



SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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

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

RIO LINDA



ELVERTA

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

November 12, 2010

Peter Brundage, Executive Officer
Sacramento Local Agency Formation Commission
1112 I Street, Suite 100
Sacramento, CA 95814

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

Dear Mr. Brundage:

Thank you for providing an opportunity to the District to respond.

Per your Request:

1. Audited Financial Statements have not yet been completed; For 2009/2010 FY.
2. First Quarter FY 2010-2011 expenditures, See Attached;
3. Adopted Budget of FY 2010-2011, in addition Proposed Amended Mid Year Budget 2010-2011, See Attached;
4. Collective bargaining agreement(s); The District does not currently have a Memorandum of Understanding;
5. Last, Best and Final Offer; See Attached;
6. There are 7 employees not including the General Manager or Assistant General Manager.
7. All employees are represented by the Teamsters Union #150 with the exception of the General Manager and Assistant General Manager.
8. Organizational Chart provided: See Attached;
9. Employee salary schedule – See the Last, Best and Final attached;
10. Personal policies, within Policy Manual; See Attached;
11. Bylaws; N/A

Directors:

Cathy Nelson-Hood , President
Vivien Spicer-Johnson, Vice-President
Mary Harris
Stephanie Suela
Belinda Paine

General Manager/Secretary:

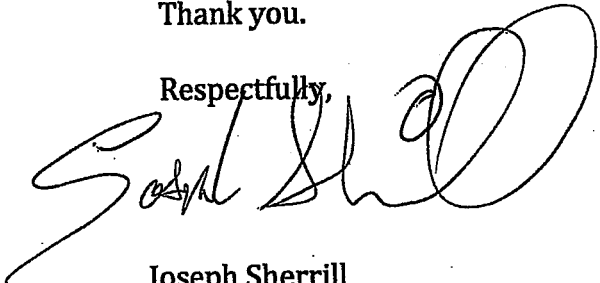
Joseph Sherrill
jsherrill@rlcwd.com

Sacramento LAFCO
Mr. Peter Brundage
Page 2

12. Contracting procedures; See Policy Manual, Attached.
13. Bid policies; See Policy Manual, Attached.
14. Lease Obligation: Neopost,
Lease Income: Comcast formally Sacramento Cable, Clearwire, Verizon formally Pac-tel and Sprint/Nextel.
15. New General Manager was appointed by the Board on November 7, 2010.
16. PERB V. Rio Linda/Elverta Community Water District
Summary: Union filed PERB matter grieving labor negotiation, matter still pending and District hopes to resolve this matter very soon after new Board is in place.
Dillon V. Rio Linda/Elverta Community Water District.
Summary: Former General Manager sued District for various causes of action. Rio Linda prevailed in arbitration and received an attorney fee award of approximately \$40,000. District is currently seeking to collect on the award.
17. Provided the following Service Agreements:
 - (A) Domenichelli & Associates (Engineering Firm)
 - (B) General Manager (Joseph Sherrill) Pending Board's Approval
 - (C) Attorney (Law Offices of Ravi Mehta)
 - (D) Sentinel (Computer System Maintenance Service Agreement)
 - (E) G. Aronow (Consulting-Rate Study) For 218 Process, Pending Board's Approval
 - (F) Richardson and Co. (General Auditing Services) Pending Board's Approval

Thank you.

