



DATE: November 4, 2010

TO: The Honorable Cathy Nelson-Hood,
President, Board of Directors
Rio Linda/ Elverta Community Water District
730 L St.
Rio Linda, CA 95673-3433

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

RE: **Sacramento Local Agency Formation Commission Executive Officer Direction to the Board of Directors**

On November 3, 2010 the Commission voted unanimously to direct staff to provide the following recommendations to the Board of Directors of the Rio Linda/ Elverta Community Water District.

The Commission strongly suggests:

1. The vacant General Manager position should be filled by a qualified candidate immediately, as practical. Strong consideration should be given to the immediate return of the most recently dismissed General Manager.
2. The Board should immediately initiate the Prop. 218 process for rate adjustments required to satisfy general budgetary shortfalls and the CDPH Notice of Application Acceptance (NOAA) to set aside \$7.5 million for the required capital improvements. (A NOAA requires that the District comply with its terms and conditions including a rate increase prior to applying for funding.) Additionally, the proposed rate increase should be sufficient to cover operating losses and capital improvement requirements identified by the District, if any. Also, the District shall provide the Commission with a status report on the NOAA and CDPH loan by December 1, 2010.
3. Direct District staff to provide information requested by the Executive Officer on October 22, 2010, regarding additional information about the District, its operations, and its finances by November 12, 2010.
4. The current Board should not enter into any new contracts, or enhance or augment any current contracts, which obligate the incoming Board, including the Prop. 218 consultant contract. This includes no imposition of penalty for subsequent contract termination.
5. The Board should strongly consider convening a transition subcommittee comprised of the newly elected Board members, and supported by District staff. County staff is available to provide expertise and information to the Board, and subcommittee.
6. The District shall provide monthly updates to the Commission regarding ongoing capital improvement planning; management and personnel practices; and operations maintenance improvements. The status report will include current information regarding the planning, design and construction of Wells 15, 16 and 17.



7. Direct staff to provide a complete compliance plan to the Commission by February 1, 2011. This compliance plan will chart the course to satisfy the two outstanding CDPH Compliance Orders in effect. The compliance plan will include a five year operational and financial plan that demonstrates that the District can effectively and efficiently operate a safe and sustainable community water system.
8. The Commission also acted unanimously to direct the Executive Officer to initiate the Reorganization Study for the RL/ECWD, concurrently with the above measures.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage,
Executive Officer

cc: LAFCo Commissioners
County Board of Supervisors
RL/E CWD Board of Directors

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