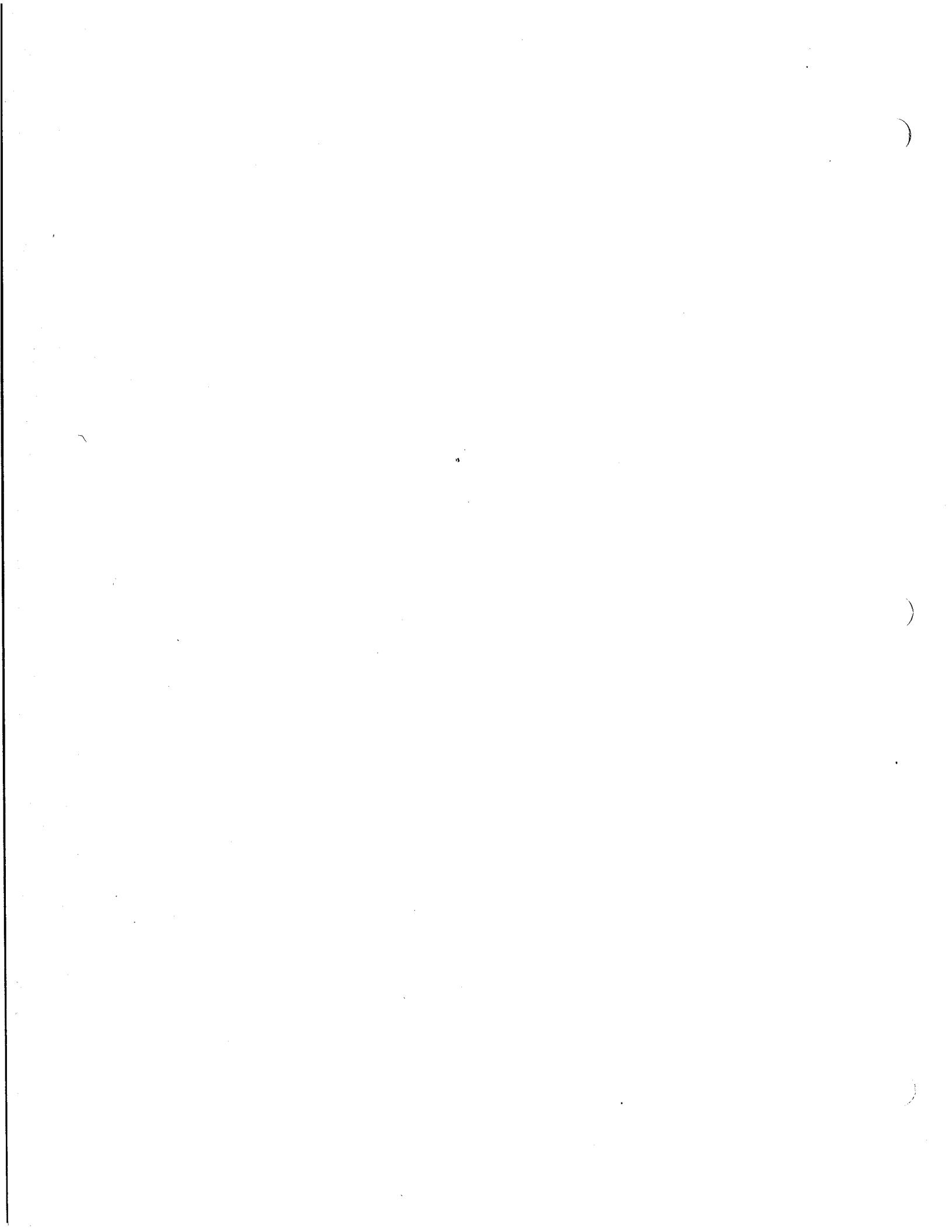


EXHIBIT E



Duane B. Beeson
Neil Bodine
Robert Bonsall
Geoffrey Piller
Carmine E. Arostegui
J. Provost
A. H. Baker
Jason Rabinowitz*
Sheila K. Sexton
Matthew Morbello**
Dale L. Brodsky
Teague P. Paterson***
Costa Kerestenzis
David Weintraub
Margaret A. Geddes
Sarah Sandford-Smith****
Peter M. McEntee
Holly K. Herndon*****
Christina Y. Medina
Dusty L. Collier
Susan K. Garea

Sender's Email: ckerestenzis@beesontayer.com

August 16, 2010

*Also Admitted in Nevada and Hawaii
**Also Admitted in Pennsylvania and Washington
***Also Admitted in New York
****Also Admitted in Hawaii
*****Also Admitted in Rhode Island and Michigan

Board
Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, CA 95673

Ravinder Mehta
Capitol Advocates
1215 K Street, 17th Floor
Sacramento, CA 95814

Re: Teamsters Local 150 and Rio Linda/Elverta Community Water District

Dear Board and Mr. Mehta:

As you know this firm represents Teamsters Local 150. I am writing to object on behalf of the Union to the District's mischaracterization of the state of labor relations and state of the employees' wages in its tentative report to LAFCO. The Union also requests that the report is changed prior to it being issued. Finally, the Union hereby advises the Board that given the inaccuracies of the report, the Union is sending this letter to LAFCO to ensure that an accurate account of labor relations is presented.

The District's report is simply misleading. It first causes the reader to believe that the District has only implemented 15% wage cuts, and such an implement was appropriate. In this regard, the report fails to explain that the District implemented terms and conditions on the employees and did not and has not come to an agreement with the Union as is required by law. Moreover, contrary to the report's implication, as is readily known by the District and this Board, the wages and benefits imposed by the District have resulted in cuts between 20 to 55% on the employees, not just 15%.

The report also does not accurately reflect how the implemented cuts have negatively impacted the employees, falsely stating that the wages are competitive, when in actuality employees are taking home as little as \$318.00 per week after working full time and going out of pocket for health an welfare up to \$600.00 per month.

The report goes on to state that negotiations are continuing with optimism. While the Union wishes that was true, all recent attempts made by the Union to meet and resolve the small differences between the parties have been rejected by the District and the members have effectively been told that the District is not negotiating any more. While Mr. Mehta may disagree with this characterization, the truth is that absolutely no attempts have been made by the Board to bridge the small gap between the current state of litigation and strife and an agreement that would better the District and the employees.

Simply, the report does not accurately reflect the adversarial and, in the Union's view, illegal position taken by the District with the employees. Where the District has more happily spent over \$100,000.00 on attorneys to fight the employees rather than sit down to come up with an amicable and mutually beneficial agreement. If you and/or your counsel believe that the above is inaccurate, I would be more than happy to discuss this matter further and hopefully in a forum where the parties can resolve their differences.

Very truly yours,

Costa Kerstenzis

CEK/cjb

BEST BEST & KRIEGER

ATTORNEYS AT LAW

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WALNUT CREEK
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William W. Floyd, Jr.
(951) 826-8296
William.Floyd@bbklaw.com

July 30, 2009

Costa Kerestenzis
Beeson, Tayer & Bodine, APC
520 Capitol Mall, Suite 300
Sacramento, CA 95814

Re: Rio Linda/Elverta Community Water District and Teamsters Local 150
Negotiations

Dear Mr. Kerestenzis:

This is to confirm that the membership of Teamsters Local 150 voted not to ratify the District's Last, Best and Final Offer presented to the Union on July 23, 2009. Accordingly, it appears that the parties are at an impasse.

In accordance with District Resolution No. 2005-17, Section 2.25.710 "Resolution of impasses," I am hereby initiating the impasse procedure and requesting an impasse meeting.

According to the Resolution, the purpose of the impasse meeting is to give the parties a final effort to reach agreement on the disputed issues. The impasse procedure in the Resolution provides that if an agreement is not reached, the Board of Directors will decide in its discretion which impasse procedure will be used, if any.

Earlier today, we tentatively scheduled an impasse meeting for Friday, August 7, 2009. Ideally, we will find a way to resolve our differences. However, if we are unable to resolve our differences at that meeting, I anticipate that the impasse will be taken up by the Board of Directors at its regular meeting on August 10, 2009 at 7 p.m. The meeting will be held at the Depot/Visitors Center located at 6730 Front St., Rio Linda, CA. While I will not predict any action that the Board would take on August 10, I think it is possible that if the impasse still exists, the Board will exercise its right at that meeting to resolve the impasse. Of course, the Union will have an opportunity to directly address the Board before the Board would take any action to resolve the impasse.

Finally, in accordance with the provisions of the Resolution, I am attaching the District's Last, Best and Final Offer, dated July 23, 2009, which sets forth the District's position on all disputed issues. To the extent that this Last, Best and Final Offer does not incorporate the

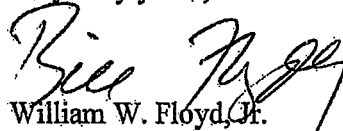
BEST BEST & KRIEGER
ATTORNEYS AT LAW

Costa Kerestenzis
July 30, 2009
Page 2

Union's position on any outstanding Union proposals, the Union may deem such proposals rejected by the District.

I look forward to seeing you on August 7. I suggest we meet at the Teamster's Local and start at 10:00 a.m. Please confirm.

Very truly yours,



William W. Floyd, Jr.
of BEST BEST & KRIEGER LLP

WWF:kb

cc: Board of Directors
Gilbert Tafoya

RVPUB\WFLOYD\763691.1

MEMORANDUM OF UNDERSTANDING

BETWEEN

**THE RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT**

AND

**THE RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT
GENERAL UNIT**

DISTRICT PROPOSAL NO. 6 – LAST, BEST, FINAL

July 1, 2009 to June 30, 2010

July 23, 2009

ARTICLE 1 -PURPOSE

Section 1.1 It is the purpose of this Memorandum of Understanding (also referred to herein as "MOU" and "Agreement") to promote and provide for harmonious relations, cooperation and understanding between Rio Linda/Elverta Community Water District (referred to hereinafter as "Employer" or "District") and the Rio Linda/Elverta Community Water District General Unit (referred to hereinafter as "Union") and the employees covered herein; to provide orderly means of attempting to resolve misunderstandings or differences which may arise under this Memorandum of Understanding; and to set forth the understanding of the parties reached as a result of good faith negotiations regarding the wages, hours and other terms and conditions, of employment of the employees covered hereby.

ARTICLE 2 -DISCRIMINATION

Section 2.1 The District and the Union agree not to discriminate against any employee for employment on account of his/her race, color, sex, veteran status, national origin, age, marital status, mental or physical disability, religion, sexual orientation, medical condition, membership in the Union, or because of any lawful activities on behalf of the Union.

ARTICLE 3 -IMPLEMENTATION

Section 3.1 This Memorandum of Understanding constitutes a mutual recommendation to be submitted to the District's Board of Directors. This Memorandum of Understanding shall not be binding upon the parties in whole or in part unless and until said Board of Directors formally approves said Memorandum of Understanding. Additionally, this MOU shall not be binding in whole or in part unless and until it is ratified by the members/employees.

ARTICLE 4 -PLEDGE OF COOPERATION

Section 4.1 Pledge of Cooperation: The parties to this MOU realize that the things that would be for the best interest for the Union, employees and District, in the long run, are largely identical and will benefit by a continuous, peaceful relationship and intelligent, constructive efforts to resolve any differences that may arise.

Section 4.2 The District and the Union have entered into a partnership that will ensure efficient and profitable operations while pledging to work together to best serve the needs of the District's customers. The Union leadership will also support this pledge and work with the District to help bring in resources (e.g. grants) as possible.

ARTICLE 5 - RECOGNITION/UNION MEMBERSHIP

Section 5.1 Union Recognition: The District recognizes the Union as the exclusive bargaining representative for all full-time and regular part-time Employees employed by the District in its General Unit, the classifications of which are set forth below. The District also recognizes the right of the employees to join the Union, and will not interfere with this right.

A. General Unit:

1. Secretary-Receptionist
2. Accounting Clerk
3. Water Utility Worker
4. Accounting Technician/Bookkeeper
5. Water Utility Operator
6. Lead Water Utility Operator

ARTICLE 6 - WAGES

Section 6.1 The Wage Schedule for covered classifications shall be as set for in Exhibit "A."

Section 6.2 The District may establish new or consolidated employee classifications within the representation unit; provided, however, it shall meet and confer with the Union concerning the appropriate wage rate prior to implementing the classification or classifications.

Section 6.3 District agrees to furnish the Union with one (1) copy of each job description presently established and of such up-to-date job description as it may prepare in the future for the classifications set forth in Exhibit "A" attached hereto.

Section 6.4 Mileage will be reimbursed when the employee is requested or required to use his or her own vehicle on District business and the employee shall receive the applicable IRS mileage rate for business use.

Section 6.5 Uniforms. When employees are required to wear uniforms as provided by the Employer, the cost of laundering and furnishing shall be borne by the Employer. The Employer will yearly replace any damaged, worn uniforms, at the cost of the Employer. The number of uniforms issued where applicable will be determined by the parties.

ARTICLE 7 - PAYMENT OF WAGES

Section 7.1 **Time of Payment:** Except as otherwise mandated by law, all wages and salaries shall be paid on the 15th and last day of each month, except when said date falls on Saturday, Sunday or a holiday, then the payment shall be made on the last working day preceding the usual date.

Section 7.2 **Overtime Work:** All Employees shall be eligible for overtime pay as provided in the Federal Fair Labor Standards Act (FLSA). Overtime pay shall be paid for all time worked in excess of 40 hours during a work week. An Employee shall be paid 1½ times the Employee's regular hourly rate for such Overtime work. All overtime work must be authorized in writing by the General Manager.

Section 7.3 **Reporting pay:** Employees not on Standby as described below who are called to work on their day off or called back to work after they have left the job, will receive no less than two (2) hours of pay at 1½ times the Employee's ordinary hourly rate as reporting pay. If the Employee is on standby, the Employee shall receive no less than fifteen (15) minutes overtime pay (at time and a half) per call-out. If the employees work more than the two (2) hours or fifteen (15) minutes when they are called out, each hour of work shall be compensable and 1½ times the Employee's ordinary hourly rate.

ARTICLE 8 - BOOT ALLOWANCE

Section 8.1 The District will provide a reimbursement of up to \$130 towards the cost of purchasing safety boots each fiscal year for employees working in classifications that are required to wear such boots. The District will determine which classifications are required to wear safety boots. Boots paid for by the District hereunder shall be worn at all times while the employee is on duty.

ARTICLE 9 - EXTRA CONTRACT AGREEMENT

Section 9.1 The District agrees not to enter into any agreement or contract with its Employees, individually or collectively, which in any way conflicts with the terms and provisions of this Agreement; provided, however, nothing herein shall prevent management from granting additional wage or benefit increases to an employee or employees covered by this MOU.

ARTICLE 10 - NOTICES TO THE PARTIES

Section 10.1 Any required notices, grievances, reports, or filing as may be required, or as otherwise provided for in any provision of this MOU, shall be served by one party to the other as follows:

- a. To the District by mailing (Certified Return Receipt) or receipted hand-delivery to:

Attention: General Manager
Rio Linda/Elverta Water District
730 L Street
Rio Linda, CA 95673

- b. To the Union by mailing (Certified Return Receipt) or receipted hand-delivery to:

Attention: Business Agent
General Teamster Local No. 150
7120 East Parkway
Sacramento, CA 95823

ARTICLE 11 -WORK RULES

Section 11.1 Where the terms of the District's Policy Manual and this Memorandum Of Understanding are in conflict, the terms of the MOU shall prevail.

ARTICLE 12 -UNION REPRESENTATIVES

Section 12.1 One (1) employee selected by the Union may attend scheduled negotiation meetings with District Management during regular hours without loss of pay. Such employee shall not leave his/her work station or assignment without first securing approval of the General Manager. Such meetings shall be scheduled in a manner consistent with the District's operating requirements and work schedules. Nothing herein shall be deemed to preclude the scheduling of such negotiations at hours other than the employee's regular working hours.

Section 12.2 Duly authorized representatives of the Union shall be permitted to enter the District for the purpose of transacting Union business and observing conditions under which employees are employed, provided that no interference with the work of any employee shall result. The Union representative shall upon arrival at the Employers facility, notify the General Manager or designee prior to conducting union business. This provision shall be administered in good faith and in a reasonable manner.

Section 12.3 Union stewards shall perform their functions or Union-related activities on their own time. However, if a meeting is mutually agreed to with the Union steward and Management during the Union steward's work shift, that time will be paid for by the Employer. If the Union wishes to schedule a meeting with an employee during the Union steward's work shift, release time will not be unreasonably denied.

The Union shall provide to the District the names in writing of the employee representatives within fifteen (15) days after passing requirements. Union business shall include but not be

limited to, investigating grievances, helping and informing employees of the rights under the Agreement, and meetings held in conjunction with the Agreement.

Section 12.4 Bulletin Boards

- a. The Union shall be given bulletin board space in an area designated by the District.
- b. The Union agrees that it will not post any materials that are disparaging of the Employer or its employees. The Union will deliver a copy to the General Manager upon posting new material.
- c. If the Employer removes a Union item, it will contact the Union and meet and confer over the objection.

**ARTICLE 13 -PEACEFUL PERFORMANCE OF
DISTRICT SERVICES**

Section 13.1 There shall be no strike (including sympathy strikes), slowdowns or other stoppage of work by union employees and no lockout by the District during the life of this Memorandum of Understanding.

ARTICLE 14 -HEALTH AND SAFETY

Section 14.1 The District will comply with state and federal law and regulations relating to Occupational Safety and Health and endeavor to provide a safe and healthful work environment. Likewise, it is the duty of each employee to comply with all health and safety regulations of the District and to practice good safety habits in the performance of their duties.

**ARTICLE 15 -FULL UNDERSTANDING,
MODIFICATIONS, WAIVER**

Section 15.1 It is intended that this Memorandum of Understanding sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

Section 15.2 Any agreement, alteration, understanding, variation, waiver or modification of any of the terms or provisions contained herein shall not be binding upon the parties hereto unless made and executed in writing by all parties hereto, and approved and implemented by the District's Board of Directors.

Section 15.3 The waiver of any breach, term or condition of this Memorandum of Understanding by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

ARTICLE 16 -SUCCESSORS

Section 16.1 If the District is sold or assumed, or if an agreement is reached to merge the District with another employer, the District will notify the Union in writing at least ten (10) days prior to the effective date of the sale, assumption or merger. Upon request, the District will meet at the Union's request to engage in good faith bargaining over the impact of such sale, assumption or merger, as required by law.

Section 16.2 The District also agrees that as part of any sale, assumption, transfer and/or merger, the District will negotiate that the entity buying, assuming, and/or otherwise acquiring all or part of the District will reorganize the union and terms and conditions set forth herein.

ARTICLE 17 -SAVINGS CLAUSE

Section 17.1 It is understood and agreed that all provisions of this Agreement are subject to applicable laws, and if any provision of any Article in the Agreement is held or found to be in conflict therewith, said Article shall be void and shall not bind either of the parties hereto. However, such invalidity shall not affect the remaining Article of this Agreement. In the event that any provision shall be held unlawful and unenforceable by any court of competent jurisdiction, the parties agree to meet forthwith for the purpose of renegotiating such provision and attempt to reach a valid agreement.

ARTICLE 18 -STANDBY DUTY AND PAY

Section 18.1 Compensation for assuming standby duty shall be \$20.00 per day.

Section 18.2 To provide for and take care of problems and emergencies that occur outside regular work hours, certain employees shall be assigned to standby duty. Employees on standby duty are subject to call whenever needed. They shall keep themselves available for call and shall answer the after-hours emergency cellular telephone. They shall keep said phone in a location in which they can readily answer it at all times.

ARTICLE 19 -TERMINATION PAY

Section 19.1 At the time an employee terminates employment with the District, the employee shall be compensated for all accrued vacation and for sick leave as provided in Article 29 of this MOU. In addition, where it is deemed appropriate, the General Manger may provide for up to two weeks of severance pay at the employee's then current rate of pay.

ARTICLE 20 - TRAVEL RELATED EXPENSES

Section 20.1 Employees traveling on District related business shall be eligible for reimbursement of travel expenses. Eligible travel related expenses shall include, but not be limited to, the following:

- Transportation on public carriers such as airplanes, trains, buses and taxi cabs;
- Private vehicle use and commercially available rental vehicles;
- Overnight lodging at commercial establishments;
- Meals at restaurants and other food service establishments;
- Conference and seminar fees and charges;
- Business related telephone calls, faxes, postage, copy charges and related incidentals;
- Tolls and parking fees
- Such other expenses approved by a majority of the Board of Directors.

Section 20.2 Reimbursement for travel related expenses shall be for actual costs subject to the following limitations:

- Reimbursement for meals not covered as part of the event or hotel registration fee shall be limited to the following amounts: Breakfast - \$12.00; Lunch - \$15.00; Dinner - \$25.00;
- Use of a personal vehicle: The current Internal Revenue Service (IRS) mileage rate for business travel shall be the only personal vehicle use expense eligible for reimbursement;
- Air and train travel shall be in an amount not to exceed the standard or coach fare;
- Entertainment or non-business related events or expenses not provided as part of the conference fee shall not be eligible for reimbursement;
- Alcoholic beverages are not eligible for reimbursement;
- Meals and/or lodging provided in a private home are not eligible for reimbursement;
- Travel related expenses for a spouse or companion shall not be eligible for reimbursement;
- Rental vehicle reimbursement shall not exceed the midsize vehicle rate.