Respectfully,



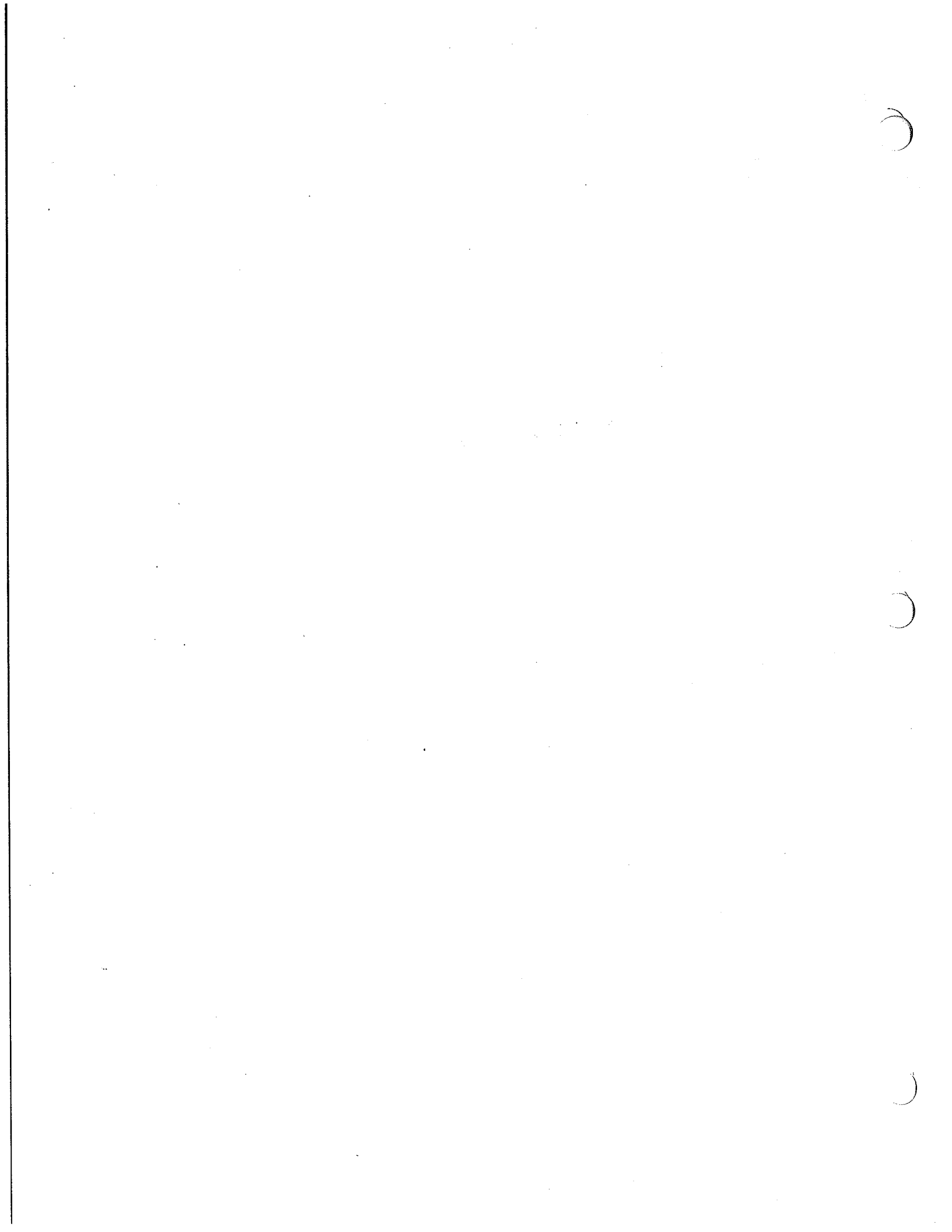
Joseph Sherrill
General Manager, Rio Linda/Elverta Community Water District

Copy: Board of Directors RLECWD
Ravi Mehta, General Counsel

Directors:
Cathy Nelson-Hood , President
Vivien Spicer-Johnson, Vice-President
Mary Harris
Stephanie Suela
Belinda Paine

General Manager/Secretary:
Joseph Sherrill
jsherrill@rlecwd.com

EXHIBIT NO. 1



RLECWD has not completed the financial audit for the year ending June 30, 2010.

The District has entered into a contract with Richardson & Company to complete this audit.

