.43	\$0.54	\$0.68
	Tier 1	Tier 2	Tier 3
5/8"	601 – 2,600	2,601 – 15,600	15,601+
3/4" – 1-1/2"	601 – 5,800	5,801 – 44,800	44,801+
2" – 4"	601 – 55,200	55,201 – 286,000	286,001+

Rates, Fees, Charges, and Assessments (cont.)

The bi-monthly service charge for Standby Fire Protection Services shall be \$10.00 per inch diameter for the service pipe.

SVC Code	Charge
FP4 = 4"	\$40.00
FP6 = 6"	\$60.00
FP8 = 8"	\$80.00
FP12 = 12"	\$120.00
FP14 = 14"	\$140.00

Rates are set based on comparative regional criteria and rate study evaluations. California Proposition 218 Analysis and Public Notifications precede public hearings to quantify and establish appropriate rate adjustments prior to Board approval and/or issuing constraints. The District conducts rate studies when necessary and remains abreast with current market analysis.

Expenditures

RLECWD service levels and cost of services are comparable to regional industry standards and fair market schedules. The District expenditures are reported to its Board during monthly meetings to maintain oversight and management meet budgetary expectations throughout the year.

Assets, Liabilities, Debt, Equity, and Reserves

Please see Attachment 'F' – RLECWD Financial Statements June 30, 2009 and 2008

LAFCo Determination

NOTE: LAFCo to Complete.

STATUS OF AND OPPORTUNITIES FOR INNOVATION AND SHARED FACILITIES

The District does not currently share facilities, infrastructure, or staff with other agencies. However, as previously mentioned and further described below, an intertie with Sacramento Suburban Water District (SSWD) supplements RLECWD's ability to maintain adequate system pressure during peak demand or operational maintenance outages for well repairs, etc.

RLECWD has three neighboring water districts: the City of Sacramento on the South side, SSWD on the East side, and California American Water (Cal-Am) at the extreme Northeast corner of the District.

Due to place of use issues, the City of Sacramento is not a feasible consolidation alternative because it does not provide for satisfactory results without considerable pipeline improvements to facilitate the expansion. The cost of the improvements would outweigh the end result without providing suitable reliability, so it is not a viable consolidation option.

An 8-inch intertie with SSWD is utilized as an emergency backup supply for the East side of the District's service area. The intertie can be enlarged in the future, but consolidation with SSWD would be a more expensive alternative than installing new wells due to the cost of water added to the infrastructure required to support this option.

This alternative would not significantly improve conditions in the Central and Western portions of the District's distribution system, where the majority of our customers are located. Consolidation was considered in the Engineering Report by Montgomery Watson Harza entitled "Evaluation of Source Capacity and Compliance Plan", completed in January 2008, but this option was found not to be feasible.

Consolidation with Cal-Am is not feasible because it would amplify the circumstances described in both scenarios above, along with adding additional costs for transmission facilities that do not presently exist.

The District has completed numerous engineering and modeling studies to overcome its source capacity limitations and improve the flow characteristics in the distribution facilities to move more water throughout the system. Consolidation to the South, the East, or Northeast would defeat the impetus of developing more source from within, so the feasibility of consolidation is dramatically diminished and not subject to consideration without significant infrastructure improvements and less cost effective means than developing high-production wells. It is because of these factors, consolidation is neither feasible nor affordable in any of the present conditions.

LAFCo Determination

NOTE: LAFCo to Complete.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

The RLECWD Board of Directors has five seats that are currently filled. The length of term is normally 4 years unless a vacancy occurs creating a 2 year seat.

Appoints are a result of a vacancies, all other officials are voted into office during a General Election.

Each candidate must reside within Rio Linda or Elverta City Boundaries.

Board Compensation includes:

- \$100.00 per Public Board Meeting
- \$100.00 per Water Affiliation Meeting – Designated Representative Only
- Board members are not provided post-term allowances in any form

The Board holds Regular Board Meetings on the third Monday each month and Special Sessions are scheduled as the needs arise. It is the intent of the Board that meetings shall remain as informal as reasonably possible consistent with business needs of the District. The Board President or a majority of the Board may invoke formal proceedings pursuant to Robert's Rules of Order should action be deemed necessary. The Board may discuss and take action on any item listed on the agenda. The Board may also listen to other items that do not appear on the agenda, but the board will not discuss or take any 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. Copies of the agenda are posted 72 hours in advance at the Community Center, the District Office and on the District's Web Site at <http://www.RLECWD.com> .

The Public attends meetings and are given the opportunity to directly address the Board on each listed item during the Board consideration of that item. An opportunity for public comment on other items within the jurisdiction of the Board is offered under the item "Public Comment" and such comments are welcomed. Reasonable time limitations may be imposed on each speaker by the Board President. The meetings are conducted following the Brown Act and the public participates in the discussions, evaluations, and presentations, etc.

Public participation is welcomed in a public forum and encouraged by filling out speaker cards.

The District has begun using the forum framework for public outreach, educational workshops, and water industry presentations.

The Board and the public receive Expenditures, Budget Statements, and Operations Reports along with viewing Minutes from previous meetings during Regular Sessions.

Community members can access public documents through the District by filling out Public Records Requests (PRR) or viewing information at the office counter when appropriate. All PRRs are reviewed and approved by the General Manager prior to release. The General

Manager, in turn, seeks legal advice from General Counsel prior to releasing sensitive documents. As a rule, documents are redacted when necessary.

LAFCo Determination

NOTE: LAFCo to Complete.

ISSUES, CONCERNS AND OPPORTUNITIES

RLECWD is diligently working with CDPH and Sacramento County Public Works agencies to comply with all compliance and reporting rules and regulations as necessary. Currently, the focus is to increase source capacity through funding by the State Revolving Fund process, and to that end, CDPH is monitoring the District in all areas of regulatory compliance. Where previous administrations allowed reporting deficiencies to occur, the current administration has met all CDPH compliance requirements in a timely and effective manner.

Concurrently, new management practices are being instituted to remain in compliance with local Public Works codes and reporting rules by following the standards set forth in the Sacramento County Standards and Specifications.

The District is actively and effectively restructuring its financial, operational, and regulatory practices to adequately meet industry and regional requirements. At issue, however, is the speed and effectiveness to overcome deficiencies previous RLECWD administrations created. Not only does the District recognize the importance to meet all health and safety standards, better business practices are beginning to emerge to increase and promote better community outreach, public relations, and customer service for greater effectiveness overall. With these, the opportunities are boundless, especially in increasing and improving infrastructure to serve our customers. As we move forward with complete awareness and continued support by CDPH and other regulatory agencies, Rio Linda/Elverta Community Water District can only continue to improve over time.

LAFCo Determination

NOTE: LAFCo to Complete.