Section 20.3 Employees authorized to travel for District related business shall complete a claim form and provide supporting receipts in order to receive reimbursement. No reimbursement shall be made, unless a completed and signed claim form with corresponding receipts is submitted to the District office within ninety-days of travel.

Section 20.4 On approval of the General Manager a travel advance, or District credit card may be issued to an Employee for travel. Travel advances shall not exceed an amount up to the estimated balance of expenses associated with the travel. Within ten (10) days of return from the function, the Employee shall submit a claim with corresponding receipts for the travel. The General Manager shall reconcile the expenditures against District reimbursement policy and

determine if any balance is due the District. The Employee will reimburse the District within ten (10) days, or the balance will be taken from any compensation owed to the Employee.

ARTICLE 21 - BENEFIT PROGRAM DEFINED

Section 21.1 The District's benefit program consists of the following:

- a. a group insurance program including health insurance; and
- b. a retirement program includes participation in the California Public Employees Retirement System (PERS) and a deferred compensation program.

Section 21.2 Notwithstanding any other provision herein, where a conflict exists between this policy manual and a lawful contract for an element of the benefit program, the provisions of the contract shall prevail.

Section 21.3 The District shall pay up to the following premium amounts for the group medical insurance program offered by the District:

Employee Only	\$466.00/mo.
Employee + 1	\$675.00/mo.
Employee + 2 or more	\$875.00/mo.

If, during the term of this MOU, the Employee Only premium amount increases, the District's premium contribution shall increase at each of the contribution levels set forth above by the amount of the increase in the Employee Only premium.

Employees eligible for coverage under group dental, vision, long term disability and life insurance plans may enroll at the employees' expense. Except as otherwise provided herein, the employee shall pay for employee and dependant coverage, as permitted under each particular insurance contract. Furthermore, the parties agree that they shall periodically meet to explore other medical insurance plans that may provide greater cost effectiveness to the District and its employees.

Section 21.4 Employees hired before January 1, 2003 (Tier One), and who retire from the District, and who have attained the age of fifty (50) and have at least five (5) years of service with the District, shall be eligible for paid group medical plan coverage. Such paid coverage shall only be available to the eligible retiree and eligible dependent(s) in accordance with the terms of the medical plan provider. The District shall pay the cost of the eligible retiree and eligible dependent(s) medical plan premium, plus any additional costs for administrative fees and/or contingency reserve fund assessments.

Employees hired by the District on, or after, January 1, 2003 (Tier Two), and also retire from the District, and who otherwise have attained the age and service eligibility requirements set forth,

above shall be subject to the following vesting schedule for District paid retiree and eligible dependent medical insurance premium:

<u>Service</u>	<u>District Share</u>	<u>Retiree Share</u>
0 - 5 Years	0 %	100 %
5 - 6 Years	10 %	90 %
6 - 7 Years	20 %	80 %
7 - 8 Years	30 %	70 %
8 - 9 Years	40 %	60 %
9 - 10 Years	50 %	50 %
10 - 11 Years	60 %	40 %
11 - 12 Years	70 %	30 %
12 - 13 Years	80 %	20 %
13 - 14 Years	90 %	10 %
14 - 15+ Years	100 %	0 %

Employees hired by the District on, or after, May 1, 2004 (Tier Three), and also retire from the District, and who otherwise have attained the age and service eligibility requirements set forth, above, shall be subject to the following vesting schedule for District paid retiree and eligible dependent medical insurance premiums:

<u>Service</u>	<u>District Share</u>	<u>Retiree Share</u>
0 - 9.9 Years	0 %	100 %
10 Years	50 %	50 %
11 Years	55 %	45 %
12 Years	60 %	40 %
13 Years	65 %	35 %
14 Years	70 %	30 %
15 Years	75 %	25 %
16 Years	80 %	20 %
17 Years	85 %	15 %
18 Years	90 %	10 %
19 Years	95 %	5 %
20 or more years	100 %	0 %

The maximum monthly District contribution under Tiers One, Two and Three shall be \$466 for Employee only coverage, \$675 for Employee +1 coverage, and \$875 for Employee +2 coverage, except that the District's maximum monthly contribution for employees hired after July 1, 2006, shall be \$500.

Employees hired by the District on or after July 1, 2009 (Tier Four), and who retire from the District, and who have attained the age of fifty-nine (59) and have at least twenty (20) years of service with the District, shall be eligible for paid group medical plan coverage for the retiree only, in amount not to exceed three hundred dollars (\$300.00) per month.

Retiree Group Medical Plan Coverage for all retirees (Tiers One, Two, Three and Four) shall end when the retiree becomes eligible for Medicare coverage.

The District's contribution share shall be reduced for employees working less than full-time for the period commencing three years previous to retirement. Such reduction shall be in proportion to the number of regular hours worked compared to full-time employment.

Section 21.5 Only regular employees shall be eligible for group insurance coverage. Such regular employees shall become eligible for coverage upon the first of the month following completion of six (6) months of employment. Eligibility for dependent coverage shall be as described in each insurance coverage contract.

Section 21.6 Employees will be enrolled in the California Public Employees Retirement System as required by the District's contract and law. The District will pay all contributions required of it as the employer. The employee shall pay 100% of the normal member contribution as Employer Paid Member Contributions (EPMC), which consists of seven percent (7%) of gross wages.

Section 21.7 The District has entered into a deferred compensation program for employees who wish to participate. Employees may contribute to the program as permitted by law and the contract.

Section 21.8 The Board reserves the right to review and revise the scope of coverage and payment of costs of the elements of the benefit program.

ARTICLE 22 - CATEGORIES FOR APPOINTMENT

Section 22.1 The following categories of appointment may be made by the General Manager in conformity with the rules established:

- a. Regular Full-Time Employees. A regular full-time employee works at least forty (40) hours per week on a continuing indefinite basis. Such employees are subject to all Rules and receive all benefits and rights as provided by this MOU.
- b. Regular Part-Time Employees. A regular part-time employee works less than 40 hours per week, but works on a regularly scheduled basis. Such employees are subject to all Rules and receive all benefits and rights as provided by this MOU. Those rights or benefits shall be in proportion to their work hours which financial or other numerical calculations are involved.
- c. Temporary Employees. Temporary employees may be appointed by the General Manager for up to one hundred and twenty (120) days. Temporary employees serve at the will and pleasure of the General Manager and may be terminated with or without cause and without right of appeal, hearing or grievance. Temporary employees are ineligible for benefits.

- d. Contract Services. Except as provided hereinafter, District retains the right, in its sole discretion, to contract out office and operational field work. The General Manager, in his sole discretion, may authorize the contracting out of office services and operational field work to supplement Regular Employees, provided, however, District agrees that it will not subcontract if it would reduce the work level of employees employed as of the effective date of this MOU.

ARTICLE 23 -PROBATIONARY PERIOD

Section 23.1 All regular appointments shall be tentative and subject to a probationary period fixed by the general manager at the time of appointment of not less than six (6) months nor more than (18) months. The probationary period may not be extended beyond the length of time initially established.

Section 23.2 The probationary period shall be regarded as part of the selection process. It shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to the position, and for rejecting a probationary employee whose performance does not meet acceptable standards of work.

Section 23.3 A performance report of each probationary employee shall be made by the General Manager. The employee performance valuation report shall be prepared by the General Manager upon the completion of the employee's first, third, and sixth month of employment. Thereafter, they shall be prepared every three months until the end of the probationary period.

Section 23.4 During the probationary period, an employee may be suspended, demoted, or terminated at any time by the General Manager without cause and without the right to appeal or to submit a grievance.

ARTICLE 24 -CONTINUED EMPLOYMENT

Section 24.1 Continued employment with Rio Linda/Elverta Community Water District shall be subject to good behavior, satisfactory work performance, and availability of funds.

ARTICLE 25 -TERMINATION OF EMPLOYMENT

Section 25.1 An employee wishing to leave the services of the Rio Linda/Elverta Community Water District in good standing either by resignation or retirement shall give the supervisor at least two weeks notice.

Section 25.2 An employee's position may be terminated by the General Manager because of changes of duties or organization, abolishment of position, shortage of work or funds, or completion of work. In cases involving regular employees only, notice of such termination will be given to the employee at least two (2) weeks prior to the effective date of termination, unless employee agrees to a different termination period. Such termination shall not be subject to

appeal, but the employee shall be given first consideration for any other vacant position with Rio Linda/Elverta Community Water District for which employee is qualified.

ARTICLE 26 -HOURS OF WORK

Section 26.1 The work week shall begin at 4:00 P.M. on each Sunday. Scheduling of working hours during each week shall be done by the General Manager for each employee.

Section 26.2 The General Manager is hereby directed to establish pursuant to this Section a normal work week of forty (40) hours per week for all full time employees. For part time employees, the work week shall be calculated as a percentage of forty (40) hours per week.

Section 26.3 An employee shall be in attendance at scheduled working hours in accordance with these rules and general departmental or program regulations. All employees shall keep daily attendance records which shall be approved by the General Manager and submitted for payroll as specified by the General Manager.

ARTICLE 27 -PAID HOLIDAYS

Section 27.1 Employees shall not be required to be in attendance on paid holidays. Paid holidays are authorized as follows:

New Year's Day	January 1st
Memorial Day	Last Monday of May
Independence Day	July 4th
Labor Day	1st Monday of September
Thanksgiving Day	4th Thursday of November
Christmas Eve (1/2 day)	December 24th
Christmas Day	December 25 th
New Year's Eve (1/2 day)	December 31

When an authorized paid holiday falls on a Saturday, the preceding Friday shall be observed as an authorized paid holiday and when an authorized paid holiday falls on a Sunday the following Monday shall be observed as an authorized paid holiday.

Section 27.2 Upon prior approval of the General Manager, a regular employee may take two (2) "personal holidays" per calendar year. These personal holidays shall be with pay. Personal holidays shall be used in the year accrued and may not be carried over to a subsequent year or paid off.

Section 27.3 Unless excused for good cause by the General Manager, an employee must work the last scheduled day before the holiday and the first scheduled day after the holiday in order to be eligible for holiday pay.

ARTICLE 28 - VACATION

Section 28.1 Vacation leave are days away from work provided by the District to employees with pay for the purpose of rest, relaxation and recreation. This respite is a benefit and is intended as an aid in maintaining the long-term and consistent productivity and contentment of the employee.

Section 28.2

- a. During the first year of employment, regular full-time employees shall accrue, pro-rata, one (1) week of vacation leave per year.
- b. Beginning in the second year of employment and through the fifth year of employment, regular full-time employees shall accrue, pro-rata, two (2) weeks of vacation leave per year.
- c. Beginning in the sixth year of employment and thereafter, regular full-time employees shall accrue, pro-rata, three (3) weeks of vacation leave per year.
- d. No employee may accrue more than two hundred forty (240) hours of vacation leave. Upon reaching the maximum accrual, vacation leave accrual shall cease until the accrual is reduced below the maximum by usage of vacation leave.

Commencing July 1, 2009 vacation leave must be used during the District's Fiscal Year earned. Vacation leave not used during the Fiscal Year earned will be not be accrued and/or carried forward onto the next Fiscal Year.

- e. No employee may accrue vacation leave during such time as the employee is not receiving wages from the District.

Section 28.3 Vacation schedules should be arranged as far in advance as possible. An employee should obtain the approval of the General Manager at least one month prior to using vacation leave. A vacation schedule covering the following twelve months will be maintained, and scheduling conflicts will be resolved on the basis of the order of requests received. The District reserves the right to schedule vacations in accordance with its operating needs. No employee shall take vacation leave during the first six months of employment.

Section 28.4 At termination of employment for any reason, the District shall pay the employee for accumulated vacation time at the employee's hourly rate of pay.

ARTICLE 29 - SICK LEAVE

Section 29.1 Sick leave is granted to provide financial security to employees by providing for salary continuation when the employee is unable to work because of illness, injury, or quarantine due to exposure to a contagious disease. In addition, it is granted to allow the employee to

maintain his or her health by providing paid leave so that the employee can visit medical practitioners during normal working hours, subject to advance approval. Sick leave is not a privilege which an employee may use at his or her discretion.

Section 29.2

- a. Regular full-time employees shall accrue sick leave, pro-rata, at a rate of six (6) days per pay year.
- b. No employee may accrue sick leave during such time as the employee is not receiving wages from the District.

Section 29.3 Sick leave with pay shall be granted regular full-time employees in accordance with the following provisions:

- a. Sick leave may be used for all sickness or injury causing disability which requires the employee's absence from work except the following:
 - i Disability arising from any sickness or injury purposely self-inflicted or caused by the willful misconduct of the employee.
 - ii Sickness or disability while on a leave of absence without pay.
- b. Sick leave may also be granted to the extent required under California Labor Code Section 233.

It shall be the responsibility of each employee absent from work due to such disability to notify the General Manager as soon as possible on the first day of absence. A statement from a medical doctor verifying the reason for absence due to illness or injury may be required by the District prior to returning to work. The General Manager shall require the employee to bring a health statement to do normal work duties from a medical doctor prior to returning to work.

- c. Subject to advanced approval by the General Manager, sick leave may be taken to visit a medical practitioner.
- d. All sick leave must be taken in increments of one hour.
- e. No employee may accrue more than two hundred forty (240) hours of sick leave. Upon reaching the maximum accrual, sick leave accrual shall cease until the accrual is reduced below the maximum by usage of vacation leave.

Commencing July 1, 2009 sick leave must be used during the District's Fiscal Year earned. Sick leave not used during the Fiscal Year earned will be not be accrued and/or carried forward onto the next Fiscal Year.

- f. Upon retirement or termination the District will pay an employee, at the regular hourly rate, for all sick leave accrued up to thirty days (240 hours). For all sick leave accrued in excess of thirty days the payment will be made at the rate of one-third the regular rate of pay up to a maximum of one thousand (\$1000) dollars. Employees hired by the District on or after July 1, 2009 shall not be eligible for any sick leave payout upon retirement or termination.

ARTICLE 30 -COMPASSIONATE LEAVE

Section 30.1 Compassionate leave with pay for funerals of members of the immediate family will be allowed when prior authorization has been granted by the General Manager. The maximum time off with pay that will be authorized is three (3) days; provided, however, two (2) additional days may be taken and charged to accrued vacation. The General Manager is empowered to grant additional time off for funeral attendance under appropriate circumstances, if so requested. For purposes of this section, immediate family means the employees spouse, children, parent, parent-in-law, grandparent, brother or sister, registered domestic partner, step-parent, step-brother and step-sister.

ARTICLE 31 -FAMILY AND MEDICAL LEAVE

Section 31.1 The purpose of this policy is to provide for family and medical leave to the extent reasonably possible consistent with the objective of providing a stable organization. Unless specifically in conflict the Family and Medical Leave Act of 1993 or other law, the provisions of this policy shall determine an employee's eligibility for family and medical leave. Nothing in this Article is intended to limit or waive an employee's rights under the FMLA or CFRA or the District's obligations under both Acts.

Section 31.2 To be eligible for family or medical leave, an employee must have: (1) been employed by the District for at least 12 months; (2) worked for the District at least 1,250 hours during the 12 months immediately preceding the commencement of leave; and (3) either be employed at a worksite where the District employs at least fifty (50) employees within seventy-five (75) miles of the worksite or obtained an exemption from this requirement from the General Manager based upon a determination that the leave proposed will not in a significant way negatively impact upon the ability of the District to operate.

Section 31.3 Eligible employees will be provided with up to 12 weeks of unpaid leave each year to care for a newborn, adopted, or foster child or for a seriously ill child, parent, or spouse. In addition, employees who are unable to perform the functions of their position because of a serious health condition will also be entitled to 12 weeks of unpaid leave. "Serious health condition" is defined as an illness, injury, impairment, or physical or mental condition that entails (1) inpatient care in a District, hospice, or residential medical care facility or (2) continuing treatment by a health care provider.

- a. To be eligible for leave, the employee will first be required to use applicable accrued paid leaves permitted by the District, including vacation leave and sick leave for the first part of the leave permitted pursuant to (A). Paid leave may not be added to the end of the unpaid leave without the General Manager's prior approval. If a husband and wife are both employed by the District, the total number of workweeks of leave to which both may be entitled shall be limited to 12 weeks if leave is taken for the birth, adoption, or foster placement of a child or for the purpose of caring for a seriously ill parent.
- b. Employees on leave who were previously covered by the District's benefit program shall continue to be covered at the level and under the conditions that coverage would have been provided if the employee were continuing to work.
- c. At the end of the leave the employee will be reinstated to their previous position or to an equivalent job with equivalent pay, benefits, and working conditions. However, the employee will not accrue employment benefits during the leave period. The District may also require the employee to obtain medical certification that they are able to resume work.

Section 31.4

- a. If an employee requests leave for the birth, adoption, or the foster placement of a child, and the need for leave is foreseeable, the employee must provide the General Manager with at least 30 days' notice. However, if the date of the birth, adoption, or foster placement requires that leave begin in less than 30 days, the employee must provide the General Manager with as much notice as practicable. If the employee requests leave because of a serious health condition, the employee must provide the General Manager with 30 days' notice or with as much notice as practicable.
- b. Employees seeking leave on account of a serious health condition must provide the General Manager with medical certification regarding their condition. The General Manager may require employees to obtain, at the District's expense, a second opinion. If the second opinion differs from the first, the General Manager may require a third opinion from a mutually agreed on health care provider, which will be paid for by the District.
- c. For most leaves, employees will not be permitted to take their leave intermittently or on a reduced-leave schedule without the General Manager's approval. However, intermittent leave or a reduced-leave schedule may, if medically necessary, be taken by the employee because of a serious health condition. An employee who seeks intermittent leave or leave on reduced-leave schedule because of planned medical treatment may be required to transfer temporarily to a different position, with equivalent working conditions and pay, that accommodates recurring periods of leave better than the employee's regular job.

ARTICLE 32 -OTHER LEAVES OF ABSENCE

Section 32.1 Leave of absence without pay may be granted in cases of emergency or where such absence would not be contrary to the best interests of the Rio Linda/Elverta Community Water District. Such leave is not a right but a privilege. Employees on authorized leave of absence without pay may not extend such leave without the written approval of the General Manager. Leave of absence without pay for one week or less may be granted by the General Manager, depending upon the merit of the individual case. Leaves of absence without pay in excess of one week duration may be granted by the General Manager depending upon the merit of the case, but such leaves may not exceed six months.

Section 32.2 Absence without leave shall be considered to be without pay, and reductions in the employee's pay shall be made accordingly. Absence without leave for more than three consecutive days may result in termination of employment. Such termination shall not be subject to appeal.

Section 32.3 Leave without pay may be granted to a regular employee by the General Manager in the event of death to family members other than one of the immediate family, such leave granted in accordance with Article ___.

Section 32.4 Time off with pay to vote at any general, direct primary, or presidential primary election shall be granted as provided in the State of California Elections Code, and provided that notice the employee desires such time off shall be given in accordance with the provisions of said code.

ARTICLE 33 -JURY DUTY

Section 33.1 Employees required to report for jury duty shall be granted a leave of absence from their assigned duties until released by the Court. Employee serving on jury duty shall be paid by the District for up to two (2) weeks for serving on jury duty, provided the employee remits to the Rio Linda/Elverta Community Water District within thirty days from the termination of his jury service all fees received for such duties on the District paid days other than mileage and subsistence allowance.

ARTICLE 34 -DISCIPLINARY ACTION

Section 34.1 The provisions of this Article shall apply only to Regular Employees. Probationary, Temporary and Emergency employees serve at the will and pleasure of the General Manager and may be disciplined, up to, and including, termination with or without cause and without right of appeal, hearing or grievance.

Section 34.2 Whenever an employee's performance, attitude, work habits, or personal conduct at any time falls below a desirable level, the General Manager is expected to inform employees promptly and specifically of such lapses, and give counsel and assistance. If appropriate and

justified, a reasonable period of time for improvement may be allowed before initiating disciplinary action. In some instances, an incident may justify severe disciplinary action; the action to be taken depends on the seriousness of the incident and the whole pattern of the employee's past performance and conduct. Any instance of disciplinary action shall be documented in the employee's personnel file. As used in this chapter "disciplinary action" shall mean discharge, demotion, reduction in salary, reprimand, disciplinary probation, or suspension.