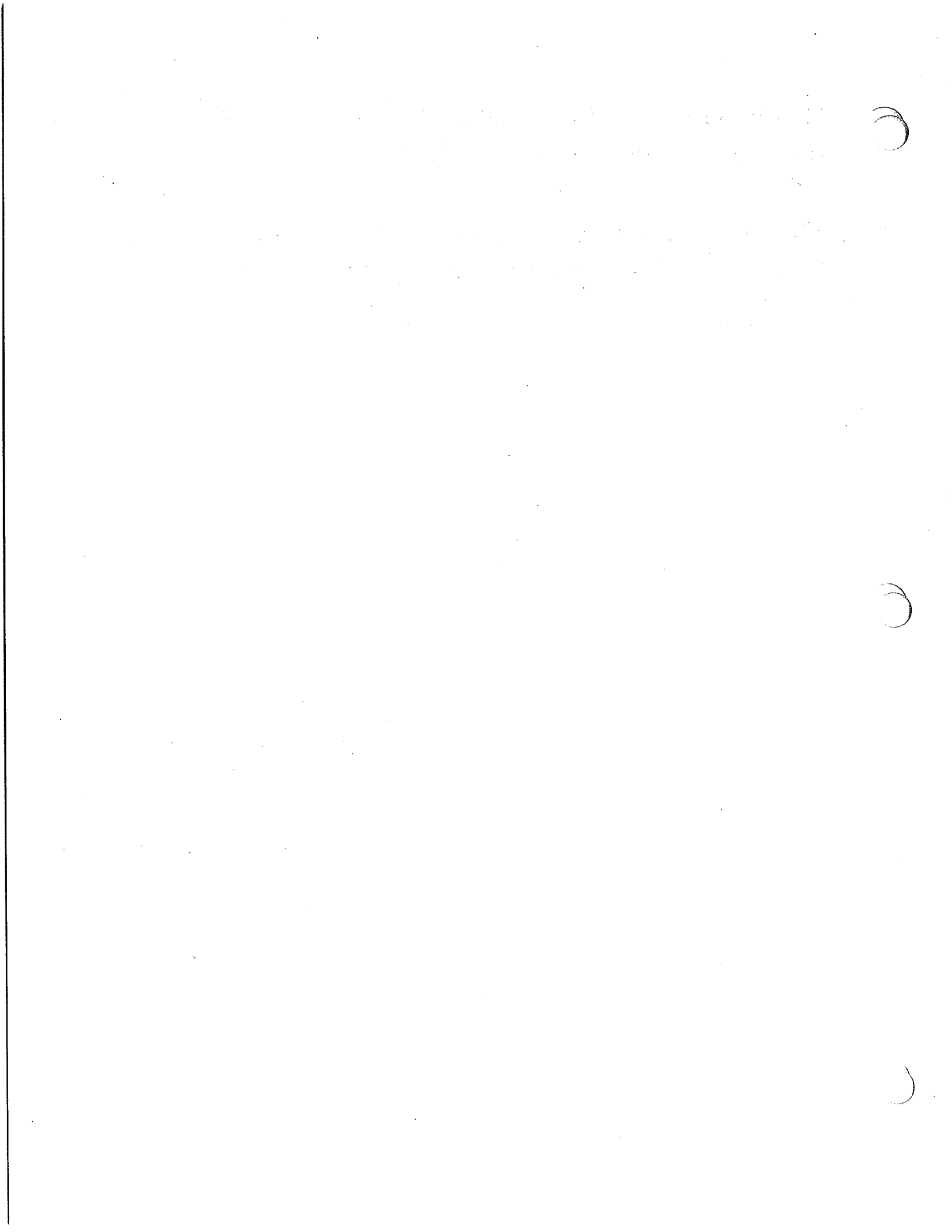
