

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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June 1, 2011

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer
RE: **Rio Linda/Elverta Community Water District – Draft
Municipal Service Review – Report Back (LAFC 07-10)**

RECOMMENDATION

1. Receive and file status report.

DISCUSSION

This report summarizes the actions, developments, and events related to the Rio Linda Elverta Community Water District that have occurred since May 4, 2011.

On May 11, 2011, a meeting was held with Chris Tooker, Jerry Fox, Frank Caron, Roxanne Cargill (CHDP), Mary Henrici, General Manager, Nancy Miller, Don Lockhart, and Peter Brundage to discuss the following issues:

I. Progress on Well Construction

Well No. 15

Improvements to Well No. 15 are under construction. The well can produce approximately 2,800 gpm. The water quality is good and no treatment will be required. Test results have been submitted to CDPH. The higher than expected capacity will require the District to upgrade the discharge piping in order to distribute the higher production capacity of this well. The depth of this well is located in the mid-aquifer.

Well No. 14

The District is evaluating whether or not to construct a test well on Well Site No. 14 at the same depth as Well 15 to determine if the water quality at this existing location would not require treatment. The District acknowledges that this option will require approval from CDPH. However, there could be some cost savings since the District already owns the well site and has made some site improvements.

Well No. 16 and 17

Once CHDP funding is secure, the District plans on drilling monitoring wells at these well locations to identify water quality. Based on the water production capacity and water quality, the District will determine if it should proceed with construction of the permanent wells.

II. Status of CDPH State Funding Agreement

The California Department of Public Health indicated that the RELCWD has complied with the terms and conditions of the NOAA. The loan documents are being prepared and should be transmitted to RLECWD by the end of June, 2011 for execution.

III. Status of Information Request from RLECWD

On February 18, 2011, LAFCo requested additional information from RLECWD on their financial and operational status. On March 1, 2011, RLECWD responded that the District had limited resources to respond to the request but that they would provide LAFCo with the information as quickly as possible. On April 20, 2011, LAFCo sent a follow up letter to the General Manager requesting the status of this update and date by which this information would be provided. As of May 21, 2011, RLECWD has not provided LAFCo with the requested information, however, staff has been in contact with LAFCo to clarify the information request.

IV. Peer Review

Mary Henrici, General Manager, has contacted me and indicated that she would like to conduct a preliminary review of District operations and develop a business strategy prior to initiating the peer review.

V. Status of District Financial Condition

The FY 2009-10 Financial Audit has not yet been completed. The audit is underway. No additional information is available.

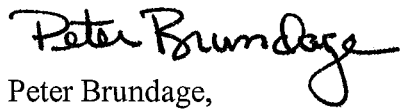
Currently, the District has approximately \$300,000 in outstanding debts (Accounts Payable) of which approximately \$150,000 is older than 90 days.

VI. Next Steps

LAFCo staff will continue to work with CDPH and the District to monitor the situation.

Respectfully Submitted;

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

A handwritten signature in black ink that reads "Peter Brundage". The signature is written in a cursive style with a large, looping "P" and "B".

Peter Brundage,
Executive Officer

cc: Board of Directors and General Manager RLECWD
California Department of Public Health
Sacramento Grand Jury