Section 34.3 Causes for disciplinary action against any employee may include, but shall not be limited to, the following:

- a. Failure to meet prescribed standards of work, morality, and ethics to an extent that makes an employee unsuitable for employment.
- b. Theft or malicious destruction of the Rio Linda/Elverta Community Water District's property or the property of customers of the District.
- c. Incompetency, inefficiency, or repeated negligence in the performance of duty.
- d. Insubordination.
- e. Conviction of a criminal offense.
- f. Notoriously disgraceful personal conduct.
- g. Unauthorized absences or abuse of leave privileges.
- h. Acceptance or receipt of any gift whether in the form of money, services, loan, travel, entertainment, Districtity, promise, or any other form under circumstances in which it could reasonably be inferred that the gift was intended to influence the employee or could reasonably be expected to influence him, in the performance of job duties or could reasonably be regarded as a reward for any action on his part.
- i. Falsification of records or use of position for personal advantage.
- j. Drunkenness on duty.
- k. Unlawful use, sale or possession of narcotics or other proscribed drugs.
- l. Violation of any provisions of these Rules or departmental rules.
- m. Engaging in harassment or sexual harassment.
- n. Other behavior during which is of such a nature that causes discredit to the Rio Linda/Elverta Community Water District.

Section 34.4 The General Manager may take disciplinary action against an employee under his control for one or more of the causes for discipline specified in this chapter by notifying the employee in writing from two (2) to ten (10) days prior to the proposed action of the following:

- a. The nature of the proposed disciplinary action.
- b. A statement of reasons for the proposed action.
- c. A statement that all documents or materials upon which the proposed disciplinary action based are attached for employee's review.
- d. A statement indicating the proposed effective date for the disciplinary action and that the employee may respond orally or in writing prior to that date.

The General Manager shall review any responses from the employee. If no response is received or the response is deemed inadequate to alter the proposed action, then the disciplinary action may be carried out. If the proposed action is to be suspension or discharge, the employee may be relieved of duty while continuing to receive pay and other benefits until the disciplinary action is effective.

Disciplinary action against regular employees is valid only if a written notice is served on the employee and said written notice includes:

- A statement of the nature of the disciplinary action;
- The effective date of the penalty;
- A statement of the causes therefore;
- A statement in ordinary language of the admissions upon which the causes are based; and
- A statement advising the employee of his right of appeal from such action, if any.

Section 34.5

- a. **Oral Reprimand** - Employees receiving a oral reprimand will have it noted in their departmental record by the General Manager.
- b. **Written Reprimand** - Employees receiving a written reprimand shall have a copy of their reprimand filed in their personnel file.
- c. **Disciplinary Probation Period** - Employees placed on disciplinary probation shall not use paid personal leave or earn time for salary review while on such probation and the rules governing regular probationary periods shall govern.
- d. **Suspension** - Employees suspended from employment shall forfeit all rights, privileges, and salary while on such suspension with the exception of group insurance benefits.

- e. Discharge - Employees terminated for disciplinary reasons shall be paid salary accumulated to the effective date of termination only.

Section 34.6 Unless otherwise specifically stated in these rules, any regular employee shall have the right of appeal to the Board of Directors for any disciplinary action taken pursuant to the provisions of this chapter. Such appeal must be filed with the District's General Counsel within twenty (20) working days after receipt of written notice of such disciplinary action; failure to file an appeal within such time constitutes the waiver of the right of appeal. The appeal must be in writing, must be verified before a Notary Public, must be made under penalty of perjury, and must state specifically the reasons upon which it is based. District General Counsel shall cause such an appeal to be investigated and shall submit a report to the Board of Directors. Neither the provisions of this section or this chapter shall apply to reductions in force or reductions in pay which are part of a general plan to reduce staffing levels or adjust salaries and wages.

Section 34.7 The Board of Directors shall conduct a hearing on an appeal filed in accordance with this chapter within thirty (30) days after the appeal is filed with District counsel. The Board may continue the hearing either for the convenience of the District or upon written application of the appellant, for a period not to exceed an additional thirty (30) days. Written notice of the time and place of the hearing and any continuance thereof shall be given the appellant and the General Manager. Such hearings shall be conducted in accordance with the provisions of Section 11513 of the Government Code of the State of California, except that the appellant and other persons may be examined as provided in Section 19580 of the Government Code and the parties may submit all proper and confident evidence against or in support of the causes of the disciplinary action, but it shall be a rebuttable presumption that the statement of the causes is true.

- a. The appellant may appear in person or be represented by a person of his choice.
- b. The Board of Directors shall issue notices for the appearances of witnesses for the appellant upon written request and at his cost, said cost to be prepaid.
- c. Failure of the appellant or his representative to appear at the hearing shall be deemed a withdrawal of his appeal and the disciplinary action shall be final.
- d. The Board of Directors shall render a written decision within 15 days after concluding the hearing. The Board's decision shall be final and conclusive. A copy of such decision shall be forwarded to appellant. If a disciplinary taken against the employee is reversed or modified by the Board, the employee may be compensated in whole or in part, for the time lost as determined by the Board.

Section 34.8 In the interest of preventing undue embarrassment and subsequent loss of ability to perform work effectively, the following policy will prevail regarding the release of information to the public on personnel actions:

- a. No information will be released without prior approval of the General Manager.

- b. No information will be released until final action has been determined and taken.
- c. Even after final disposition of the matter, no details will be released other than the exact nature of the action taken.
- d. If the employee or his representative makes detailed information available to others, then the General Manager may make any information on the employee available to the public as he deems to be in the best interest of the District.

ARTICLE 35 - SENIORITY

Section 35.1 Probation. A newly hired employee shall be considered to be on probation for the first six (6) months. A newly hired probationary employee shall have no seniority rights.

Section 35.2 Layoff.

- a. The order of Layoff of regular employees shall be determined by the General Manager based on skill, ability and performance. Where skill, ability and performance are substantially equal, the order of layoff shall be based on seniority in the affected classification.
- b. Recall from layoff shall be in inverse order of layoff, provided the General Manager determines that the employee being recalled has the skill and ability to perform the vacant position.
- c. The District shall make reasonable effort to notify the Union at least four (4) weeks in advance of the effective date of a layoff; provided, however, in the event that a decision to impose a layoff occurs less than four (4) weeks from the effective date, the District shall notify the Union within twenty-four (24) hours of the decision. Upon request, the District shall meet and confer with the Union over the effects of a layoff.
- d. Four (4) weeks of notice, or severance pay in lieu thereof, will be provided to Regular Full-time and Regular Part-time employees whose employment is terminated as a result of a layoff. Payment will be at the employee's then current base rate. Severance pay for Regular Part-Time employees will be prorated base upon time they are regularly scheduled to work. Effective beginning the date of this Agreement, an employee who is laid off, receives severance pay and is returned to work before the period which severance pay covered, shall have their future entitlement for severance pay adjusted accordingly.

Section 35.3 An employee's seniority will be lost upon:

- i. Voluntary quit.

- ii Discharge.
- iii Failure to report to work within three (3) days after receipt by the employee of a notice of recall from layoff, mailed by the District by certified or registered mail or by telegram to the employee's last address given to the District, unless within such period an employee obtains permission from the District to report at a later time
- iv Layoff for twelve (12) consecutive months.
- v Failure to report for work upon the expiration of a leave of absence, unless such absence is authorized.
- vi If absent from work, failure to contact the General Manager within three working days regarding the reasons for such absence ("no call/no show").

ARTICLE 36 -GRIEVANCE PROCEDURE

Section 36.1 The grievance procedure serves to (1) promote improved employer-employee relations, (2) afford employees individually a systematic means of obtaining further considerations of problems after every other reasonable effort has failed to resolve them through discussions, (3) to provide that grievances shall be settled as near as possible to the point of origin, and (4) to provide that grievances shall be heard and settled as informally as possible.

Section 36.2 Any Regular employee shall have the right to present a grievance regarding wages, hours, and working conditions except that matters subject to the provisions of Article 34 (disciplinary actions) shall not be subject to the grievance procedure.

Section 36.3 Grievances shall be presented to the General Manager promptly. Upon receiving the grievance, the General Manager shall discuss the grievance with the employee and with all other appropriate persons. The General Manager may designate a fact finding committee or an officer not in the normal line of supervision to advise him concerning the grievance. The decision of the General Manager shall be final and shall be rendered within thirty (30) calendar days from receipt of the grievance and shall set forth, in writing, the reasons upon which the decision is based.

Section 36.4 The time limits specified hereinabove may be extended to a definite date by written mutual agreement of the employee and the reviewer concerned. The employee may request assistance of another person of his own choosing in preparing and presenting his grievance at any level of review in the "Formal Grievance Procedures." An employee shall be free from reprisal for using the grievance procedure.

Section 36.5 When an employee has a grievance against the General Manager, the procedures described hereinabove shall be used except that the duties of General Manager, as they relate to

the Grievance Procedure, shall be performed by the Board of Directors. The Board may appoint a fact finding committee to advise it concerning the grievance.

Section 36.6 Prior to presentation of a grievance to the General Manager or the Board of Directors, whichever is applicable hereunder, the grievant may request review of the grievance by a state mediator employed by the California Mediation and Conciliation Service. The review by a state mediator shall be advisory only and shall not have any final and binding effect on the District.

ARTICLE 37 -DRESS CODE

Section 37.1 The District's professional atmosphere is maintained, in part, by the image that employees present to residents, customers and vendors. Employees are asked to use their best judgment and common sense with regard to their dress and appearance, and are expected to present a professional image. Employees should dress conservatively, in good taste, and according to the requirements of their position. Attention should be paid to safety, District image, and customer interaction. If you have any questions as to what constitutes proper attire, please consult your General Manager before wearing the attire. Listed below are several guidelines that will assist you in making these determinations.

Clothing should be conservative, modest, clean, professional, and in good condition. Garments of employees must cover the body to avoid unnecessary exposure. Shorts, Spandex type clothing, halters, abbreviated tops, tank tops, undershirts, torn Levis, sandals, tennis type shoes, and any articles of clothing displaying cartoons or languages that might be considered offensive are not to be worn. However, employees may wear walking shorts (that are no more than two inches above the knee) so long as they receive the approval of their General Manager. Approval will generally be denied in those cases where the employee will have to work in the field or attend business meetings on behalf of the District. Shirts and dresses must be long enough to avoid exposure of undergarments. Visible facial and body piercing are not allowed. Male employee's hair may not be past the collar. Mustaches and beards must be neatly trimmed. Tattoos deemed offensive must be covered at all times.

In the event that inappropriate attire is worn to work, the employee will be asked to leave the workplace and promptly return to work in appropriate attire. The amount of time missed from work to travel and change clothing will be unpaid time, unless the employee elects to utilize accrued vacation.

ARTICLE 38 -DURATION OF AGREEMENT

Section 38.1 Except as herein provided, this Memorandum of Understanding shall be in effect from July 1, 2009 until 12 o'clock midnight on June 30, 2010.

Section 38.2 In the event either party hereto desires to negotiate the provisions of a successor Memorandum of Understanding, such party shall serve upon the other, ninety (90) days prior to

the termination date of this Agreement, its written request to commence negotiations, and, to the extent reasonably possible, its full and entire written proposal for such successor Memorandum of Understanding. Upon receipt of such written notice and proposals, negotiations shall begin thereafter not later than sixty (60) days prior to the termination date of this Agreement.

IN WITNESS WHEREOF, the parties have caused their authorized representatives to execute this Memorandum of Understanding this ___th day of _____, 2009.

RIO LINDA/ELVERTA COMMUNITY
WATER DISTRICT

RIO LINDA/ELVERTA COMMUNITY
WATER DISTRICT GENERAL UNIT

By: _____
Mary Harris
Board President

By: _____

EXHIBIT A

Rio Linda/Elverta Salary Schedule Effective July 1, 2009¹

Secretary-Receptionist	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
	\$ 12.15	\$ 12.75	\$13.37	\$14.04	Hourly
	\$ 2,106	\$ 2,209	\$2,318	\$2,434	Monthly
	\$25,275	\$26,514	\$27,813	\$29,204	Annually
Accounting Clerk	\$ 12.15	\$ 12.75	\$13.37	\$14.04	Hourly
	\$ 2,106	\$ 2,209	\$2,318	\$2,434	Monthly
	\$25,275	\$26,514	\$27,813	\$29,204	Annually
Water Utility Worker	\$ 16.62	\$ 17.45	\$18.31	\$19.22	Hourly
	\$ 2,880	\$ 3,024	\$3,174	\$3,331	Monthly
	\$34,564	\$36,292	\$38,089	\$39,974	Annually
Accounting Technician/ Bookkeeper	\$ 17.44	\$ 18.31	\$19.21	\$20.16	Hourly
	\$ 3,024	\$ 3,173	\$3,330	\$3,495	Monthly
	\$36,282	\$38,078	\$39,963	\$41,941	Annually
Water Utility Operator	\$ 20.32	\$ 21.34	\$22.43	\$23.56	Hourly
	\$ 3,522	\$ 3,699	\$3,887	\$4,084	Monthly
	\$42,259	\$44,393	\$46,648	\$49,004	Annually
Lead Water Utility Operator	\$ 27.32	\$ 28.00	\$29.43	\$30.92	Hourly
	\$ 4,735	\$ 4,854	\$5,101	\$5,359	Monthly
	\$56,825	\$58,246	\$61,216	\$64,308	Annually

District to have only Wage Steps 1, 2, 3 and 4.

Elimination of Wage Steps 5, 6, and 7.

Zero percent (0%) COLA.

Eliminate Supervisor Positions.

Lead Water Utility Operator to have a minimum State of California Department of Public Health will have twelve (12) months to achieve Certifications of D3 and T3 at own expense.

¹ Employees currently at a step up above this Schedule would be placed at the top step of the Schedule for their classification.

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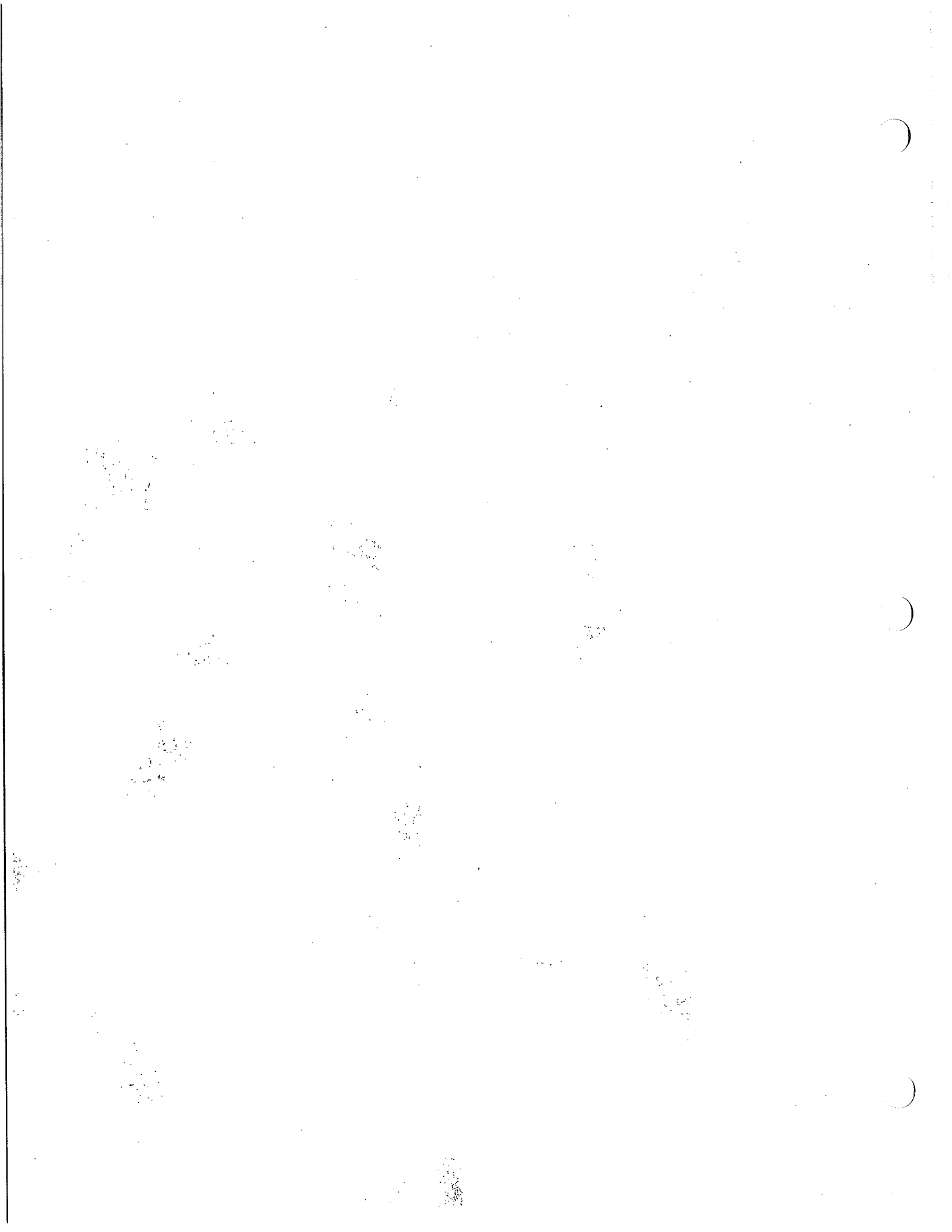
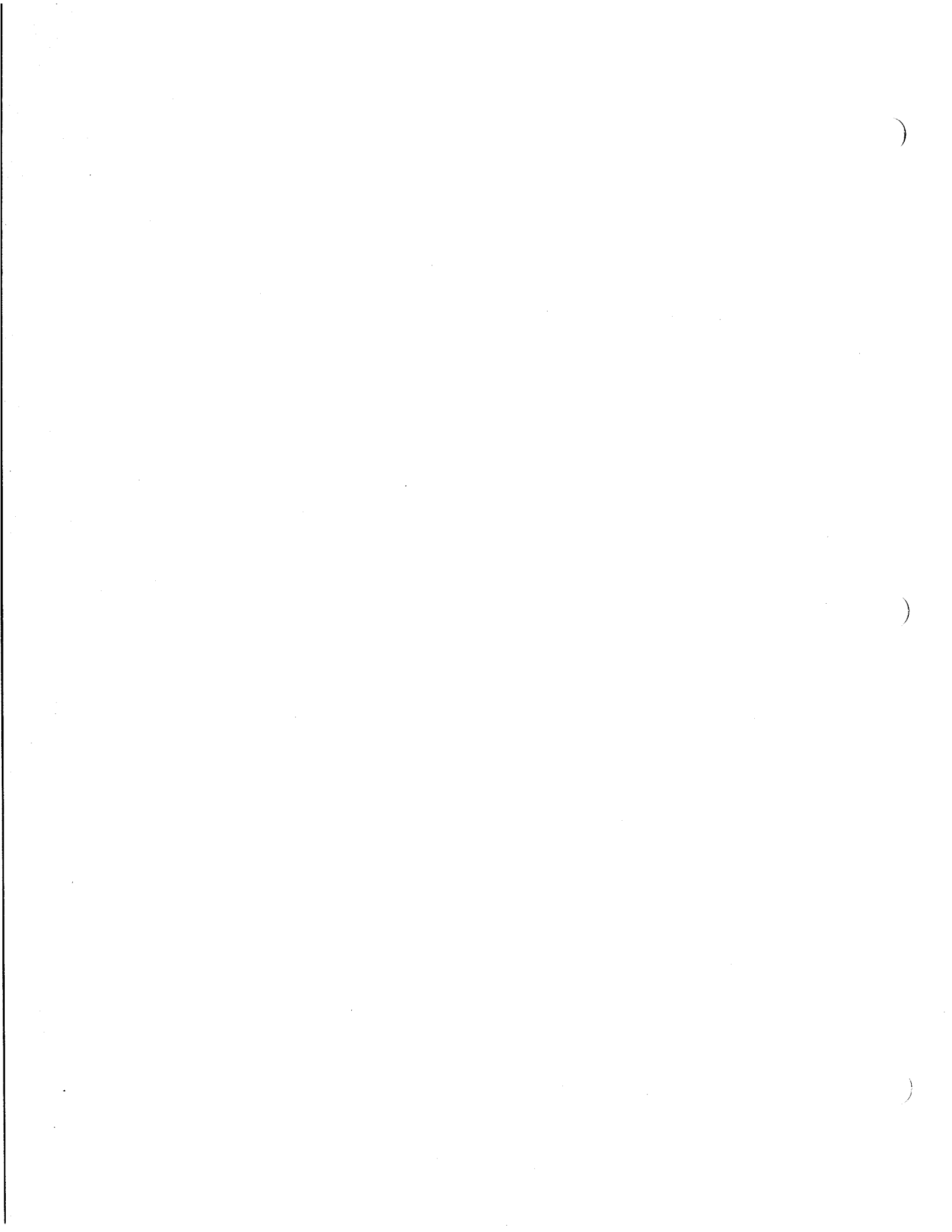


EXHIBIT F



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT



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

June 23, 2010

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

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

Dear Judge White,

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

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

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

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

DIRECTORS:

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

Interim General Manager / Secretary:

W. Mychael Cardenas

e-mail: mcardenas@rlecwd.com

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

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

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

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

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

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

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

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

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

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

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

code regulations and flow requirements within the region.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully and earnestly,

RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT



W. Mychael Cardenas
Interim General Manager

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

EXHIBIT G

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**Rio Linda/Elverta
Community Water District**
730 L Street, P.O. Box 400
Rio Linda, Ca.95673
Tel (916) 991-1000
Fax (916) 991-6616

Board of Directors

Mary R. Harris, President
Vivlen Spicer-Johnson, V.P.
Cathy Nelson-Hood
Belinda Paine
(Vacant)

**Rio Linda/Elverta Community
Water District**

2010 Consumer Confidence Report
2009 Water Quality Information

Este informe contiene informacion muy impotante sobre su agua beber. Traduzcalo o hable con alguien que lo entienda bien.