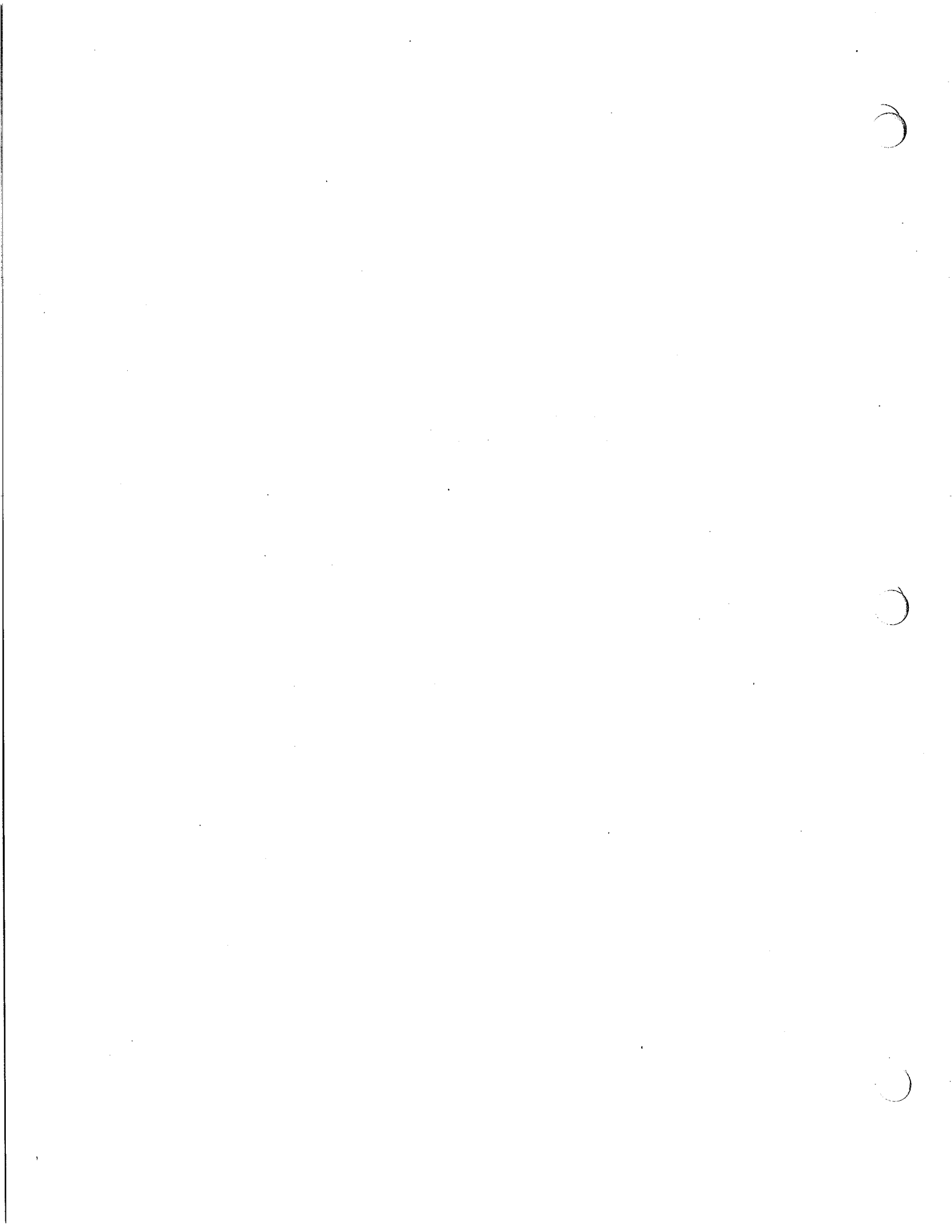


