

Agenda Item No. 4

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

January 18, 2012

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

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 December 7, 2011.

I. Board Appoints New Director

Jerry Trautman has been appointed Board President for 2012. Currently, there are no vacancies on the Board. The Board will no longer video tape closed sessions. Three Board members will be attending an Ethics and Brown Act training class-Vivien Johnson, Jerry Trautman, and Cathy Hood.

The Recall petition for Frank Caron has been suspended.

Courtney Caron has told the Board she is working and living in Los Angeles, California, however, her domicile is still within the boundary of Rio Linda Elverta Community Water District.

The Board has requested staff to prepare Board minutes in a more timely manner.

II. Progress of Well and Pipeline Construction

Well No. 15

The District has completed drilling Well No. 15 and completed construction of the pipeline. The well is not operational and will be completed in the Spring of 2012 because construction is not permitted in wetland areas between October 15th and April 15th. The District will be going out to bid for the pumping station and a back up generator to complete the well.

The seal coat for asphalt related to the pipeline construction is the only outstanding issue related to pipeline construction. Money will be held by the District and this work will be completed in the Spring of 2012

Well No. 14

The District is still working with CHDP to get approval to drill a test/monitoring on District property know as Well No. 14. This site is currently owned by the District. The work on the test well can commence as soon as approval is granted because it is not situated in a wetland area.

The District plans to drill a test well to determine water quantity and quality. If both water quality and water quantity are satisfactory the District will proceed with a permanent well and facilities. Once water quality and quantity are known, the District will determine if a third well will be required to meet CDPH Compliance Orders.

The District is also required to cap the well that has been constructed but can't be used.

III. Status of CDPH Compliance Orders

The water quality and quantity continue to be satisfactory. Water pressure is subject to variation because of leaks and equipment failure as noted in the attached General Manager's report dated December 13, 2012. However, generally, water pressures remain adequate and comply with CDPH standards.

CDPH has completed it Bi-Annual Report. This report will be presented to the Board for review and comments.

IV. Sacramento Suburban Water District Interconnection

No changes in the operation or status of the intertie with Sacramento Suburban Water District. This is an annual agreement and expires in Spring of 2012.

V. Status of District Operations

District Financial Condition

The FY 2009-10 Draft Financial Audit will be presented to the Board of Directors at the February 2012 Board meeting. Also, the District recently authorized the Auditor to conduct a separate Audit to review bank accounts from 2005 to 2010.

The District's account payables are current, however, cash flow remains tight.

Credit card usage and policies are still being discussed by the Board.

A planned and approved water rate adjustment will be implemented, however, the Board is still discussing modifying water rates. This item has been continued several times to future Board meetings.

Staffing and Employee Relations

A labor agreement and health benefit package was reached with the labor union.

Urban Water Management Plan

The District will be issuing a Request for Proposal to solicit bids from consultants to prepare and update its Urban Water Management Plan.

Liability Insurance

The Association of California Water Agencies (ACWA) has notified the District that they are considering cancelling the District's liability insurance because of the many previous and current lawsuits. The Executive Committee of ACWA will be meeting on January 31, 2012 to consider whether to recommend to their Board to cancel the insurance for property losses and liability claims. The Executive Committee will bring a recommendation forward at the spring ACWA Conference on May 7, 2012. A copy of the letter dated January 3, 2012 is attached to this report.

District Operations

The General Manager's report dated December 13, 2011 is attached highlighting the status of various district operations. Routine well site inspections are being made in order to keep on top of problems and in order to implement preventative maintenance activities.

Pending Litigation as of November 21, 2011

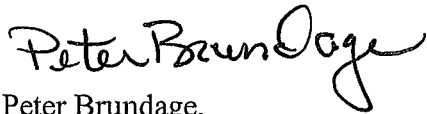
1. CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54957.6 - Update and discussion, and possible action on Labor Negotiations.
2. CONFERENCE WITH BOARD OF DIRECTORS - The Board of Directors will meet in closed session pursuant to Government Code § 54957(b)(1) - to consider semi-annual evaluation of performance of General Manager. Discussion and possible Action.
3. CONFERENCE WITH GENERAL COUNSEL – PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) (Teamsters Local 150 v. RLECWD, PERB case # SA-CE-736M).
4. CONFERENCE WITH GENERAL COUNSEL – PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) (Teamsters Local 150 v. RLECWD, PERB case # SA-CE-634M).
5. CONFERENCE WITH GENERAL COUNSEL – PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Myers v. RLECWD (Unemployment Insurance Appeals Board case # 3786431).
6. CONFERENCE WITH GENERAL COUNSEL – PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE - The Board of Directors will meet in closed session pursuant to Government Code § 54957(b)(1).
7. CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(b)(1) - Potential Litigation. pending litigation matter for Liz Myers, United States Federal District Court Case # 2:11-cv-02671-MCE-EFB.
8. CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case # 34-2011-00103481.