Dear Rio Linda/Elverta Community Water District Customer:

Water quality is an important issue with us. Providing water that meets state and federal drinking water standards is our number 1 priority. The District provides water quality information each year to customers in conformance with these state and federal regulations.

The District's water supply is obtained from wells. The District is required to test weekly for coliform bacteria in the distribution system and annually at the wells. An assessment of the District's drinking water sources was completed in December 2004. The sources are considered most vulnerable to the following activities associated with contaminants detected in the water supply: High and low density septic systems. In addition, the sources are considered most vulnerable to these activities: Illegal activities/unauthorized dumping, sewer collection systems, wells - agriculture/irrigation, dry cleaners, airports - maintenance/fueling, fleet/truck/bus terminals, plastic/synthetics producers, automobile - repair shops, electrical/electronic manufacturing, chemical / petroleum processing/ storage, and automobile - gas stations.

Microbiological Quality of Water. Monitoring for bacteriological constituents in the distribution system is required of all water systems. The District has test sample sites in various locations in the system approved by the State Department of Health Services. Of the 159 test samples taken last year, 1 was found to contain coliform bacteria. The test sample site was re-tested and found to be negative for total coliform.

If you have consumers such as renters or workers who do not get water bills, we can send you additional copies upon request to make this report available to those who use water at your facility. If you have any questions about this report, contact the District office during regular business hours (7 a.m. - 4:00 p.m. Monday thru Friday) at (916) 991-1000.

Monthly Board meetings are held the third Monday of every month.

MICROBIOLOGICAL CONTAMINANTS	NO. OF DETECTIONS	TOTAL NO. OF MONTHS IN VIOLATION	MCL	MCLG	TYPICAL SOURCE OF CONTAMINANTS
Total coliform bacteria	Highest number of detections in one month: 1	0	More than 1 sample in a month with detection, or two or more routine samples or any repeat sample with a detection	0	Naturally present in the environment
Fecal coliform and E. Coli	Total number of detections in the year:	0		0	Human and animal fecal waste

PRIMARY STANDARDS Health Related Standards							
PARAMETER	UNITS	PHG (MCLG)	MCL	DLR	AVERAGE	RANGE	Typical Source of Contaminants
Barium (2008)	Mg/L	2	2	100	0.084	ND-140	Erosion of natural deposits
Fluoride (2008)	Mg/L	1	2	0.1	0.27	0.19-0.40	Erosion of natural deposits
Arsenic (2008)	Ug/L	0.004	10	2	6.64	3.3-9.6	Erosion of natural deposits
Chromium (2008)	Ug/L	100	50	10	6.09	ND-15	Erosion of natural deposits
Radium 228 (2007)	pCi/L	0.19	5	1	0.26	<1-1.46	Erosion of natural deposits
Nitrate (as NO3) (2009)	Mg/L	45	45	2	4.51	2.9-9.3	Leaching from fertilizer use, septic tank, and sewage; Erosion of natural deposits

Arsenic above 5 ppb up to 10 ug/L: While your drinking water meets the current federal and state standard for arsenic, it does contain low levels of arsenic. The standard balances the current understanding of arsenic's possible health effects against the cost of removing arsenic from drinking water. The U.S. Environmental Protection Agency continues to research the health effects of low levels of arsenic, which is a mineral known to cause cancer in humans at high concentration and is linked to other health effects such as skin damage and circulatory problems.

DETECTED SECONDARY STANDARDS							
PARAMETER	UNITS	PHG (MCLG)	MCL	DLR	AVERAGE	RANGE	Typical Source of Contaminants
*Total Dissolved Solids	Mg/L	No Standard	1000	N/A	214.4	180-250	Erosion of natural deposits
*Sulfate	Mg/L	No Standard	500	0.5	5.09	2.1 - 9.1	Erosion of natural deposits
*Iron	Ug/L	No Standard	300	100	1.1	ND - 9.4	Erosion of natural deposits
*Sodium	Mg/L	No Standard	N/A	N/A	23.1	18-30	Erosion of natural deposits

DETECTED UNREGULATED STANDARDS							
PARAMETER	Units	PHG (MCLG)	MCL	DLR	AVERAGE	RANGE	Typical Source of Contaminants
Hardness	Mg/L	No Standard	N/A	N/A	92.67	58-130	Naturally occurring organic materials
Chromium Hexavalent (2007)	Ug/L	No Standard	N/A	1	3.3	3.3	Erosion of natural deposits

LEAD AND COPPER ACTION LEVELS (22 CCR SECTION 64672.3)

CHEMICAL	Units	ACTION LEVEL (Mg/L)	SOURCE WATER	AT THE TAP 90 TH PERCENTILE
*Copper	Mg/L	1.3	ND	0.0025
*Lead	Mg/L	0.015	ND	0.13

* Data reported is from most current samples for these constituents'. Some contaminants are not required to be monitored for each year because the concentration of these contaminants does not change frequently. Some of our data reported, through representative is more than one year old. In addition to these constituents the District tested for many other organic and inorganic chemicals, none of which were detected in the water.

Abbreviations and Definitions

Regulatory Action Level (AL) - The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements, which a water system must follow.

Non-Detects (ND) - laboratory analysis indicates that the constituent is not present.

ppm - Parts per million

ppb - Parts per billion

pCi/L - Pico curies per liter (a measure of radioactivity in water)

mg/L - Milligram per Liter, same as parts per million

µg/L - Micrograms per Liter, same as parts per billion

MFL - Million fibers per liter (a measure of asbestos fibers longer than 10 micrometers)

NTU: Nephelometric Turbidity Unit - Measure of the clarity of water

TT Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water

MCL: Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water in accordance with state and federal regulations

MCLG: Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. These goals are established by the Federal Environmental Protection Agency

MRDL: Maximum Residual Disinfectant Level - The level of a disinfectant added for water treatment that may not be exceeded at the consumers tap.

MRDLG: Maximum Residual Disinfectant Level Goal - The level of a disinfectant added for water treatment below which there is no known or expected risk to health. MRDLG's are set by the U.S. Environmental Protection Agency.

DLR: Detection limit for Reporting purposes; set by DHS.

Primary Drinking Water Standards - These standards define surface water treatment requirements, and the monitoring and reporting requirements for constituents required by regulations. State and federal regulators establish the Maximum Contaminant Level (MCL) for constituents that affect health

PHG: Public Health Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. These goals are established by the California Environmental Protection Agency

TON: Threshold Odor Number

N/A: Not Applicable

At the Tap 90th Percentile - Not Representative of source water, representative of testing on a select group of homes using Department of Health Services guidelines. These tests determine whether household plumbing have affected Water Quality.

< -- Less than

• -- An accurate measurable average could not be determined with the current test data.

The source of drinking water provided by the District is derived solely from wells (ground water). As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife;
- Inorganic contaminants, such as salts and metals, that can be naturally occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming;
- Pesticides and herbicides, that may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses;
- Organic chemical contaminants, including synthetic and volatile organic chemicals, that are byproducts of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, agricultural application, and septic systems;
- Radioactive contaminants, that can be naturally occurring, or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the State Department of Health Services (Department) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. Department regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline at 1-800-426-4791, or visit their website at www.epa.gov/safewater.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune systems disorder, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline at 1-800-426-4791, or visit their website at www.epa.gov/safewater.



State of California—Health and Human Services Agency
California Department of Public Health



MARK B HORTON, MD, MSPH
Director

ARNOLD SCHWARZENEGGER
Governor

October 5, 2010

Mr. Mychael Cardenas
Rio Linda/Elverta Community Water District
PO Box 400
Rio Linda, Ca 95673

Dear Mr. Cardenas,

This letter is to follow up on our meeting Tuesday September 28th, 2010 and to provide Rio Linda/Elverta Community Water District (RLECWD) with a summary of the financial requirements necessary for RLECWD to obtain a Safe Drinking Water State Revolving Fund (SRF) loan from the California Department of Public Health (CDPH).

CDPH, with the assistance of the Department of Water Resources (DWR), has evaluated RLECWD's financial records. In order for CDPH to provide SRF funding to RLECWD, the district must demonstrate to CDPH that it has sufficient Technical, Managerial, and Financial (TMF) capacity to undertake the project, complete the construction, and operate the facilities for the useful life of the project. The financial evaluation considers whether the district has sufficient revenues to pay for:

- Existing operations and maintenance costs
- Reserves required for capital improvements and cash flow
- Payments on existing debt
- Principal and interest payments for the SRF loan
- Reserve requirements for the SRF loan
- Any other financial obligations of the district

Based upon the financial evaluation of RLECWD records, CDPH has determined that RLECWD will need to demonstrate additional revenues equivalent to \$5.46 per service connection per month in order to qualify for a \$7.5 million SRF loan.

The increase must come from a reliable source of revenue such as an increase to water rates approved by appropriate action of the RLECWD board. The increased revenue could also come from another funding mechanism, such as a per lot tax assessment for fire protection. The increased revenue cannot come from a speculative source such as developer connection fees. Whatever source of revenue is proposed to repay the SRF loan, that revenue must be dedicated for that purpose. If you are unsure whether a particular funding mechanism would provide sufficient security, please submit a specific proposal for CDPH review.

Mr. Mychael Cardenas
October 5, 2010
Page 2

CDPH is preparing to issue a Notice of Application Acceptance (NOAA) to RLECWD for the SRF funding. The NOAA is an acknowledgement of acceptance of the SRF funding application from RLECWD, and states the terms and conditions that RLECWD must meet in order to receive an SRF funding agreement. The NOAA is not a guarantee of funding, but does serve to set-aside the SRF funds for the RLECWD project while the district completes the NOAA requirements.

The SRF funding agreement is the formal instrument that must be in place before CDPH can approve any payments and/or the State Controller will issue any checks to RLECWD. After the funding agreement is executed CDPH will make payments in arrears to reimburse RLECWD for costs incurred within the project scope of work. This includes costs associated with developing plans and specifications, environmental documentation, or other eligible preliminary costs.

RLECWD's adoption of a fee increase or other funding mechanism to assure a dedicated revenue stream is available for repayment of the SRF loan will be a requirement of the NOAA; the increased revenue must be adopted by RLECWD before CDPH will issue a Funding Agreement and must comply with applicable Prop 218 requirements. However, the actual revenue collection does not need to begin until 24 months after the funding agreement is signed.

There have been some other questions or concerns voiced about the NOAA, project timing, and the SRF funding agreement. We believe that these issues will be addressed in the NOAA, but I will summarize some of the information here.

As mentioned above, a very critical condition is for RLECWD to increase revenues equivalent to \$5.46 per service connection per month. Some SRF applicant water systems have been able to use the NOAA as security for interim financing, which allows the systems to commence projects prior to issuance of an SRF funding agreement. Note: finance charges and interest associated with interim financing may be eligible for reimbursement under the SRF loan. However, the eligibility of such costs is not guaranteed, and CDPH must be informed in advance of any planned interim financing to ensure that such cost qualify for reimbursement.

CDPH acknowledges that RLECWD may start construction at any time, but please be aware that the SRF funding may be jeopardized if construction is commenced prior to determination by CDPH that all environmental, technical, and financial requirements have been met. CDPH is unable to provide any cost reimbursement until the SRF funding agreement is fully executed.

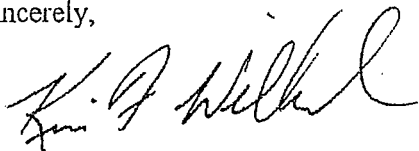
Also, please be aware that state and federal wage requirements including federal Davis-Bacon requirements apply to all phases of the project construction regardless of when the construction commences. If you decide to start construction prior to execution of a funding agreement you must take steps to ensure compliance with the labor and wage requirements and include such

Mr. Mychael Cardenas
October 5, 2010
Page 3

requirements in all bid solicitation packages and in your construction contact(s). Failure to do so will jeopardize all SRF funding for the project.

I am still working on your request for a meeting and will try to set it up as soon as possible so that any outstanding questions can be answered.

Sincerely,



Kim F. Wilhelm, P.E.
Northern California Regional Engineer
CDPH Drinking Water Field Operations

CC:

Ms. Cathy Nelson-Hood, President
Rio Linda/Elverta Community Water District
PO Box 400
Rio Linda, CA 95673

Addie Aguirre, Staff Service Manager II
Drinking Water State Revolving Fund
Administration & Financial Section

Carl Lischeske, Chief
Northern CA Field Operations Branch

Sal Turrubiarres, Sanitary Engineer
Sacramento District Drinking Water Program



MARK B HORTON, MD, MSPH
Director

State of California—Health and Human Services Agency
California Department of Public Health



ARNOLD SCHWARZENEGGER
Governor

RECEIVED

November 19, 2007

APR 14 2010

PWS No. 3410018

Mr. Dee Dillon, General Manager
Rio Linda / Elverta Community Water District
730 L Street
Rio Linda, CA 95673

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

Dear Mr. Dillon:

**COMPLIANCE ORDER 01-09-07-CO-004 TO RESOLVE WATER PRESSURE AND
SUPPLY PROBLEMS ISSUED TO THE RIO LINDA / ELVERTA COMMUNITY
WATER DISTRICT**

Enclosed is Compliance Order 01-09-07-CO-004, issued to the Rio Linda / Elverta Community Water District, to resolve water pressure and supply problems. This Order includes specific directives to accurately characterize the pressure and supply situation, evaluate options to resolve the problems, and interim measures that must be followed until the pressure and supply problems are resolved.

If you have any questions, please contact me at (916) 449-5668 or Carl Lischeske, Northern California Regional Engineer, at (916) 449-5596.

Sincerely,

Terry Macaulay, P.E.
Sacramento District Engineer
Drinking Water Field Operations

cc: Board of Directors
Rio Linda / Elverta Community Water District

Enclosure

CERTIFIED MAIL

1
2
3 **STATE OF CALIFORNIA**
4 **DEPARTMENT OF PUBLIC HEALTH**

5 **RE: Rio Linda / Elverta Community Water District**
6 730 L Street
7 Rio Linda, CA 95673

8 **TO: Dee Dillon., General Manager**
9 Rio Linda / Elverta Community Water District

10 **COMPLIANCE ORDER 01-09-07-CO-004**
11 **RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT**
12 **PWS NO. 3410018**

13 **ISSUED: NOVEMBER 19, 2007**

14 **LEGAL AUTHORITY**

15 The California Health and Safety Code (CH&SC), Section 116655, authorizes the
16 issuance of an order directing compliance with requirements of Chapter 4
17 (California Safe Drinking Water Act, commencing with Section 116270 of the Health
18 & Safety Code), whenever the California Department of Public Health (hereinafter,
19 CDPH) determines that any person has violated or is violating Chapter 4 or any
20 permit, regulation, or standard issued or adopted pursuant to Chapter 4.
21
22

23 CDPH hereby issues an order to the Rio Linda / Elverta Community Water District
24 (hereinafter, District) to come into compliance with Health & Safety Code, Section
25 116555(a), and the California Waterworks Standards, Title 22, California Code of
26 Regulations (CCR), Chapter 16, Articles 1-5.
27

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2 This Order is also issued to the District to direct implementation of interim measures
3 until such time that the District is providing an adequate supply of safe and potable
4 water to its customers.

5
6 **FINDINGS OF FACT**
7

8 The District recently experienced repeated incidents of low pressure in its
9 distribution system. Such low pressure events can allow infiltration and
10 contamination of the potable water supply.
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12
13 The District is supplied by nine active wells. Two wells (Well 3 and Well 5) were
14 removed from service in 2006 due to elevated arsenic levels. The District's
15 distribution system includes one small water storage facility with a capacity of
16 125,000 gallons. The primary purpose of this storage facility, which is an elevated
17 tank, is to maintain system pressure. The District has one interconnection with the
18 Sacramento Suburban Water District (SSWD). On numerous occasions during
19 September 2007, the District failed to maintain adequate and safe pressure(s) in the
20 distribution system. Specific and recent low pressure events are listed in the
21 following table:
22

23

Event	Date	Location	Pressure	Duration
1	September 11, 2007	Wells 8 & 11	~ 8 psi	Approximately 0.5 hours
2	September 10, 2007	Wells 8 & 11	~ 11 psi	Approximately 0.5 hours
3	September 9, 2007	Wells 8 & 11	~ 13 psi	Approximately 0.5 hours
4	September 8, 2007	Wells 8 & 11	~ 17-19 psi	Approximately 0.5 hours
5	September 7, 2007	Wells 8 & 11	~ 19 psi	Approximately 0.5 hours
6	September 6, 2007	Wells 8 & 11	~ 10 psi	Approximately 0.1 hours
7	September 6, 2007	Wells 8 & 11	~ 17 psi	Approximately 0.5 hours

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2 Low pressure in the distribution system may allow pathogens to enter the potable
3 water supply. If such a scenario were to occur, there may be insufficient
4 disinfectant residual to inactivate the pathogens, which would create a health risk to
5 consumers.

6
7
8 On September 16, 2007, a meeting was held at CDPH to discuss the District's
9 water supply and pressure problems. The District provided CDPH with an appraisal
10 of the system's source capacity. In addition, recent daily pressure records were
11 provided by the District that showed episodes of inadequate distribution system
12 pressure.

13
14 The California Waterworks Standards (CCR Title 22 Section 64564) establish
15 procedures for determining needed storage capacity and needed storage volume.
16 Subpart (a) provides that "Wherever possible, needed source capacity and needed
17 storage volume shall be determined from existing water use records of the water
18 system. The records shall clearly indicate total source capacity, total storage
19 volume and maximum day demand of previous years. The existing records may be
20 supplemented as needed by the records of a similar water system acceptable to
21 either the Department or a qualified registered engineer." At the above-referenced
22 meeting, the District's consulting engineer provided the Department with a draft
23 analysis of the water demands. The consulting engineer concluded that the District
24 has a shortfall in reliable capacity of 1,060 to 1,900 gallons per minute, depending
25 on whether the District's own master plan or the records of comparable local water
26 systems are used. In addition, the consulting engineer estimated that fire flow
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requirements amount to 4,000 gallons per minute, which would be impossible to meet with existing source capacity if a fire broke out in the summer months.

REQUIREMENTS OF LAW

California Waterworks Standards, Chapter 16, Title 22, California Code of Regulations (CCR), Section 64562(a), requires that "Sufficient water shall be available from the water sources and distribution reservoirs to supply adequately, dependably and safely the total requirements of all users under maximum demand conditions before agreement is made to permit additional service connections to a system."

California Waterworks Standards, Chapter 16, Title 22, California Code of Regulations (CCR), Section 64562(c)(1) states that "Requirements for an entire public water system shall be determined from the total source capacity, total storage volume and the total number of service connections."

California Waterworks Standards, Chapter 16, Title 22, California Code of Regulations (CCR) Section 64566(a), requires that "Changes in distribution systems shall be designed to maintain an operating pressure at all service connections of not less than 20 pounds per square inch gauge (psig) (140 kiloPascals gauge (kPag)) under the following demand conditions:

- (1) User maximum hour demand..."

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2 requirements amount to 4,000 gallons per minute, which would be impossible to
3 meet with existing source capacity if a fire broke out in the summer months.
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6 **REQUIREMENTS OF LAW**

7 California Waterworks Standards, Chapter 16, Title 22, California Code of
8 Regulations (CCR), Section 64562(a), requires that "Sufficient water shall be
9 available from the water sources and distribution reservoirs to supply adequately,
10 dependably and safely the total requirements of all users under maximum demand
11 conditions before agreement is made to permit additional service connections to a
12 system."
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15 California Waterworks Standards, Chapter 16, Title 22, California Code of
16 Regulations (CCR), Section 64562(c)(1) states that "Requirements for an entire
17 public water system shall be determined from the total source capacity, total storage
18 volume and the total number of service connections."
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21 California Waterworks Standards, Chapter 16, Title 22, California Code of
22 Regulations (CCR) Section 64566(a), requires that "Changes in distribution systems
23 shall be designed to maintain an operating pressure at all service connections of not
24 less than 20 pounds per square inch gauge (psig) (140 kiloPascals gauge (kPag))
25 under the following demand conditions:

26 (1) User maximum hour demand..."
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2 California Waterworks Standards, Chapter 16, Title 22, California Code of
3 Regulations (CCR) Section 64568, requires "A new service connection may be
4 added to a distribution system only if the water system will comply with Section
5 64562 after the new service connection is added and adding the new service
6 connection will not cause pressure at an existing service connection to be reduced
7 below the standards set in Section 64566."