EXHIBIT NO. 2



Rio Linda/Elverta Community Water District
Expenses by Vendor Summary
 July through September 2010

| | <u>Jul - Sep 10</u> |
|--|---------------------|
| Aaron N. Sullivan for Fence II Fence | 120.00 |
| ACWA / JPIA | 22,570.83 |
| Affinity Engineering Inc | 19,840.00 |
| Allied Waste Services | 389.02 |
| Anthem Blue Cross | 1,116.00 |
| Arrow Glass West Inc | 496.00 |
| AT & T | 1,898.55 |
| Atlantis Roofing Inc. | 3,700.00 |
| Bare Bones Workwear | 260.00 |
| BSK Labs | 4,042.00 |
| CA-NV Section AWWA | 200.00 |
| Capital One | 631.49 |
| Corelogic Information Solutions Inc | 0.00 |
| County of Sacramento-Municipal Services | 907.93 |
| County of Sacramento - Environmental | 923.00 |
| Domenichelli & Associates | 12,640.00 |
| Elk Grove Security Systems | 72.00 |
| Employee Relations, Inc. | 246.75 |
| Fry's Electronics | 168.54 |
| Gerald Wickham | 78.50 |
| GM Construction & Developers | 3,906.00 |
| Groeniger & Company | 5,441.87 |
| Hastie's Capitol Sand & Gravel Company | 971.89 |
| Health Benefits Authority | 15,364.60 |
| Hooks & Probes | 146.81 |
| Interstate Battery System of Sacramento | 85.65 |
| Judicial Arbitration & Mediation Service | 1,320.00 |
| Kirby's Pump & Mechanical Inc | 6,733.30 |
| Labor Ready Southwest, Inc. | 3,245.92 |
| Lake Vue Electric, Inc | 719.00 |
| Law Offices of Ravi Mehta | 31,380.75 |
| MailFinance | 997.93 |
| Mason A Adams | 900.00 |
| Maverick Office Systems | 1,826.26 |
| Measurement Control Systems, Inc. | 10,383.74 |
| Mitch's Certified Classes | 0.00 |
| National Consolidated Couriers, Inc | 289.38 |
| Neofunds by Neopost | 6,000.00 |
| Neopost Leasing | 1,995.86 |
| New Direction Services | 4,173.09 |
| Nextel of California | 1,061.02 |
| PERS | 26,572.21 |
| PERS-Retirement | 3,600.00 |
| PG & E | 38.31 |
| Prudential Overall Supply | 705.24 |
| QuickBooks Payroll Service | 84.95 |
| Quill Corporation | 2,595.00 |
| Ramos Oil Company | 5,597.84 |
| Rawles Engineering, Inc. | 6,138.00 |
| Regional Water Quality Control Board | 1,452.00 |
| Rio Linda Elverta Recreation & Parks | 121.00 |
| Rio Linda Hardware and Building Supply | 2,048.94 |
| Sacramento County Recorder | 234.00 |
| Sacramento County Utilities | 205.55 |
| Sacramento Suburban Water District | 619.72 |
| Sentinel Technology Solutions, Inc. | 2,712.50 |
| Sierra Chemical Company | 6,428.29 |
| SMUD | 27,897.12 |
| Standard Insurance Company | 466.82 |
| Sutter Medical Foundation | 45.00 |
| The News | 663.72 |
| Thomas Ray | 900.00 |
| Thrasher Bros Automotive | 590.56 |
| Underground Service Alert | 183.84 |
| USA BlueBook | 262.03 |
| USA Mobility Wireless, Inc. | 11.85 |

7:35 AM
11/08/10
Accrual Basis

Rio Linda/Elverta Community Water District
Expenses by Vendor Summary
July through September 2010

| | <u>Jul - Sep 10</u> |
|---------------------------|--------------------------|
| Vanguard Cleaning Systems | 585.00 |
| Vulcan Materials Company | 327.19 |
| Well Tech | 6,916.21 |
| TOTAL | <u>265,246.57</u> |

Rio Linda/Elverta Community Water District
Expenses by Vendor Summary
July through September 2010