VI. Next Steps

LAFCo staff will continue to work with CDPH and the District to monitor the situation. We will keep the Commission informed.

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, looped "P" and "B".

Peter Brundage,
Executive Officer

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

Manager Report

For December 13, 2011 thru January 4, 2012

On December 15, 2011 I had a meeting with the engineers regarding Mr. Vinciguerra's contract and their roles in the SRF project. It was determined that the engineers will discuss this matter together and determine their roles in this project. The type of generator to use at the new well sites was discussed at length. It was determined that I would get an independent opinion on the pros and cons of each generator.

On December 21, 2011 There was a meeting with myself, Mr. Carson and Rich of Tesco to determine what their company needs to do to the office SCADA computer to have it communicate with the new wells and old wells simultaneously. There will be an upgrade in the office computer due to new software and hardware and some of it is not compatible with the old system.

The house at 724 L St. has been removed. The process was started on December 22, 2011 and has been completed as of 1/4/2012.

On January 3, 2012 I met with Sara Rodgers of Domenichelli & Assoc. and Jim Carson of Affinity to do a final review of the Domenichelli plans. The engineer's duties regarding the CDPH project were discussed. The engineers were informed that they need to break out the budget for the SRF project along with the expenditures to date so it may be presented to the Board. The results from an independent generator analyst were also discussed.

Regarding credit card usage for gas. It was asked why there is so much usage of gasoline in the District vehicles. The staff's job is to maintain the system. This requires a lot of driving around the District in vehicles that do not get very good gas mileage. I am told by staff that none of the vehicles has ever had a tune up. I believe this has something to do with the poor gas mileage. These vehicles have only had corrective maintenance done to them beyond the usual oil change and tire rotation that staff does in house.

There is more than one vehicle on some of the credit cards because there are several vehicles here that use gasoline and diesel and only 5 people that drive them. We have to use the backhoe, the dump truck, vacuum trailer and the truck that pulls the trailer. There are also 5 pickup trucks that are driven all of the time.

On January 3, 2012 it was determined that the motor has failed on our well 12. We are getting estimates on the cost to replace. On the same day at well 2A the solenoid on the deep well valve has failed and the pump was pumping to waste. The new one should be here Friday 1/6/12. As these items were not included in the operations report I have included them in my report this month.

On January 4, 2012 the union contract MOU and LOU were signed by all parties. The health insurance subscriber agreement was also executed.

At the end of the day on 1/4/12 I received a letter saying the ACWA JPIA is considering cancelling our policies. Please see attached. I will be going to the meeting on 1/31/12.



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January 3, 2012

Mary Henrici, General Manager
Rio Linda/Elverta Community Water District
P. O. Box 400
Rio Linda, California 95673

Courtney Caron, President of the Board of Directors
Rio Linda/Elverta Community Water District
P. O. Box 400
Rio Linda, California 95673

Re: Notice of Possible Cancellation of Rio Linda/Elverta
Community Water District's Participation in the ACWA
JPIA's Liability Program and Property Program

Dear Ms. Henrici and Ms. Caron:

Please be advised that at its January 31, 2012 meeting, the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) will consider whether to recommend to the ACWA JPIA's Board of Directors that, as authorized by Article 23(a) of the ACWA JPIA's Joint Powers Agreement, your District's participation in the ACWA JPIA's joint protection programs for property losses and liability claims be cancelled.

If the Executive Committee determines that such a recommendation is appropriate, that recommendation will be brought before the ACWA JPIA Board of Directors at the JPIA's Spring Conference, on May 7, 2012.

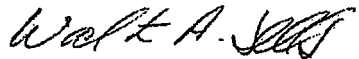
The Rio Linda/Elverta Community Water District is invited to attend the next ACWA JPIA Executive Committee meeting and participate in this discussion. The meeting will be held at 8:30 a.m., on January 31, 2012, at the JPIA's office located at 2100 Professional Drive, Roseville, California 95661.

As these events could lead to the cancellation of the Rio Linda/Elverta Community Water District's risk-pool coverages and insurance coverages with the ACWA JPIA, this would probably be a good time for your district to investigate other possible sources of protection against third-party liability claims and first-party property losses.

Mary Henrici, General Manager
Courtney Caron, President of the Board of Directors
Rio Linda Elverta Community Water District
December 12, 2012
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Please feel free to contact the ACWA JPIA if you have any questions or desire further information regarding this matter.

Sincerely,



Walter A. Sells
Chief Executive Officer

cc: Ravi Mehta, Esq.
Capitol Advocates
1215 "K" Street, 17th Floor
Sacramento, California 95814

E. G. "Jerry" Gladbach
ACWA JPIA President