8
9 Health and Safety Code, Section 116555 requires in part that:

10 "(a) Any person who owns a public water system shall ensure that the
11 system does all of the following ... (3) Provides a reliable and adequate
12 supply of pure, wholesome, healthful, and potable water..."
13

14
15 Section 116655 of the Health and Safety Code authorizes issuance of an order
16 directing compliance, including "Directing that appropriate preventive action be
17 taken in the case of a threatened violation" and further provides:

18 "(b) An order issued pursuant to this section may include, but shall not be limited
19 to, any or all of the following requirements:

- 20
- 21 (1) That the existing plant, works, or system be repaired, altered, or added to.
 - 22 (2) That purification or treatment works be installed.
 - 23 (3) That the source of the water supply be changed.
 - 24 (4) That no additional service connection be made to the system.
 - 25 (5) That the water supply, the plant, or the system be monitored.
 - 26 (6) That a report on the condition and operation of the plant, works, system,
27 or water supply be submitted to the Department."

CONCLUSIONS OF LAW

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4 Based on the above Findings of Fact and Requirements of Law, CDPH has
5 determined that the District has violated Sections 64562(a) and 64566(a), Chapter
6 16, Title 22, of the CCR. Based on the fact that the system is currently exhibiting
7 inadequate source capacity and inadequate pressure in its distribution system,
8 CDPH has further determined that any additional demand on the distribution
9 system, including additional service connections will result in further violation of Title
10 22 CCR 64562(a) and 64566(a). CDPH has further determined that the addition of
11 any new service connection to District's distribution system would be a violation of
12 Title 22 CCR 64568. In addition, CDPH has determined that the District has
13 violated, and is violating, Section 116555(a)(3) of the CHSC. Specifically, the
14 District is not providing a reliable and adequate supply of water at minimum
15 operating pressure (20 psi in the distribution system) to ensure that the water
16 delivered to its customers is at all times pure, wholesome healthful and potable.
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19
20 CDPH has determined that the District's water system does not have sufficient
21 source and storage capacity from approved water sources to serve its current
22 customers, and that it is necessary to institute a moratorium on additional service
23 connections to avoid or aggravate the threat of additional violations. The
24 Department will request that the Sacramento County Building Department enforce
25 the service moratorium by not issuing any new permits for buildings where new
26 water meters would be required.
27

ORDER

Pursuant to Section 116655 of the Health and Safety Code, CDPH hereby directs:

1. The District shall maintain a disinfectant residual of not less than 0.5 milligrams per liter of free chlorine at the entry point to the distribution system and not less than 0.2 milligrams per liter of free chlorine in the distribution system.
2. By December 31, 2008, submit to CDPH a list of the locations that low pressure has been observed, documented or suspected. By April 1, 2008, the District shall install pressure recording stations at locations directed by CDPH pursuant to the submitted list. Beginning April 1, 2008, the District shall monitor pressure at all pressure recording stations and submit a monthly summary of minimum daily pressures to CDPH by the 10th day of the following month.
3. By April 1, 2008, the District shall install source flow meters with data loggers between each water source and the entry point to the distribution system.
4. Beginning April 1, 2008, the District shall meter the quantity of water flow from each source, record daily and total monthly production each month, and report the data to CDPH by the 10th day of the following month.
5. Between August 15, 2008 and September 15, 2008, the District shall conduct a pump test on all active sources to determine sustainable yield of the well. Results of the pump test shall be submitted to CDPH by October 10, 2008. The pump test shall include:
 - a. Constant rate of water discharge from the well during the pump test
 - b. Continuation of the pump test until at least four consecutive measurements of water level drawdown in the well and the elapsed time since the

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2 beginning of the pump test yield a straight line when the drawdown is
3 plotted against the logarithm of the elapsed time.

4 6. By December 31, 2007, the District shall perform and submit to CDPH a study
5 evaluating a) how much additional source capacity and/or storage capacity is
6 needed, and 2) the options for providing additional source(s) of supply and/or
7 storage facilities to remedy the supply and pressure problems. The study shall
8 include a cost comparison of all options evaluated. The study shall identify the
9 recommended solution and provide a proposed schedule for implementation.

10
11 7. By December 31, 2008, the District shall perform and submit to CDPH a
12 Source Capacity Planning Study containing the following information:

13 a. The anticipated growth of the water system over a projected period of at
14 least ten years in terms of the population and number and type of
15 residential, commercial, and industrial service connections to be served by
16 the water system.

17
18 b. Estimates of the amount of water needed to meet the total annual demand
19 and the maximum daily demand (MDD) over the projected ten-year growth
20 period (projected system demand). Methods, assumptions, and
21 calculations used to estimate the projected system demand shall be
22 included.

23
24 c. A map and description of the entire existing and proposed service area
25 showing:

26 i. The location of each water source, including wells that are abandoned,
27 out-of-service, destroyed, standby, or inactive;

1. The groundwater levels and drawdown patterns;

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2. Existing and planned source pumping capability and distribution storage capacity for the system as a whole and for each pressure zone;
3. The calculated sustained well yields of existing wells if groundwater sources are used;
4. Permits, if required, for any waters proposed for use to offset potable water demand; and
5. A Source Water Assessment for each potable water source.
 - ii. Distribution system piping, pressure zones, hydropneumatic tanks, and reservoirs;
 - iii. Valves, sample taps, and other system appurtenances;
 - iv. Conveyance facilities
 - v. Any flood plains in the projected service area; and
 - vi. The 100 year flood or highest recorded flood level, whichever is higher.
- d. If the District has submitted an Urban Water Management Plan to the California Department of Water Resources, the District may submit a copy of that report in lieu of some or all of the requirements of this Directive to the extent such information is included in the plan.
8. By April 1, 2008, the District shall institute a water rationing program to be implemented during periods of high water demand.

1
2 9. On or after the date of this Order, the District shall not add any new service
3 connections to the system and shall not issue any "will serve" letters to
4 potential water users. This moratorium shall stay in effect until CDPH
5 determines that the system has adequate facilities and capacity to provide
6 a safe, wholesome, and potable supply of domestic water to users in the
7 service area; and gives the District written notification that the moratorium
8 has been lifted.
9

10
11 All submittals required pursuant to this order shall be addressed to:

12
13 Terry Macaulay, P.E.
14 Sacramento District Engineer
15 Drinking Water Field Operations
16 California Department of Public Health
17 1616 Capitol Avenue, MS 7407
18 P.O. Box 997377
19 Sacramento, CA 95899-7377

20 If the District is unable to comply with Directives 1 through 9 of this Order due to
21 occurrence of any event(s) or situation(s), whether within or beyond its control,
22 District shall notify DCPH in writing within five days after occurrence of any such
23 event or situation. Upon request from the District, CDPH may, in its sole discretion,
24 extend the time for District's compliance with the directives of this Order. The
25 District's failure to fully and timely comply with any directive of this Order shall be
26 deemed a violation of this Order and may result in additional enforcement action
27 against the District, including but not limited to, civil penalties as specified in
Sections 116665 and/or 116725 of the California Health and Safety Code.

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The State of California shall not be liable for any injuries to persons or damage to property resulting from acts or omissions by the District, its employees, agents, or contractors in carrying out activities pursuant to this Order; nor shall the State of California be held as a party to any contract entered into by the District or its agents in carrying out activities pursuant to this Order.

By issuance of this Order, CDPH does not waive any further enforcement action.

PARTIES BOUND

This Order shall apply to and be binding upon the District, its officers, directors, employees, agents, contractors, successors, and assignees.

SEVERABILITY

The requirements of this Order are severable, and the District shall comply with each and every provision thereof, notwithstanding the effectiveness of any of its provisions.

11-19-07
Date

T Macaulay
Terry Macaulay, P.E.
Sacramento District Engineer
Drinking Water Field Operations



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**STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH**

RE: Rio Linda / Elverta Community Water District
730 L Street
Rio Linda, CA 95673

**COMPLIANCE ORDER 01-09-09-CO-004
RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT
PWS NO. 3410018**

ISSUED: DECEMBER 28, 2009

LEGAL AUTHORITY

The California Health and Safety Code (CH&SC), Section 116655, authorizes the issuance of an order directing compliance with requirements of Chapter 4 (California Safe Drinking Water Act, commencing with Section 116270 of the Health & Safety Code), whenever the California Department of Public Health (hereinafter, CDPH) determines that any person has violated or is violating Chapter 4 or any permit, regulation, or standard issued or adopted pursuant to Chapter 4.

CDPH hereby issues order number 01-09-09-CO-004 to the Rio Linda / Elverta Community Water District (hereinafter, District) to come into compliance with Health & Safety Code, Section 116555(a), and the California Waterworks Standards, Title 22, California Code of Regulations (CCR), Chapter 16, Articles 1-5.

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3 This Order is also issued to the District to direct implementation of interim measures
4 until such time that the District is providing an adequate supply of safe and potable
5 water to its customers.
6

7 **FINDINGS OF FACT**
8

9 The District experienced repeated incidents of low pressure in its distribution system
10 during the month of September 2007. On November 19, 2007 the Department
11 issued Compliance Order 01-09-07-CO-004 to the District for water source capacity
12 and low system pressure violations and directed the District to study solutions to
13 resolve the violations and to take measures to closely monitor the system pressure
14 and flow rates from its sources. On April 1, 2008, the District began monitoring its
15 pressure at all pressure recording stations. Specific and recent low pressure events
16 reported by the District are listed below:
17

Event	Date	Location	Pressure	Comment
1	April 4, 2008	Well 5	18 psi	
2	April 14, 2008	Well 5	11 psi	
3	May 5, 2008	Well 5	16 psi	
4	June 17, 2008	Well 5	20 psi	
5	June 19, 2008	Well 2A	19 psi	
6	August 1, 2008	Well 5	~19 psi	
7	September 5, 2008	Well 8	~0 psi	
8	September 15, 2008	Well 9	0 psi	
9	October 16, 2008	All Wells	0 psi	
10	October 25, 2008	All Wells	0 psi	An explained event happened

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				here that caused all pressure stations to read 0 psi
11	October 26, 2008	All Wels	0 psi	
12	December 9, 2008	Well 5	0 psi	
13	December 25 – 28, 2008	All Wells	0 psi	No data appears to have been recorded in this period
14	December 29, 2008	All Wells except Well 5	0 psi	
15	January 12, 2009	Wells 7 & 8	~ 0 – 1 psi	
16	January 13, 2009	Wells 6, 7 & 8	~ 0 – 4 psi	
17	January 14, 2009	Wells 6, 7, & 8	~ 3 – 7 psi	
18	January 15, 2009	Wells 6, 7, & 8	~ 0 psi	
19	January 16, 2009	Well 6	~ 5 psi	
20	May 8, 2009	Well 6	~ 6 psi	
21	May 17, 2009	Well 5	~ 14 psi	
22	August 4, 2009	Well 10	0 psi	District staff performed maintenance on tank
23	August 25, 2009	Well 6	~ 14 psi	District staff performed maintenance on tank

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In response to the Order, the District submitted a study titled "Evaluation of Source Capacity and Compliance Plan" in compliance with Directive 6 of Compliance Order 01-09-07-CO-004, proposing that the District construct three new wells in the Rio Linda area to provide additional source capacity to the water system. The new wells are to be designated Wells 14, 15 and 16. At the time it received the study the

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Department deemed the recommendations as appropriate and an acceptable means of returning the District to compliance.

On March 5, 2009 a meeting was held at the District to discuss the status of the completion of the Compliance Order's Directives. Consulting engineers Camp Dresser and McKee had completed another study for the District, which reinforced and confirmed the previous Study's evaluation of the current Source Capacity. The Interim General Manager, Mr. Gilbert Tafoya, also stated that the District intended to construct a 1.5-million gallon storage tank in addition to providing arsenic treatment at Well 14. At this point it appeared that the District would continue following the recommendation to construct three new wells (Wells 14, 15 and 16).

On August 18, 2009 a meeting was held at CDPH Sacramento District Office to again discuss the District's plan for satisfying the Compliance Order. Due to many delays the submitted Technical Report and schedule were no longer possible for the District and they wanted to discuss changes in water source projects. The District had decided to no longer continue using Well 14 with the addition of arsenic treatment due to operation and maintenance costs. The District still planned to construct three wells to meet current and future water demands, and to return the District to compliance. The three wells were designated as Well 15, 16, and Well 17.

On October 30, 2009 the District submitted a final schedule for the project to construct Wells 15, 16, and 17, and to place them in service by January 1, 2011.

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On December 2, 2009 during a brief conference call with the District, and during a meeting at the District office on December 17, 2009, the District reiterated they planned to construct three new wells, Wells 15, 16 and 17, in the Rio Linda area.

REQUIREMENTS OF LAW

California Waterworks Standards, Chapter 16, Title 22, California Code of Regulations (CCR), Section 64554(a), requires that "At all times, a public water system water source(s) shall have the capacity to meet the system's maximum day demand (MDD)." Section 64554(a)(1) and (3) requires that "For systems with 1,000 service connections, the system shall be able to meet four hours of peak hourly demand (PHD) with source capacity, storage capacity, and/or emergency source connections." "Both the MDD and PHD requirements shall be met in the system as a whole and in each individual pressure zone."

California Waterworks Standards, Chapter 16, Title 22, California Code of Regulations (CCR), Section 64562(c)(1) states that "Requirements for an entire public water system shall be determined from the total source capacity, total storage volume and the total number of service connections."

California Waterworks Standards, Chapter 16, Title 22, California Code of Regulations (CCR) Section 64602(a), requires that "Each distribution system shall be operated in a manner to assure that the minimum operating pressure in the water main at the user service line connection throughout the distribution system is not less than 20 pounds per square inch (psi) at all times."



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Health and Safety Code, Section 116555 requires in part that:

"(a) Any person who owns a public water system shall ensure that the system does all of the following ... (3) Provides a reliable and adequate supply of pure, wholesome, healthful, and potable water."

Section 116655 of the Health and Safety Code authorizes issuance of an order directing compliance, including "Directing that appropriate preventive action be taken in the case of a threatened violation" and further provides:

"(b) An order issued pursuant to this section may include, but shall not be limited to, any or all of the following requirements:

- (1) That the existing plant, works, or system be repaired, altered, or added to.
- (2) That purification or treatment works be installed.
- (3) That the source of the water supply be changed.
- (4) That no additional service connection be made to the system.
- (5) That the water supply, the plant, or the system be monitored.
- (6) That a report on the condition and operation of the plant, works, system, or water supply be submitted to the Department."

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CONCLUSIONS OF LAW

Based on the above Findings of Fact and Requirements of Law, CDPH has determined that the District continues to violate Sections 64562(a) and 64602(a), Chapter 16, Title 22, of the CCR. The system continues to exhibit inadequate source capacity and inadequate pressure in its distribution system. In addition, CDPH has determined that the District is violating, Section 116555(a)(3) of the CHSC. Specifically, the District is not providing a reliable and adequate supply of water at minimum operating pressure (20 psi in the distribution system) to ensure that the water delivered to its customers is at all times pure, wholesome healthful and potable.

CDPH has determined that the District's water system does not have sufficient source and storage capacity from approved water sources to serve its current customers.

ORDER

Pursuant to Section 116655 of the Health and Safety Code, CDPH hereby directs the following:

1. The District shall submit final design plans and specifications for Well 15 and well site to the Department for approval by March 1, 2010.

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2. The District shall submit final design plans and specifications for Wells 16 and 17 and their respective well sites to the Department for approval by May 1, 2010.

3. The District shall complete construction and have Well 15 in service by October 1, 2010.

4. The District shall complete construction and have Well 16 and 17 in service by March 1, 2011.

The Directives in Compliance Order 01-09-07-CO-004 remain in effect.

All submittals required pursuant to this order shall be addressed to:

David R. Lancaster, P.E.
Sacramento District Engineer
Drinking Water Field Operations
California Department of Public Health
1616 Capitol Avenue, MS 7407
P.O. Box 997377
Sacramento, CA 95899-7377

If the District is unable to comply with Directives 1 through 4 of this Order due to occurrence of any event(s) or situation(s), whether within or beyond its control, the District shall notify DCPH in writing within five days after occurrence of any such event or situation. Upon request from the District, CDPH may, in its sole discretion, extend the time for District's compliance with the directives of this Order. The

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District's failure to fully and timely comply with any directive of this Order shall be deemed a violation of this Order and may result in additional enforcement action against the District, including but not limited to, civil penalties as specified in Sections 116665 and/or 116725 of the California Health and Safety Code.

The State of California shall not be liable for any injuries to persons or damage to property resulting from acts or omissions by the District, its employees, agents, or contractors in carrying out activities pursuant to this Order; nor shall the State of California be held as a party to any contract entered into by the District or its agents in carrying out activities pursuant to this Order.

By issuance of this Order, CDPH does not waive any further enforcement action.

PARTIES BOUND


This Order shall apply to and be binding upon the District, its officers, directors, employees, agents, contractors, successors, and assignees.

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SEVERABILITY

The requirements of this Order are severable, and the District shall comply with each and every provision thereof, notwithstanding the effectiveness of any of its provisions.

12-28-2009
Date



David R. Lancaster, P.E.
Sacramento District Engineer
Drinking Water Field Operations

State of California—Health and Human Services Agency
California Department of Public Health



MARK B HORTON, MD, MSPH
Director



ARNOLD SCHWARZENEGGER
Governor

RECEIVED

MAY 28 2010

May 10, 2010

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

PWS No. 3410018

Mr. Mychael Cardenas
General Manager
Rio Linda/Elverta Community Water District
PO Box 400
Rio Linda, CA 95673

Attention: Mr. Cardenas

CITATION NO. 01-09-10-CIT-003 FOR CROSS CONNECTION, SAMPLING AND REPORTING VIOLATIONS

Enclosed is a Citation issued to the Rio Linda Elverta Community Water District (RLECWD) for failure to fully implement its Cross-Connection Control Program specified in Title 22, Division 1, Chapter 5, Section 7584 California Code of Regulations (CCR). The Citation also addresses and describes sampling and reporting violations.

We recognize the events leading to all but two violations occurred before January 1, 2010. We also realize many of the violations may be due to practices, policies and procedures not being passed on to new staff and management. You'll find Directives in the Citation addressing this concern and were included to avoid future violations by the RLECWD.

The Citation consists of four sections: Violation, Background, Directives and Civil Penalty. The Violation and Background sections describe the events leading up to the issuance of the Citation. The Directives section specifies required actions that must be implemented by the water system to return to compliance. Please note the highest priority compliance item is to conduct the required nitrate monitoring due within 30 days of the date of this Citation. Also note we have included a requirement for RLECWD to conduct an analysis of the adequacy of staffing, as this could be the underlying cause of the non-compliance that resulted in this Citation. The last part is the Civil Penalty section that describes penalties to be assessed for failure to comply with the Citation. No civil penalty is levied with the attached Citation.

As you and your Board move forward to address the challenges faced by the RLECWD we strongly encourage you to avail yourself of the training offered by the Rural Community Assistance Corporation (RCAC). Upcoming classes that might be of interest include: Operation & Maintenance Plans (5/21/10); Board Basics: Capitol Improvement Plans & Asset Management (5/27/10); Board Policies, Ethics, and the Brown Act (6/9/10 or 6/10/10); and Monitoring and

Water Quality (6/23/10). Some of these courses may not be offered in close proximity to RLECWD but others are available on-line. For your convenience, I have enclosed copies the current RCAC course schedules.

If you have any questions regarding this matter, please contact Salvador Turrubiartes of my staff at (916) 552-9998 or me at (916) 449-5668.

Sincerely;



David Lancaster, P.E.;
Sacramento District Engineer
Drinking Water Field Operations

Enclosures

CERTIFIED MAIL

Cc: Mary Harris, President
Rio Linda Elverta Community Water District Board of Directors

Kim Wilhelm
Region 1 Engineer

Salvador Turrubiartes
Sanitary Engineer

**Bcc: Carl Lischeske, P.E., Chief
Northern California Branch**

**Gary Yamamoto, P.E., Chief
Division of Drinking Water and Environmental Management**

**Catherine Ewing
Office of Legal Services**

State of California—Health and Human Services Agency
California Department of Public Health



MARK B HORTON, MD, MSPH
Director



ARNOLD SCHWARZENEGGER
Governor

May 10, 2010

PWS No. 3410018

Ms. Mary Harris, President
Rio Linda/Elverta CWD Board of Directors
PO Box 400
Rio Linda, CA 95673

Attention: Ms. Harris

CITATION NO. 01-09-10-CIT-003 FOR CROSS CONNECTION, SAMPLING AND REPORTING VIOLATIONS

Enclosed is a Citation issued to the Rio Linda Elverta Community Water District (RLECWD) for failure to fully implement its Cross-Connection Control Program specified in Title 22, Division 1, Chapter 5, Section 7584 California Code of Regulations (CCR). The Citation also addresses and describes sampling and reporting violations.