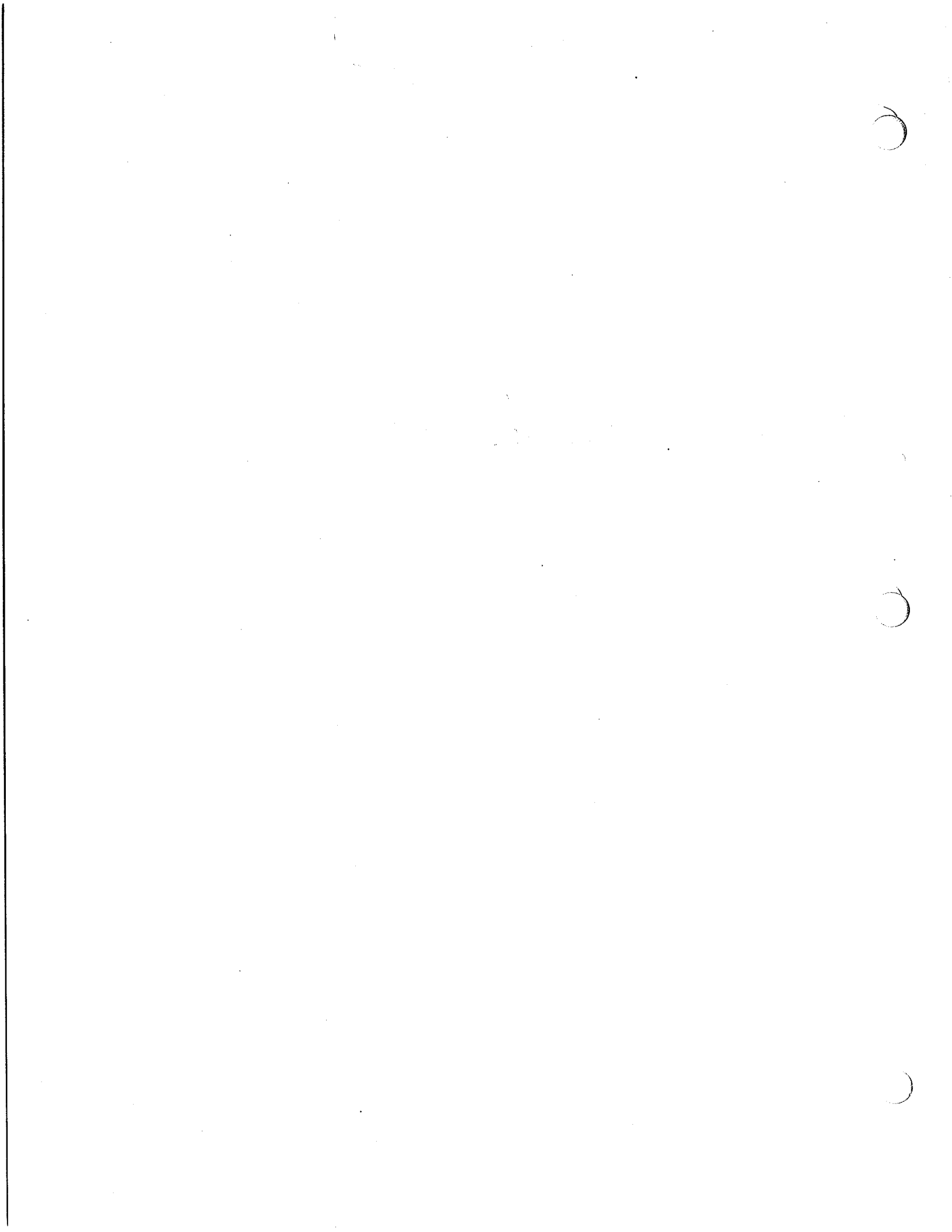
| | Jul - Sep 10 |
|--|--------------|
| Aaron N. Sullivan for Fence II Fence | 120.00 |
| ACWA / JPIA | 22,570.83 |
| Affinity Engineering Inc | 19,840.00 |
| Allied Waste Services | 389.02 |
| Anthem Blue Cross | 1,116.00 |
| Arrow Glass West Inc | 496.00 |
| AT & T | 1,898.55 |
| Atlantis Roofing Inc. | 3,700.00 |
| Bare Bones Workwear | 260.00 |
| BSK Labs | 4,042.00 |
| CA-NV Section AWWA | 200.00 |
| Capital One | 631.49 |
| Corelogic Information Solutions Inc | 0.00 |
| County of Sacramento-Municipal Services | 907.93 |
| County of Sacramento - Environmental | 923.00 |
| Domenichelli & Associates | 12,640.00 |
| Elk Grove Security Systems | 72.00 |
| Employee Relations, Inc. | 246.75 |
| Fry's Electronics | 168.54 |
| Gerald Wickham | 78.50 |
| GM Construction & Developers | 3,906.00 |
| Groeniger & Company | 5,441.87 |
| Hastie's Capitol Sand & Gravel Company | 971.89 |
| Health Benefits Authority | 15,364.60 |
| Hooks & Probes | 146.81 |
| Interstate Battery System of Sacramento | 85.65 |
| Judicial Arbitration & Mediation Service | 1,320.00 |
| Kirby's Pump & Mechanical Inc | 6,733.30 |
| Labor Ready Southwest, Inc. | 3,245.92 |
| Lake Vue Electric, Inc | 719.00 |
| Law Offices of Ravi Mehta | 31,380.75 |
| MailFinance | 997.93 |
| Mason A Adams | 900.00 |
| Maverick Office Systems | 1,826.26 |
| Measurement Control Systems, Inc. | 10,383.74 |
| Mitch's Certified Classes | 0.00 |
| National Consolidated Couriers, Inc | 289.38 |
| Neofunds by Neopost | 6,000.00 |
| Neopost Leasing | 1,995.86 |
| New Direction Services | 4,173.09 |
| Nextel of California | 1,061.02 |
| PERS | 26,572.21 |
| PERS-Retirement | 3,600.00 |
| PG & E | 38.31 |
| Prudential Overall Supply | 705.24 |
| QuickBooks Payroll Service | 84.95 |
| Quill Corporation | 2,595.00 |
| Ramos Oil Company | 5,597.84 |
| Rawles Engineering, Inc. | 6,138.00 |
| Regional Water Quality Control Board | 1,452.00 |
| Rio Linda Elverta Recreation & Parks | 121.00 |
| Rio Linda Hardware and Building Supply | 2,048.94 |
| Sacramento County Recorder | 234.00 |
| Sacramento County Utilities | 205.55 |
| Sacramento Suburban Water District | 619.72 |
| Sentinel Technology Solutions, Inc. | 2,712.50 |
| Sierra Chemical Company | 6,428.29 |
| SMUD | 27,897.12 |
| Standard Insurance Company | 466.82 |
| Sutter Medical Foundation | 45.00 |
| The News | 663.72 |
| Thomas Ray | 900.00 |
| Thrasher Bros Automotive | 590.56 |
| Underground Service Alert | 183.84 |
| USA BlueBook | 262.03 |
| USA Mobility Wireless, Inc. | 11.85 |

7:35 AM
11/08/10
Accrual Basis

Rio Linda/Elverta Community Water District
Expenses by Vendor Summary
July through September 2010

| | <u>Jul - Sep 10</u> |
|---------------------------|---------------------------------|
| Vanguard Cleaning Systems | 585.00 |
| Vulcan Materials Company | 327.19 |
| Well Tech | 6,916.21 |
| TOTAL | <u><u>265,246.57</u></u> |

EXHIBIT NO. 3



**Rio Linda/Elverta Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

Revenue/Expense Report

| | Adopted Budget 2010-2011 | Mid-Year Forecast 2010-2011 |
|---------------------------------------|-----------------------------|--------------------------------|
| SURCHARGE CAPITAL PROGRAM | 450,000 | 595,000 |
| OPERATING REVENUES | | |
| Water Service Rates | | |
| Basic Service Charge | 946,000 | 986,000 |
| Usage Charge | 590,000 | 590,000 |
| Backflow Charge | 26,000 | 26,000 |
| Fire Protection/Hydrant Meter | 8,000 | 8,000 |
| Bad Debt Recovery/Write offs | 0 | 0 |
| Total Water Service Rates | <u>1,570,000</u> | <u>1,610,000</u> |
| Account Service Charges | | |
| Service App/New Location Fee | 20,000 | 20,000 |
| Late Payment Fee | 30,000 | 30,000 |
| Disconnect Tag Fee/NSF Fees | 42,000 | 42,000 |
| Termination/Reconnection | 10,000 | 10,000 |
| Other Account Service Charges | 3,500 | 3,500 |
| Total Account Service Charges | <u>105,500</u> | <u>105,500</u> |
| Other Water Service Fees | | |
| * Service Install/Modification | 0 | 0 |
| Plan Check/Inspections/FireFlow | 1,500 | 1,500 |
| Field Serv/Sys Damage/T&M/RMR | 1,000 | 1,000 |
| Total Other Water Service Fees | <u>2,500</u> | <u>2,500</u> |
| Grant | 0 | 0 |
| Miscellaneous Revenue | 5,000 | 5,000 |
| Total OPERATING REVENUES | <u>2,133,000</u> | <u>2,318,000</u> |
| NON-OPERATING REVENUES | | |
| Tower Leases | 48,000 | 48,000 |
| Earnings on Monies | 1,000 | 1,000 |
| Property Tax Revenue | 40,000 | 40,000 |
| * Capacity Fees | 0 | 0 |
| Miscellaneous Non-Operating | 5,000 | 5,000 |
| Total NON-OPERATING REVENUES | <u>94,000</u> | <u>94,000</u> |
| Reimbursement From State Loan | | 420,000 |
| GRAND TOTAL INCOME | <u>2,227,000</u> | <u>2,832,000</u> |