We recognize the events leading to all but two violations occurred before January 1, 2010. We also realize many of the violations may be due to practices, policies and procedures not being passed on to new staff and management. You'll find Directives in the Citation addressing this concern and were included to avoid future violations by the RLECWD.

The Citation consists of four sections: Violation, Background, Directives and Civil Penalty. The Violation and Background sections describe the events leading up to the issuance of the Citation. The Directives section specifies required actions that must be implemented by the water system to return to compliance. Please note the highest priority compliance item is to conduct the required nitrate monitoring due within 30 days of the date of this Citation. Also note we have included a requirement for RLECWD to conduct an analysis of the adequacy of staffing, as this could be the underlying cause of the non-compliance that resulted in this Citation. The last part is the Civil Penalty section that describes penalties to be assessed for failure to comply with the Citation. No civil penalty is levied with the attached Citation.

As you move forward to address the challenges faced by the RLECWD we strongly encourage you to avail yourself of the training offered by the Rural Community Assistance Corporation (RCAC). Upcoming classes that might be of interest include: Operation & Maintenance Plans (5/21/10); Board Basics: Capitol Improvement Plans & Asset Management (5/27/10); Board Policies, Ethics, and the Brown Act (6/9/10 or 6/10/10); and Monitoring and Water Quality (6/23/10). Some of these courses may not be offered in close proximity to RLECWD but others

are available on-line. For your convenience, I have enclosed copies the current RCAC course schedules.

If you have any questions regarding this matter, please contact Salvador Turrubiarres of my staff at (916) 552-9998 or me at (916) 449-5668.

Sincerely;



David Lancaster, P.E.;
Sacramento District Engineer
Drinking Water Field Operations

Enclosures

CERTIFIED MAIL

Cc: Mychael Cardenas
Interim General Manager
Rio Linda Elverta Community Water District

Kim Wilhelm
Region 1 Engineer

Salvador Turrubiarres
Sanitary Engineer

**Bcc: Carl Lischeske, P.E., Chief
Northern California Branch**

**Gary Yamamoto, P.E., Chief
Division of Drinking Water and Environmental Management**

**Catherine Ewing
Office of Legal Services**

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STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH

RE: Rio Linda / Elverta Community Water District

P.O. Box 400
Rio Linda, CA 95673

TO: Mychael Cardenas, Interim General Manager

Rio Linda / Elverta Community Water District

Mary Harris, Board President

Rio Linda / Elverta Community Water District

CITATION FOR NONCOMPLIANCE – WATER SYSTEM NO. 3410018

**RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT
WATER SYSTEM**

CITATION NO. 01-09-10-CIT-003

May 6, 2010

LEGAL AUTHORITY

Division 104, Part 12, Chapter 4, Article 9, Section 116650 of the California Health and Safety Code (hereinafter, CHSC), authorizes the issuance of a citation for failure to comply with the requirements specified under the California Safe Drinking Water Act, or any regulation, standard, permit or order issued there under.



VIOLATION

The California Department of Public Health, Division of Drinking Water and Environmental Management (hereinafter, CDPH) hereby issues a citation to the Rio Linda / Elverta Community Water District (hereinafter, RLECWD) for the following violations of the California Code of Regulations (hereinafter, CCR).

1. Violation of Title 17, Division 1, Chapter 5, Section 7584, for failure to maintain the implementation of all elements of a cross-connection control program and Section 7605 for failing to assure the testing and maintenance of backflow preventers at least annually.
2. Violation of Title 22, Division 4, Chapter 15, Section 64423.1(c) (1), for failure to submit a monthly summary of the bacteriological monitoring results to CDPH for the months of January, February and March 2010 within 10 days after the end of the month in which the samples were collected.
3. Violation of Title 22, Division 4, Chapter 15, Sections 64432 through 64432.1, for failure to monitor Well 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12 for Nitrates during 2009 and report sample results to CDPH within

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10 days after the end of the month in which the samples were collected.

4. Violation of Title 22, Division 4, Chapter 15, Section 64445 through 64445.1 for failure to monitor Well 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12 for volatile organic chemicals in January 2010 and report sample results to CDPH within 10 days after the end of the month in which the samples were collected.

5. Violation of Title 22, Division 4, Chapter 15.5, 64537 through 64537.4, for failure to report their monitoring of their distribution system for disinfectants and disinfection byproducts during the third and fourth quarter of 2009 and first quarter of 2010 to CDPH within 10 days after the end of the monitoring period in which the samples were collected.

6. Violation of Title 22, Division 4, Chapter 17, Sections 64675 and 64690.10 for failure to conduct tap sampling for lead and copper during 2008 and report to CDPH the information within 10 days after the end of the monitoring period in which the samples were collected.

Pursuant to Part 12, Chapter 4, Article 9, Section 116650(e) of the CHSC, the preceding violations are classified as non-continuing.

1
2 **BACKGROUND**
3

4 CDPH received the RLECWD 2009 Annual Report, dated March 18, 2010, on
5 March 23, 2010. During the review of the Annual Report, missing information
6 was noted on backflow protection. CDPH was informed by Mychael
7 Cardenas, Interim General Manager, on or about March 23, 2010 that none of
8 the 495 testable backflow prevention assemblies, installed on certain service
9 connections, were tested during 2009. RLECWD has failed to insure all
10 backflow assemblies installed to protect their water system were tested at
11 least annually.
12

13
14 The RLECWD routinely collects four bacteriological samples every week from
15 the distribution system. While sampling has been performed under the
16 standard requirements, RLECWD has failed to submit its bacteriological
17 summary reports as required in the CCR, within 10 days of the following
18 month for the months of January, February and March of 2010.
19

20
21 The RLECWD is required to monitor the concentration of Nitrates in each of
22 its wells at a frequency of once every year and report the monitoring results
23 electronically to CDPH. According to monitoring reports received by CDPH
24 Wells 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12 were last monitored for Nitrates
25 in June 2008. RLECWD failed to submit 2009 Nitrate monitoring data as
26 required in the CCR.
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The CCR requires all water systems to monitor for 60 organic chemicals listed in Table 64444-A. These chemicals are required to be monitored every three-year compliance period. According to monitoring reports received by CDPH, Wells 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12 were last monitored for all volatile organic chemicals in January of 2007. RLECWD is therefore, past due for monitoring and reporting all volatile organic chemicals for Wells 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12.

RLECWD is required to monitor disinfectant levels (chlorine) in its distribution system each month and report the information to the CDPH every quarter.

RLECWD has failed to report this information to CDPH for the third and fourth quarter of 2009 and the first quarter of 2010.

RLECWD is required to monitor for disinfection by-products samples, which include four trihalomethanes (aka, TTHMs) and five haloacetic acids (aka, HAA5s), in its distribution system each quarter and report the information to the CDPH within 10 days following the end of the quarter. RLECWD has failed to report this information to CDPH for the third and fourth quarter of 2009 and the first quarter of 2010.

DIRECTIVES

Based on the background information and conclusions stated above,
RLECWD is hereby directed to take the following actions.

1. Within 120 days of the date of this Citation, and pursuant to Title 17, Division 1, Sections 7584 and 7605 of the CCR, RLECWD shall assure all elements of a cross-connection control program are implemented and assure all testable backflow preventers installed to protect the water system have been tested and properly maintained.
2. Within 30 days of the date of this Citation, and pursuant to Title 22, Division 4, Chapter 15, Section 64423.1(c) (1) of the CCR, RLECWD shall to submit monthly summary of the bacteriological monitoring results to CDPH for the months of January, February and March 2010.
3. Within 30 days of the date of this Citation, and pursuant to Title 22, Division 4, Chapter 15, Sections 64432 through 64432.1 of the CCR, RLECWD shall monitor Well 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12 for Nitrates and report the sample results to CDPH within 10 days after the end of the month in which the samples were collected.

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4. Within 30 days of the date of this Citation, and pursuant to Title 22,

Division 4, Chapter 15, Section 64445 through 64445.1 of the CCR,

RLECWD shall monitor Well 2A, 4, 6, 7, 8A, 9, 10, 11, and Well 12 for volatile organic chemicals and report the sample results to CDPH within 10 days after the end of the month in which the samples were collected.

5. Within 30 days of the date of this Citation, and pursuant to Title 22,

Division 4, Chapter 15.5, 64537 through 64537.4 of the CCR, RLECWD shall report their distribution system monitoring for disinfectants and disinfection byproducts during the third and fourth quarter of 2009 and first quarter of 2010 to CDPH.

6. Within 30 days of the date of this Citation, and pursuant to Title 22,

Division 4, Chapter 17, Sections 64675 and 64690.10 of the CCR, RLECWD shall report their tap sampling for lead and copper during 2008 to CDPH. If tap samples were not collected during 2008 RLECWD shall collect lead and copper tap samples during 2010 and report the information to CDPH within 10 days after the end of the monitoring period in which the samples were collected.

7. Within 30 days of the date of this Citation, RLECWD shall conduct Tier 2

public notification using methods that conform to the specifications

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stated in Title 22, Division 4, Chapter 15, Section 64463.4, of the CCR
for violating Sections 64423.1 (c)(1) and 64432.1

8. Within one year of the date of this Citation, RLECWD shall conduct Tier 3 public notification using methods that conform to the specifications stated in Title 22, Division 4, Chapter 15, Section 64463.7, of the CCR for violating the remaining monitoring requirements specified in this citation.
9. RLECWD shall complete and return the enclosed "Proof of Notification" forms together with a copy of the notices to the CDPH within 30 days of conducting the public notification stated in Directive 7 and 8 above.
10. Within 60 days of the date of this Citation, RLECWD shall develop and submit a Sampling Plan approved by CDPH and monitor in accordance with the Sampling Plan for all water quality monitoring pursuant to Title 22, Division 4, Chapter 15, Section 64416, of the CCR. Constituents to include in the Sampling Plan shall also include coliform monitoring of the well water sources, disinfectants and disinfection byproduct monitoring, and lead and copper monitoring. Any requests to waive monitoring requirements or extend the sampling frequencies as allowed in the CCR shall be included with the Sampling Plan submittal.

1
2 11. Within 90 days of the date of this Citation, and pursuant to Title 22,

3 ~~Division 4, Chapter 16, Section 64600 of the CCP, CDPH directs the~~
4 ~~RLECWD to develop and submit a Water System Operations and~~
5 ~~Maintenance Plan (Plan). The Plan shall be approved by CDPH and~~
6

7 include the following elements:

- 8
- 9 • The operations and maintenance schedule for each groundwater

10 source and unit process;

 - 11 • The schedule and procedure for flushing dead end mains, and the

12 procedures for disposal of the flushed water including

 - 13 dechlorination;
 - 14 • The schedule and procedures for inspecting, repairing, and

15 replacing water mains;

 - 16 • The plan and procedures for responding to water supply

17 emergencies;

 - 18 • The plan and procedures for responding to consumer complaints;

19

 - 20 • The schedule and procedures for testing backflow prevention

21 assemblies;

 - 22 • The schedule and procedures for routine exercising of water main

23 valves;

 - 24 • The schedule and program for maintenance and calibration of

25 source flow meters and other online instruments used to determine

 - 26 the quality or quantity of water;

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- The qualifications and training of operating personnel, and include an analysis of the adequacy of its staff/operator levels for the water system. The analysis shall include recommendations on the staffing capacity of the RLECWD needs to effectively operate.

All submittals required pursuant to this Citation shall be addressed to:

David Lancaster, P.E.
Sacramento District Engineer
California Department of Public Health
Division of Drinking Water and Environmental Management
1616 Capitol Avenue, MS 7407
P.O. Box 997377
Sacramento, California 95899-7377

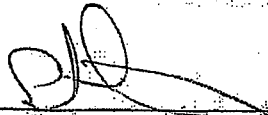
CIVIL PENALTY

Failure to timely comply with the directives of this Citation may result in further enforcement action including the assessment of fines of up to \$200 (two hundred dollars) per day per violation for each day that the RLECWD is in violation of any directive(s) of this citation.

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The GDPH does not waive any further enforcement action by issuance of this citation, and expressly reserves the right to issue a citation with penalties for the violations on which this citation is based.

5-6-2010



Date

David Lancaster, P.E.
Sacramento District Engineer
Drinking Water Field Operations

CERTIFIED MAIL

PROOF OF NOTIFICATION

Citation # 01-09-10-CIT-003

Rio Linda / Elverta Community Water District

Public Water System No. 3410018

CERTIFICATION

As required by Section 116450 of the California Health and Safety Code, we have notified our customers of the monitoring and reporting violation identified in the citation referenced above. We have complied with the public notification directive of the citation as stated below.

Required Action	Date Completed
Public Notification (Tier 2) – Mail or direct delivery	<input type="text"/>
Public Notification (Tier 2) – Local newspaper	<input type="text"/>

Signature of the water system representative

Date

A copy of the notices must be submitted with this certification form.

THIS FORM MUST BE COMPLETED AND RETURNED TO THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH NO LATER THAN THE DEADLINE SPECIFIED IN THE CITATION REFERENCED ABOVE

Disclosure: Be advised that Section 116725 and 116730 of the California Health and Safety Code states that any person who knowingly makes any false statement on any report or document submitted for the purpose of compliance with the attached order may be liable for a civil penalty not to exceed five thousand dollars (\$5,000) for each separate violation for each day that violation continues. In addition, the violators may be prosecuted in criminal court and upon conviction, be punished by a fine of not more than \$25,000 for each day of violation, or be imprisoned in county jail not to exceed one year, or by both the fine and imprisonment.

PROOF OF NOTIFICATION

Citation # 01-09-10-CIT-003

Rio Linda / Elverta Community Water District

Public Water System No. 3410018

CERTIFICATION

As required by Section 116450 of the California Health and Safety Code, we have notified our customers of the monitoring and reporting violation identified in the citation referenced above. We have complied with the public notification directive of the citation as stated below.

Required Action	Date Completed
Public Notification (Tier 3) – Mail or direct delivery	<input type="text"/>
Public Notification (Tier 3) – Local newspaper	<input type="text"/>

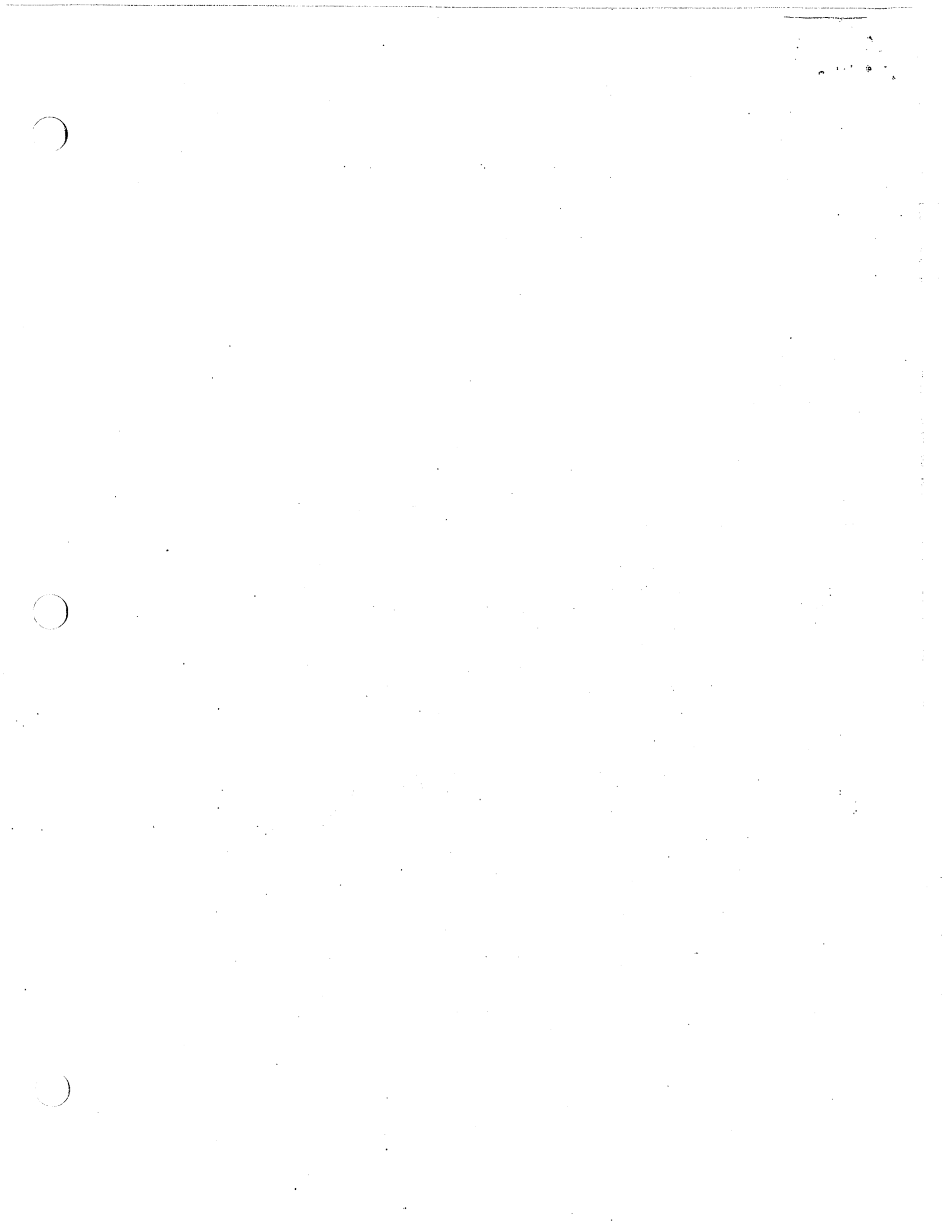
Signature of the water system representative

Date

A copy of the notices must be submitted with this certification form.

THIS FORM MUST BE COMPLETED AND RETURNED TO THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH NO LATER THAN THE DEADLINE SPECIFIED IN THE CITATION REFERENCED ABOVE

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State of California—Health and Human Services Agency
California Department of Public Health



MARK B HORTON, MD, MSPH
Director



ARNOLD SCHWARZENEGGER
Governor

July 29, 2010

PWS No.: 3410018

Mr. Mychael Cardenas, General Manager
Rio Linda Elverta Community Water System
P.O. Box 400
730 L Street
Rio Linda, CA 95632

Dear Mr. Cardenas:

RE: REQUEST FOR EXTENSION CONCERNING COMPLIANCE ORDER 01-09-09-CO-004 DIRECTIVES 3 AND 4

The California Department of Public Health (CDPH) has received the Rio Linda Elverta Community Water District (District) letter, dated July 28, 2010, requesting a time extension on Directives 3 and 4 of Compliance Order No. 01-09-09-CO-004. RLECWD has been working closely with CDPH on securing the necessary approvals and funding to move forward and bring the District back into compliance with the California Water Works Standards. To this end the District has been meeting monthly with CDPH staff on this project for at least the last 6 months. Based on the information provided, and our knowledge of the situation, CDPH will grant an extension on these deadlines.

Project approval for the 3 wells is tied first to Environmental review. There have been delays in securing environmental clearance from the Army Corps of Engineers on potential wetlands issues and then from the State Historic Preservation Office (SHPO) on potential impacts to historic or cultural resources. There were also delays in securing property for the 3rd well. Another challenge to the project has been the time associated with re-submitting and subsequent review of District financial documents which had to be updated to reflect the new surcharge and its impacts on available funds to guarantee repayment of the loan. Without a Funding Agreement from CDPH, the District is unable to proceed with the construction of three new groundwater sources to provide the necessary source capacity for its distribution system to meet peak hour demand. Due to the obstacles noted above, the District has been delayed from its schedule to construct Wells 15, 16 and 17.

Therefore, CDPH has determined to grant an extension to Directives 3 and 4. The District shall complete all improvements to the water system to correct the water

capacity problem and ensure the system is provided with a reliable and adequate supply of pure, wholesome, healthful, and potable water, which is in compliance with all primary drinking water standards by June 1, 2011.

If you have any questions, please contact Salvador Turrubiarres at (916) 552-9998 or salvador.turrubiarres@cdph.ca.gov.

Sincerely,



Kim Wilhelm, P.E., Chief
Northern California Region
Drinking Water Field Operations

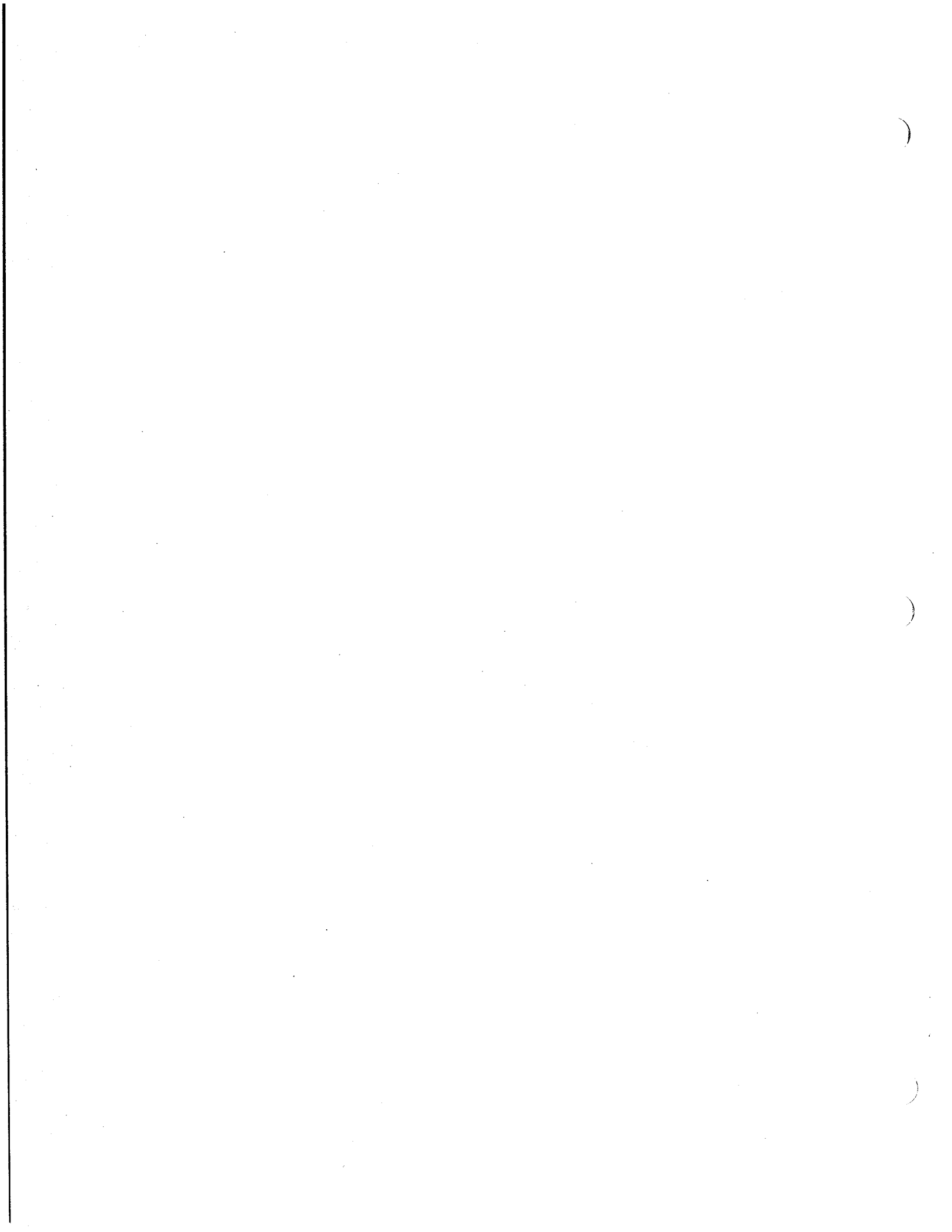
Cc: Mary Harris
President of RLECWD Board
Rio Linda Elverta Community Water System
P.O. Box 400
730 L Street
Rio Linda, CA 95632

Salvador Turrubiarres
Sanitary Engineer
Drinking Water Field Operations

Bcc: Carl Lischeske, P.E., Chief
Northern California Drinking Water Field Operations

Sacramento LAFCO
Attn: Peter Brundage
1112 I Street, Suite 100,
Sacramento, CA 95814-2836

EXHIBIT H





SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458 • Fax (916) 874-2939

www.saclafco.org

August 23, 2010

COPY

TO: Interested Party
FROM: Peter Brundage
RE: **Rio Linda/Elverta Community Water District Municipal Service Review (LAFCo 07-10)**

The Sacramento Local Agency Formation Commission is preparing a Municipal Service Review (MSR) for the Rio Linda/Elverta Community Water District. Government Code Section 56430 requires the MSR to evaluate the following factors:

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- (3) Financial ability of agencies to provide services.
- (4) Status of, and opportunities for, shared facilities.
- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (6) Any other matter related to effective or efficient service delivery, as required by commission policy.

The Rio Linda/Elverta Community Water District has prepared a response to LAFCo's Questionnaire. Sacramento LAFCo is requesting public comment and input related to this MSR. You may visit our website at www.saclafco.org or call us to request a copy of the District's response.

Peter Brundage, Executive Officer; Donald J. Lockhart AICP, Assistant Executive Officer; Diane Thorpe, Commission Clerk

www.saclafco.org



Please provide any comments and information that should be included or evaluated by LAFCo. Comments should be provided to LAFCo by September 25, 2010, in order to be included in the analysis.

If you have any questions, you may contact Peter Brundage or Don Lockhart at 916-874-5935

Sincerely,



Peter Brundage
Executive Officer



Steve Nugent, General Manager
Carmichael Water District
1837 Fair Oaks Blvd.
Carmichael, CA 95608-3744

Bob Churchill, General Manager
Citrus Heights Water District
P.O. Box 286
Citrus Heights, CA 95611-0286

Debra Sedwick, General Mgr.
Del Paso Mano Water District
4268 Lusk Drive
Sacramento, CA 95864-0797

Tom Gray, General Manager
Fair Oaks Water District
10317 Fair Oaks Blvd.
Fair Oaks, CA 95628-7113

Robert Roscoe, General Manager
Sacramento Suburban Water
District
3701 Marconi Avenue, Ste. 100
Sacramento, CA 95821-5346

Shauna Lorance, General Mgr.
San Juan Suburban CSD
PO Box 2157
Granite Bay, CA 95746-2157

01-301

Keith DeVore
Dept of Water Resources

Marty Hanneman, Director
Department of Utilities
City of Sacramento
1395 35th Avenue
Sacramento, CA 95822

David Lancaster
California Dept. of Public Health
Drinking Water Program
District 09-Sacramento
PO Box 997377
Sacramento, CA 95899-7377

Hal Morris, President
Rio Linda Elverta Chamber of
Commerce
PO Box 75
Rio Linda, CA 95673

**SACRAMENTO METRO FIRE
DISTRICT**
Larry Davis
2101 Hurley Way
Sacramento, CA 95825-3208

CAL-AM Water Company
Project Manager
4701 Beloit Drive
Sacramento, CA 95838-2434

District Administrator
Rio Linda Elverta Recreation &
Park District
810 Oak Lane
Rio Linda, CA 95673

Sacramento Water Forum
Successor Effort
c/o Center for Collaborative
Policy
815 S Street, 1st Floor
Sacramento, CA 95811

John Woodling, Exec. Director
Sacramento Ground Water
Authority
5620 Birdcage Street, Ste. 180
Citrus Heights, CA 95610

Reg W Auth



COPY

DATE: October 21, 2010

TO: Ravi Mehta, Acting General Manager and General Counsel
Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, CA 95673

FROM: Peter Brundage, Executive Officer
Sacramento Local Agency Formation Commission

RE: **Sacramento Local Agency Formation Commission Municipal Service
Review of the Rio Linda/Elverta Community Water District**

Thank you for recently meeting with us to discuss the Rio Linda/Elverta Community Water District (RL/ECWD). We appreciate your responsiveness to our requests as the Sacramento Local Agency Formation Commission (Commission) continues to conduct a service review of the municipal services provided by the RL/ECWD.

As you know, the previous General Manager provided numerous documents to the Commission in order to help us complete the service review. As discussed at the meeting, the Commission needs some additional documentation in order to complete the process. Here is a list of the documents we are asking the RL/ECWD to provide:

1. Audited financial statements for fiscal year (FY) 2009 – 2010;
2. First Quarter FY 2010 – 2011 expenditures;
3. Adopted FY 2010 – 2011 budget;
4. Collective bargaining agreement(s);
5. Last, best, final offers made to any employee unions;
6. Number of employees;
7. Number of represented employees;
8. Organizational chart;
9. Employee salary schedule;
10. Personnel policies
11. Bylaws;
12. Contracting procedures;
13. Bid policies;
14. Leases;
15. Procedure for hiring a new manager and timing for hiring a new manager;
16. A summary of all active and pending litigation involving the RL/ECWD, as a plaintiff, defendant, or otherwise;
17. All professional service agreements, including, but not limited to, employment agreements and consultant agreements; and



18. Any agreements providing for finder's fees or other compensation beyond services actually performed, including, but not limited to, any agreement that pays a party a percentage of any grant, loan, or other revenue obtained for the RL/ECWD; and

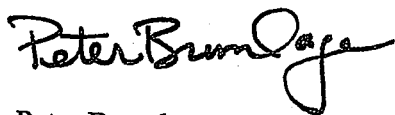
If the RL/ECWD needs additional clarification about the requested categories of documents please contact us at your earliest convenience so we can work together to clear up any confusion. Additionally, if the RL/ECWD has no documents for a particular category, please indicate this in a cover letter accompanying the documents that are provided.

In accordance with the duties imposed by Government Code section 56386, we request that you provide copies of all requested categories of documents within 15 days of receiving this letter. If you need additional time, please contact us and we will do our best to accommodate your circumstances.

We appreciate your prompt attention to this matter and look forward to receiving these important documents. If the RL/ECWD has any questions, please contact us at your earliest convenience.

Respectfully Yours,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage,
Executive Officer

cc: Board of Directors Rio Linda Elverta Community Water District



Brundage. Peter

From: Erwin Hayer [eeh625@hotmail.com]
Sent: Wednesday, October 20, 2010 10:49 AM
To: Brundage. Peter
Cc: Lockhart. Don; Charles Rose (LAFCo); Budge, Linda (MSA); scohn@cityofsacramento.org; Susan Peters; Jimmie Yee
Subject: RLECWD Info

Dear Mr. Brundage and LAFCO Commissioners:

I have written to you before regarding my concerns about the Rio Linda Elverta Community Water District, their dysfunctionality, and the risks to public health and safety.

An editorial published in Saturday's Sacramento Bee echoes my concerns:

"Editorial: Who can come to the rescue for Rio Linda?"

<http://www.sacbee.com/2010/10/16/3108081/who-can-come-to-the-rescue-for.html>

In the six months since the Grand Jury report was released, there has been no progress toward remedying the problems identified in the Grand Jury's report. If anything, the situation has gotten worse -- more finger pointing, increased infighting, and zero accountability.

As noted in the editorial, the recent firing of interim General Manager Mychael Cardenas, may be the latest in a string of bad decisions made by the board of directors.

In the Grand Jury's report dated 5 April 2010, the Grand Jury makes the following statement (page 8):

"It is unclear who -- if anyone -- is running the district."

While that may have been true in a figurative sense at the time it was written, it is now literally true.

In the days preceding Cardenas's firing, Cardenas had terminated assistant manager Luis Ching.

In the months prior to that, the board had ordered an "organization restructuring," (as described in the draft municipal service review questionnaire submitted by the district to LAFCO, dated August 2010), in which the board demoted their two long time supervisory employees and

eliminated those positions.

This means that there is currently no one at the district office serving in any management or supervisory capacity.

At the meeting of Thursday, 14 October 2010, in which it was announced that Mychael Cardenas has been terminated, the board was asked by at least two public members who was now in charge of the district.

No response was given. When pressed for answers, General Counsel Ravi Mehta replied that the board had "many options," and would possibly discuss those options at the regular monthly board meeting scheduled for the following Monday night. That meeting was subsequently canceled.

The board of directors has routinely used their web site as a place to post important district announcements. There has been nothing posted in the days since Cardenas's termination regarding the status of district management.

It has been stated by a district employee, and assumed by the author of the Bee editorial, that General Counsel Ravi Mehta may be in charge. This has not been confirmed.

Meanwhile, the district's infrastructure continues to be vulnerable and poses significant risks to public health and safety, as evidenced by the outstanding compliance orders and citations issued by the California Department of Public Health (CDPH) to the district.

The district was in the process of attempting to acquire loans from the CDPH to remedy those infrastructure deficiencies. Cardenas was overseeing the process -- a process which had been hampered in recent weeks by other poor decisions made by the board of directors.

The district is also in transition due to many changes ordered by the board of directors -- such as outsourcing of payroll and billing services. The district is also compelled to complete many specific directives ordered by the California Department of Public Health in order to ensure compliance with health and safety standards. The district is also experiencing labor problems (despite what was reported in their response to LAFCO's MSR questionnaire) and is facing adjudication of numerous complaints filed against them by the Teamster's Union with the Public Employment Relations Board. These are just a few of the challenges facing the district, in addition to the day to day business of running district that's problems are exacerbated by widespread dysfunction.

It has now been 5 days since Mr. Cardenas was fired. The district apparently fired Mr. Cardenas with no contingency plans. The cancellation of the scheduled monthly board meeting of Monday 18 October 2010, which has not been

rescheduled, took away any opportunity for the board to publicly respond to the public's concerns and provide assurance that there is someone in charge with the knowledge and authority to act responsibly should an emergency arise.

The documented condition of the district's infrastructure and its recent history with regard to leaks and pressure problems, along with the documented deficiencies in its operations and maintenance policies and procedures (which were being addressed by Mr. Cardenas), suggest that the district is especially vulnerable and that there is an increased potential for situations that could pose health and safety risks. Who at the district is currently qualified -- and authorized -- to act should an emergency situation arise?

Is there anyone at the district who is familiar with California Department of Public Health protocol regarding reporting requirements who is authorized to contact the CDPH should there be a significant drop in pressure due to a pipe leak or well failure? Even a seemingly minor leak in a system as vulnerable as the district's poses a possible contamination risk if not handled properly. Regardless of the experience possessed by the district's field maintenance staff, they have been short staffed and are currently operating with neither supervision nor the authority to appeal to outside sources for assistance. The ongoing labor strife at the district makes the situation particularly sensitive.

While some have assumed that General Counsel Ravi Mehta is now in charge, it is unknown if he has any experience with water conveyance.

The board of directors has no relevant education or experience in water conveyance. My concerns about their being in charge of the district for any amount of time are self evident to anyone is familiar with the Grand Jury's findings or who has attended recent board of directors' meetings.

Again, who -- if anyone -- is currently running this district?

Thank you for your time. I hope my concerns, which are shared by many community members, will be given immediate consideration.

Sincerely,

Erwin Hayer
916 991-5940

10/20/2010

Brundage. Peter

From: Erwin Hayer [eeh625@hotmail.com]
Sent: Sunday, October 10, 2010 9:08 PM
To: Commission: Clerk
Subject: RLECWD Problems

LAFCo Commission Clerk

1112 I Street, Suite 100
Sacramento, CA 95814
(916)874-6458

Please forward the following to the LAFCo Commissioners and Mr. Brundage ASAP.

I have already sent the following to the LAFCo Web Page, CONTACT Sacramento LAFCo Commission Members.

Erwin Hayer

Mr. Peter Brundage

Subject: DRAFT, Rio Linda/Elverta Community Water District. Municipal Services Review Worksheet and Questionnaire Response. Dated 20 August 2010
<http://www.saclafco.org/coswcms/groups/public/@wcm/@pub/@lafco/@inter>

The above is part of the 1 September 2010 Agenda Item #6.
<http://www.saclafco.org/coswcms/groups/public/@wcm/@pub/@lafco/@inter>

LAFCO states the following;

"August 23, 2010 sent notice and questionnaire to interested parties for review and comment"

"August -- September.

Review and evaluate information from the Rio Linda/Elverta Community Water District. Sent notice to interested parties, stakeholders, and community groups to provide comments and provide additional input on the MSR Questionnaire."

"Offered to meet with interested parties and stakeholders to solicit concerns and issues that should be addressed in the MSR."

"Water source: 9 wells and 1, 8 inch intertie in the Sacramento Suburban Water District.

"And 8-inch intertie with SSWD is utilized as an emergency

backup supply for the East side district 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."

I am interested in who LAFCO Sent the notices to interested parties, stakeholders, and community groups to provide comments and provide additional input on the MSR Questionnaire?

I have been involved and attending RLECWD Board Meeting since about 1995.

Low Pressure was noticed on Sunday afternoon, 27 June 2010, and nothing done until I sent a message to the Interim General Manager on Monday Morning at 10:31 am.

My message follows:

From: eeh625@hotmail.com

To: alan.colombo@twinriversusd.org; mcardenas@rlecwd.com

CC: bob.bastian@twinriversusd.org

Subject: Low Water Pressure, RL Jr Hi

Date: Mon, 28 Jun 2010 10:31:34 -0700

Mr. Colombo and Mr. Cardenas

Water Pressure at the RL Jr Hi ball diamonds.

On Sunday, 27 June 2010, at approximately 8:20 pm, the sprinklers of the Rio Linda Junior High School came on.

The first circuit on the north side of G Street, west of 10th Street, all 180 degree rotation sprinklers, were not operating properly, short reach and water building up around some of the sprinkler heads so they were not covering their area and wasting water due to low pressure.

I retrieved my manifold with two pressure gauges and the water pressure at my home was 34 psi. I went to my neighbors and checked and it was 32 psi.

When the second circuit came on, the pressure at the schools sprinklers was so low that it was not raising the sprinklers and only a few were actually trying to work. Another waste of water due to low pressure.

About two weeks ago, I checked the pressure and it was 62 psi. Then, when the school sprinklers came on, the pressure at my home dropped to about 50 psi.

The school sprinklers are starting every evening, including Friday.

Is the schools suppose to comply with the conservation order??

It takes almost 12 hours for all the circuits to operate. This is the coverage for 17 acres, 5 ball diamonds and a foot ball/soccer field.

Erwin Hayer

916-991-5940

Interim General Manager response follows:

From: Mychael Cardenas [mailto:mcardenas@rlecwd.com]

Sent: Monday, June 28, 2010 11:29 AM

To: 'Erwin Hayer'; 'Alan Colombo (TRUSD)'

Cc: 'Bob Bastian (TRUSD)'

Subject: RE: Low Water Pressure, RL Jr Hi

Thank you, Erwin. I will personally talk to the School District about this. Yes, the conservation rules apply to everyone, especially those with traditionally high consumption.

Well 11 is giving us some problems today that probably started over the weekend. A crew is on their way to fix it, and the intertie is being opened as I write this at 11:29 AM

**W. Mychael Cardenas
Interim General Manager
Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, CA 95673
P.O. Box 400**

(916) 991-1000 Phone

(916) 991-6616 Fax

mcardenas@rlecwd.com

What really happen was well #4, in the 1950s was rated at 575 gpm, failed to come on due to a problem with a switch. Well #11 was pumping air and the impellers/bowl had to be lowered 40 feet. Well 11 has lost some of its efficiency, was 867 gpm when built jn the 1980s and now is 650 gpm. The Districts Source Capacity is being lowered due to the age, wear and water levels dropping.

The intertie with SSWD was closed and the pressure regulator in the main water line between west and east sides along Elkhorn Blvd was closed. The only well supplying the East side of the district was #8 and when placed on line in the 1980s was rated at 474 gpm.

The Board has approved a contract with Ravi Mehta for General Counsel that the District CAN NOT afford. Because of the contract, the CDPH has put on hold the State Loan and until some kind of loan is obtained, no new wells can be constructed.

We are already paying around \$100 per year more than we should be paying for Fire Insurance if the District could meet the Fire water supply required by law.

I am a very concerned Rate Payer and Rio Linda resident since 1941.

Erwin Hayer

950 G Street., Rio Linda, CA 95673
916-991-5940



September 12, 2010

Mr. Kim Wilhelm
California Department of Public Health
Division of Drinking Water & Environmental Management
1616 Capitol Avenue, MS 7407
P.O. Box 997377
Sacramento, CA 95899-7377

VIA CERTIFIED MAIL

Re: Rio Linda Elverta Community Water District

Dear Mr. Wilhelm:

I am a ratepayer in the Rio Linda Elverta Community Water District (RLECWD). I have previously discussed my concerns with you regarding the District's deficiencies. I am now concerned about the State Revolving Fund loan that the CDPH is giving the District, and the potential implications of a contract being entered into by the District with their Legal Counsel on these monies.

It is my understanding, based in part on the enclosed "Funding Agreement Resolution 2010-07," passed by the RLECWD Board of Directors at their special meeting of August 30, 2010, that the State has committed \$7,500,000 in loan funding to the District, and that the disbursement of these funds is imminent.

At that same special meeting, the Board of Directors also passed the enclosed "Agreement for General Counsel Legal Services" between the RLECWD and the law offices of Ravi Mehta, dated September 1, 2010. Please note that the enclosed agreement is a product of my public records request submitted to the District that specifically asks for a copy of the contract as approved by the Board of Directors.

While there are many aspects of this contract that concern me, it is the provision detailed under "General Legal Services," 5 (b), that I feel should also be of concern to any and all State or Federal agencies that are considering loaning money to the District:

"(b) District is desirous of seeking and obtaining grants, loans and other funding from federal and state sources. District recognizes that Attorney has special expertise, skills, experience, and resources in this regard and wants Attorney to assist with seeking and obtaining funds for District Capital Improvements and other projects that will benefit the District. In order to minimize its costs, District does not wish to pay Attorney an hourly rate for this service, and in consideration of forgoing an hourly rate and taking a substantial risk due to the fact that grants, loans or other funding may not be available or the District may not be awarded such funds despite significant time and efforts put forth by Attorney, District will compensate Attorney for such services by awarding a commission of 30% of all funds obtained by District due to the direct or indirect assistance of Attorney."

While I find it incredible that this provision could entitle Mr. Mehta to collect \$2,225,000 of the aforementioned \$7,500,000 earmarked for required capital improvements, I see nothing in the contract that would preclude Mr. Mehta from doing so.

In light of the circumstances, Mr. Mehta's alleged past history with contracts and the State of California must also be taken into consideration. I have enclosed newspaper articles as documentation with the hard copy of this letter that I have sent via USPS.

I am aware of the fact that the contract in my possession appears to be in draft form and may have since been amended. However, based on the Board's relative lack of discussion prior to approval of the contract and the fact that, as previously mentioned, I was very specific in asking the District for a copy of the agreement as approved, I must assume that this is the contract the parties intend to finalize. Obviously, I cannot wait to obtain a copy of the signed contract to validate this assumption, as finalization of the contract will prevent any opportunity for any irregularities that may result in unintended consequences to be questioned or remedied. Nor is there time to make further inquiries of District management, as one community member states that she has also seen a copy of the contract that had already been signed by Board President Mary Harris.

It should also be noted that, should the District decide to terminate the contract prior to its expiration date of June 30, 2014, a substantial penalty will incur, as stipulated under item 10 in the agreement. For example, if the contract were to be terminated immediately, it appears that the penalty for termination could amount to at least \$300,000. Thus I have chosen to err on the side of caution, and alert any agencies that may be adversely affected by the finalization of this contract, and ask that they make their own inquiries as appropriate.

Thank you for taking the time to consider what I believe are our mutual concerns. If you have any questions, or if I can provide further assistance, please don't hesitate to contact me.

Sincerely,



Erwin Hayer
950 G Street
Rio Linda, CA 95673
(916) 991-5940
eeh625@hotmail.com

Encl:

RLECWD Funding Resolution 2010-07
Public Records Request
Response to Public Records Request: Agreement for General Legal Counsel Services
Newspaper Articles re: Ravi Mehta

cc: Carl Lischeske, CDPH
Regional Water Authority
Local Agency Formation Commission

September 13, 2010

Mr. Peter Brundage
Local Agency Formation Commission
1112 I Street, Suite #100
Sacramento, CA 95814

Re: Rio Linda Elverta Community Water District

Dear Mr. Brundage:

I am a ratepayer in the Rio Linda Elverta Community Water District (RLECWD). I have concerns about the district's ability to serve my community with safe, reliable water. I am aware of the Grand Jury's recent recommendations to LAFCO regarding the RLECWD, and the fact that LAFCO is in the process of conducting a municipal service review.

The District is currently in the process of finalizing a multi-year contract with their legal counsel, Mr. Ravi Mehta. I believe that if the contract is allowed to proceed as written, that it will not only increase the district's already outsized budget for legal services, but may result in unintended consequences due to provisions in the contract that have the ability to cause irreparable harm to the District.

I have enclosed a copy of my correspondence to the California Department of Public Health, upon whom the District is relying for funding of required capital improvements. I believe this correspondence is self explanatory. Since that letter was written, I have received validation of the fact that the draft contract enclosed with the correspondence is the contract that is intended to be finalized by both parties. Please find enclosed an additional copy of the contract that has been signed by Board President Mary Harris. This contract is now in Ravi Mehta's possession.

Because of the possible deleterious effects of this contract on the District, I believe it is pertinent to the Grand Jury's concerns, and thus should be considered in any municipal service review.

Thank you for your attention to this matter. If you have any further questions, please don't hesitate to contact me.

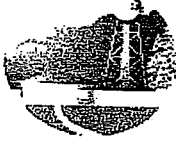
Sincerely,



Erwin Hayer
950 G Street
Rio Linda, CA 95673
(916) 991-5940
Eeh625@hotmail.com

encl

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT



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

PUBLIC RECORDS REQUEST

Date: 7 September 2010

EEH #100907-1

Name: ERWIN E. HAYER

Phone: (916) 991-5940

Mailing Address: 950 G Street, Rio Linda, CA 95673

Record(s) be: Visual or Audio review in the District Office.

Copied for removal from the District Office.

Please be specific: (Please, only one item per request.)

Request a copy of the contract with Mr. Ravi Mehta that was approved as Item 6 of the 30 August 2010 that was moved from the first Open Session to the Second Open Session after the Closed Session. I asked the Directors, General Counsel and the Interim General Manager when they would come out of Closed Session. None could give me an answer.

Signature: Erwin E. Hayer

*No request should be expected to be fulfilled in less than 10 days.
As per Gov't Code 6253(c)*

Rec 10 Sep 10

DIRECTORS:

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

Interim General Manager / Secretary:

W. Mychael Cardenas
e-mail: MCardenas@rlcwd.com

RLECWD: Requiem for the district

Kathryn Santos-Reed

The mood is somber and you may see water district employees and rate payers wearing black arm bands to mourn the loss of Interim General Manager, Mychael Cardenas.

In yet one more unprecedented move, the RLECWD has figuratively killed one more Interim General Manager. This brings the total to four in just under two years. This is not the place to be an interim general manager, but it may be a new Guinness World Record.

Cardenas succumbed to the whims of Board President Cathy Nelson-Hood and Board Vice President Vivien Johnson. They were led into the charge by district general counsel, Ravi Mehta. Cardenas was figuratively put out of his misery on October 14, 2010, at the Special Meeting held at the former Rio Linda Elementary school.

The public comment portion of the meeting was held without too many problems, but several rate payers spoke up and told the board this was not an appropriate time to terminate someone as crucial to the operation of the district as Cardenas. The board of directors disregarded all public comment. However, as the public comment portion was winding down, Harris asked to have an item placed on the agenda – review of recent billings from District Counsel Mehta. The charges were rumored to be approximately \$30,000 for a thirty day period. Harris was given an opportunity to sign the check, but she wanted to see the back-up documentation. Johnson came into the office at a later time and signed the check without questioning the charges.

Nelson-Hood told Harris she would take Harris's request to add an agenda item "under consideration" and would not give Harris a straight answer. Harris persisted and the final minutes before the board went into closed session deteriorated to the point where one board member, an incumbent candidate, was heard shouting at another to "F-Off" and a second incumbent

candidate told another to shut up more than once. The public filed out of the building, but not before catching these nasty little sound bites on tape. It is a misdemeanor offense to shout obscenities in a public meeting. Should the director be so inclined, she could file criminal charges against the other with far more success than the water bottle incident with Dee Dillon two years ago.

Is this the type of service you should be receiving for your water rates and surcharge? Of course, it is **not** what rate payers deserve, but it is what they are receiving. Why is it almost no one will speak up about the waste of excessive cash? Are you willing to settle for less? Is this the treatment you receive from SMUD or PG&E? This is NOT the district the founders put into place, but it is all you have left. Please, please do not let us lose the district to receivership.

This is the WATER you drink, bathe in, cook with and give to your children and your pets. This is the **WATER**, which barely provides fire flow protection, to us. Did you know, if you live in the RLECWD district, you are paying at least \$100 more annually than the other residents of Sacramento County for fire insurance? These directors are costing you money.

Did you know you recently paid approximately \$21.74 directly from your pocket to cover the cost of this current general counsel? Did you know you recently paid \$76.09 directly from your other pocket for the \$350,000 in legal fees incurred over the last 22-23 months?

Did you know when this district does not like an auditor's report, it is rumored they simply re-write the report?

Unfortunately, the CDPH had issued a letter, dated October 5, 2010, to the water district outlining what was required for the district to qualify for the SRF loans which were to be spent on building the three wells we desperately need. One of the primary requirements was the ability of the district to demonstrate to the State of California that the district possessed sufficient Technical, Managerial

and Financial (TMF) capacity to undertake the project, complete the construction and operate the facilities for the useful life of the project.

October 15th dawned with the loss of the ability to currently provide what the State required. Around 10:00 AM, Nelson-Hood and Mehta arrived at the district to deliver the sad news pertaining to Cardenas. Mehta and Nelson-Hood took the opportunity to force Frank Caron to leave the building and the building was locked down for a period of time to keep random rate payers from walking into the building. Not all was lost though; Mehta announced that he was now in charge of the district even though his water experience may be limited to drinking the water of a different water district.

If you've read your sample ballot, candidate statements written by both Belinda Paine and Mary Harris, would have you believe there would be one complete well in operation, by winter 2010 and there were to be two more wells online about Spring 2011. **Don't believe this.** This district was notified prior to the end of July that the district was laboring to meet CDPH dates for all three wells. The CDPH then extended the district well completion dates to June 2011. The candidates filed their statements on Aug. 5th or 6th and did not have to lead the voters astray. But... they did!

If you have received a campaign flyer from Harris, with the additional names of Courtney Caron and Martin Smith added to the Harris flyer, please know Harris did not ask, nor did she receive, permission to add these candidates to her flyer. Does Harris hope to gain an advantage by listing these candidates? Harris is not willing to discuss this fact. Smith and Caron are willing to state they did NOT give Mary Harris permission to use their name in any manor. Harris was even so bold as to file a lawsuit against Courtney Caron for listing her profession as "lawyer". She **IS** a lawyer! She will be an attorney, able to practice law, as soon as her state bar results are received.

Some people have questioned whether or not two members of the same family could run for election

to the same board. The answer is **YES**. They will not violate the Brown Act because it takes 3 directors to make a quorum and since there are only 2 of them, it is **NOT** a problem.

If the Good Old Boys and Dee Dillon had been re-elected in November 2008, our 3 wells would have been up and running several months ago. Johnson used her so-called newspaper to deliver **lies – mentiras** to the community and had them removed from office. It is a shame one can be so determined to be omnipotent that they would lie to the public.

Remember these 5 women are servants of the public. They represent our wishes – if they would only listen. It is clear listening is something they do not do well.

Only you can help us restore sanity to our community. Please help us.

October 25, 2010

Mr. Peter Brundage
LAFCO Commissioners
Local Agency Formation Commission
1112 I Street, Suite 100
Sacramento, CA 95814

RE: Rio Linda Elverta Community Water District, Municipal Service Review

Dear Mr. Brundage and LAFCO Commissioners:

On 20 October 2010, I sent an email to you expressing my concerns about the termination of the management staff at the Rio Linda Elverta Community Water District (RLECWD, "district") and the lack of response from the board of directors when by the public asked who was in charge of the district. No response has ever been provided.

Since that time, other concerns have arisen. On the day interim General Manager Mychael Cardenas was terminated, he filled one of my long overdue public records requests. Included in the response to the request was a copy of the district's 2008-2009 audit report. Despite requests, that report, which is attached, had never been disclosed to the public. The audit report gives rise to additional concerns.

In his report, the auditor notes that "the District has suffered reoccurring operating losses and diminishing working capital since 2007 through the period ended June 30, 2009. As a result of these factors, there is doubt about the District's ability to continue as a going concern." (Note 11, "Going Concern," page 10).

It is also interesting to note that in the "Management's Discussion and Analysis," that the district continues to claim that resolution of its labor disputes are imminent, stating that "it is anticipated the MOU will be ratified in the near future." ("Management's discussion and analysis," page 6). This is similar to language included in the district's response to LAFCO's municipal service review, dated August 2010, in which the district claims that, "as this report is being prepared, the negotiations continue with optimism that an agreement will be reached soon." That statement was refuted by the Teamsters' Union in their letter to the district's board and legal counsel, dated 16 August 2010, and copied to LAFCO (attached). This contention is again refuted in a recent letter sent by the Teamsters' Union to its members (attached). Furthermore, meeting agendas continue to include closed session items regarding the upcoming Public Employment Relations Board hearings. During the recent controversy over the long term, binding contract entered into between the district and general counsel Ravi Mehta, public members opposed to the contract questioned the urgency to have it approved. The reason given by both the board and Mr. Mehta was that the board had an immediate need to hire a labor attorney to handle the upcoming PERB matter.

While management's comments in the "Management's Discussion and Analysis" section of the audit state that litigation will soon be resolved and implies that those costs will be decreasing, the contrary is true. Since March 2010, the date of the audit, through July 2010, the district has spent over \$124,000 on attorney's fees.* A recent memo from Mychael Cardenas indicates that bills for August and September 2010 total over \$51,000.

*Source: RLECWD expenditure lists, March 2010 through August 2010

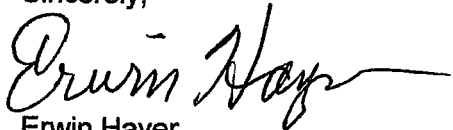
Furthermore, recent agendas indicate even more litigation is anticipated, as evidenced by the agenda for the board meeting of 14 October 2010 (enclosed).

I have also enclosed the DVD recording of the meeting of 14 October 2010. It is only 35 minutes in length as this meeting consisted of all closed session items. A cursory viewing of the meeting shows that there is increased infighting among the board members. The board can't blame the bedlam at this meeting on an unruly public.

If the November 2nd election doesn't result in a change to the majority of the board, I am requesting that LAFCO consider taking immediate action to remediate the situation at the district.

Thank you for your time and consideration. If you have further questions, please don't hesitate to contact me.

Sincerely,



Erwin Hayer
950 G Street
Rio Linda, CA 95673
(916) 991-5940

encl

Brundage. Peter

From: Cathy Nelson-Hood [cathyhood@rocketmail.com]
Sent: Thursday, October 21, 2010 10:51 AM
To: Brundage. Peter
Subject: RLECWD

Peter, this is an e-mail from Gilbert Tafoya Friday June 12th, 2009. Gilbert was the Interim GM we hired after Dee Dillon. The e-mail explains that this current board

The new Board in less than seven (7) months has stabilized the District financially to where private lenders and the State will give the District priority and serious consideration for loans to construct Well #15, Well #16, and Well #17.

Our hands have been tied continuously by the unthoughtful community members. We have spent nearly \$400,000 on engineering costs this year just trying to satisfy the CDPH to get the SRF loan and complete our goals. The Grand Jury never talked to three board members during their investigation..How could it be accurate.? I am appalled at the way our District, board, attorneys, auditors, etc. have been treated by this community. I would appreciate your support in completing our goals for this district.

From:
 "gtafoya" <gtafoya@rlecwd.com>
[View contact details](#)
To:
 Swayla48@aol.com
Cc:
 "Cathy Hood" <cathyhood@rocketmail.com>

Stephanie,

Bob is correct in my statement that the District has to increase water source capacity by 98% or better for the State to remove the compliance order. **During the entire year of 2008 the District was not able to acquire a State or private sector loan due to the near bankruptcy condition of the District's financials.** The compliance order was issued on November 19, 2007 and the District did not add any additional source capacity during 2008. During the entire year of 2008 the District did not acquire any property deed(s) and/or loans for well sites that would add water source capacity.

The new Board in less than **seven (7) months has stabilized the District financially to where private lenders and the State will give the District priority and serious consideration for loans to construct Well #15, Well #16, and Well #17.** By the end of next week, the new Board will have the one acre property deed for Well #15 site – at a total costs of under \$10,000. Under the new Board Capital Plan, Well #15 has a good chance of being in production by October 2209. Well #15 is estimated to increase the District's water source capacity by over 40%. Well sites for Well #16 and Well #17 are presently being discussed with the County of

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Sacramento. The new Board has instilled accountability across the entire District field operations, customer service, and financial dealings.

In summary, compare the accomplishments of 2008 (old Board) with the accomplishments of 2009 (new Board).

Thank you.

Gilbert Tafoya

Cathy Nelson-Hood
Board of Directors: President
Rio Linda/Elverta Community
Water District
730 L St
Rio Linda, Ca. 95673
916-991-7213

QuickTime™ and a
decompressor
are needed to see this picture.

October 25, 2010

Sent via email and First Class Mail

Mr. Costa Kerestenzis, Esq.
Beeson, Tayer & Bodine
520 Capitol Mall, Suite 300
Sacramento, California 95814-4714

RE: Rio Linda/Elverta Community Water District

Dear Mr. Kerestenzis,

After months of numerous attempts by the Rio Linda Elverta Community Water District (RLECWD) to get the Union to schedule a meeting or receive an official counter-proposal, you finally agreed to meet on September 30, 2010.

At that meeting, in an attempt to reach an agreement on a MOU, the District once again offered substantial concessions, above and beyond those offered at the April 22, 2010 meeting. The additional concessions points were based on previous informal discussions between you and I wherein you indicated that the Union members would likely agree to a settlement if the District were to offer each employee few additional dollars to cover some of their out of pocket medical expenses for a few months. When presented with our generous offer, you and the Union member negotiators again demanded more, claiming that since additional time had lapsed since the April 22nd meeting, the Union members had incurred more out of pocket medical expenses, for which they now seek additional compensation. In an effort to bring resolution, I once again offered a higher amount and indicated that while the District's Board would balk at my offer, I would convince them to accept the proposal if the employees accepted the same.

After brief deliberation amongst yourselves, you advised that the Union needed to discuss the matter with the entire membership and would reply to the District's proposal by Tuesday October 5, 2010. I did not hear from you until October 8th, when you informed me that you had not yet had an opportunity to meet with your members, but would do so that week. The following week, you again informed me that you still had not had time to meet with your members. To this date, the District has not received a response to its offer from the Union nor a counter-proposal.

Curiously, on October 15, 2010 when I met with the District's employees to discuss the departure of the District's General Manager, you and Vic Shada were extremely quick in communicating with the employees and contacting me to schedule a meeting with all of the employees to discuss the situation. You also advised that unless the employees received a pay raise, they would not perform some of the tasks expected of them, in spite of the fact that their job descriptions clearly outlined such responsibilities.

Additionally, as previously mentioned in our reply to the Union's First Amended complaint, it appears that the Union is negotiating in bad faith by intentionally refusing to accept the District's offers or make any counter-proposals in anticipation of the upcoming election and in hopes that a majority of the Board of Directors will be replaced with those who you believe will be "friendly" to the Union. Statements made to me by some of your employees clearly indicate that they are actively campaigning to defeat the incumbents. This coupled with the fact that on October 12, 2010 the Union endorsed three non-incumbent challengers¹, is clear and convincing evidence that not only has the Union met with its members since our September 30, 2010 negotiations to vote on political endorsements, but further evidence of the Union's intentional delays, stall tactics, refusal to accept the District's offers, or propose counter-proposals, all of which point to continued bad faith negotiations by the Union.

While I do not anticipate receiving a reply to the District's September 30th offer, until after the November election, if at all, it is clear that the Union continues to engage in behavior that is detrimental not only to its members, but to the District and the Rio Linda Elverta Community at large. Again, it is the self-inflicted wounds of the Union and its members that are causing unrest, strife and financial distress to our members, not the actions of the District.

Sincerely,

Ravi Mehta
General Counsel
to RLECWD

RM:gjs

cc: Board of Directors, Rio Linda/Elverta Community Water District
Mr. Jenny Phillips, Palmer Kazanjian Whol Hodson, LLP
Yaron Partovi, Public Employment Relations Board [via first class mail only]

¹ See attached endorsement letter from the Union dated October 12, 2010.

Brundage. Peter

From: Dave Cook [DCook@TheRCHGroup.com]
Sent: Friday, October 22, 2010 4:10 PM
To: Brundage. Peter
Subject: ESP & RLECWD
Attachments: ESP Test Well Location (SW Elverta-16th).pdf

Peter,

As discussed, the following bullet points generally address the ownership group's concerns regarding the current situation at RLECWD. We appreciate your willingness to try and incorporate these elements into your comments so we can avoid this project being perceived as antagonistic to the district:

1. We want a water provider that will be able to provide the Elverta Specific Plan (and the existing community) with a safe, clean and reliable water source at competitive rates;
2. We want a water provider that will understand our infrastructure requirements and work to value-engineer and fine-tune a water system to the mutual satisfaction of the district and the developers, who will shoulder the cost burden of that system;
3. We want a water provider that will understand our financing needs, and will work cooperatively with us to put the system in place. This includes the ability and willingness to structure and manage reimbursement agreements, and help facilitate bond-secured debt (e.g., CFD financing), or other infrastructure financing options;
4. We want a water provider that understands and will make use of the strategic water supply master plan and analysis prepared for the ESP (including a test well drilled at 16th and Elverta), at a cost of more than \$1 million, which the group reimbursed to district;
5. And finally, we think it is important that the water provider understands the mission, and its role as a member, of the Sacramento Groundwater Authority, and recognizes that in addition to solving its existing problems, it should also be exploring options for helping protect the basin's groundwater.

In regard to the test well, I have attached a simple graphic from one of the prior board presentations to illustrate the location of a potential interim source of water. Montgomery Watson Harza can verify the flow and water quality characteristics of that well if the district is interested in exploring this option, and we can assist in trying to secure the current property owner's cooperation.

Thanks again for taking the time to consider these concerns.



Dave Cook
Managing Principal

10/22/2010



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www.theRCHgroup.com