* CHPH Compliance Order No.9-New Service Connection Moratorium

**RIO Linda/Civera Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

| | Adopted Budget 2010-2011 | Mid-Year Forecast 2010-2011 |
|--|-----------------------------|--------------------------------|
| General Counsel Fees | 60,000 | 150,000 |
| Special Counsel-Labor Attorney | 50,000 | 25,000 |
| Auditor's Fee | 15,000 | 15,000 |
| Board Meeting Fees | 18,000 | 18,000 |
| Board Training Expense | 1,000 | 1,000 |
| Total Officers Fees | <u>144,000</u> | <u>209,000</u> |
| | | |
| WAGES & BENEFITS | | |
| Salary | | |
| Interim General Managers Contract | 76,800 | 76,800 |
| Interim Asst General Managers Contract | 54,600 | 54,600 |
| Regular Pay | 250,000 | 250,000 |
| Extra-Help Contract | 5,000 | 5,000 |
| Standby Pay | 14,000 | 14,000 |
| Overtime Pay | 10,000 | 10,000 |
| Total Salary | <u>410,400</u> | <u>410,400</u> |
| | | |
| Benefits & Expenses | | |
| Workers Comp Premium (Quarterly) | 18,000 | 18,000 |
| FICA/Medicare | 29,500 | 29,500 |
| PERS Retirement-Payments were Pending | 35,000 | 35,000 |
| Group Insurance | 58,200 | 58,200 |
| Retirees Insurance | 23,000 | 23,000 |
| Uniforms | 4,000 | 4,000 |
| Training | 2,000 | 2,000 |
| Meetings & Conferences | 300 | 300 |
| Unemployment Insurance | 9,000 | 9,000 |
| Total Benefits & Expenses | <u>179,000</u> | <u>179,000</u> |
| | | |
| Total Wages & Benefits & Expenses | <u>589,400</u> | <u>589,400</u> |

**RIO Linda/Liveria Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

| | Adopted Budget 2010-2011 | Mid-Year Forecast 2010-2011 |
|--|-----------------------------|--------------------------------|
| Contractual Services/Agreements | | |
| Special Projects-Task Orders | 5,000 | 5,000 |
| Settlements-Dillon/Others-Legal | 0 | 0 |
| Engineering Services-Special | 0 | 0 |
| Elections (Paid Once) | 10,000 | 10,000 |
| Memberships : (Most Paid Once a Year) | | |
| Sacramento Ground Water Authority | 21,000 | 21,000 |
| Regional Water Authority | 5,000 | 5,000 |
| Association of California Water Agency | 6,000 | 6,000 |
| Rio Linda Chamber of Commerce | 0 | 0 |
| AWWA | 0 | 0 |
| California Special District Association | 2,300 | 2,300 |
| Membership-Other | 500 | 500 |
| Total Memberships | 34,800 | 34,800 |
| Governmental Fees/Lien Fees | 4,000 | 4,000 |
| Insurance: | | |
| Liability/Vehicle Policy (Paid Once a Yr) | 26,000 | 26,000 |
| Property Policy (Paid Once a Yr) | 3,500 | 3,500 |
| Total Insurance | 29,500 | 29,500 |
| Conservation: | | |
| Toilet Replacement Program-Replacement Cl | 1,000 | 1,000 |
| Regional Conservation Program | 3,500 | 3,500 |
| Washing Machine Rebates | 300 | 300 |
| Education Supplies | 3,000 | 3,000 |
| Contract Services | 500 | 500 |
| Community Outreach | 500 | 500 |
| Total Conservation | 8,800 | 8,800 |
| Total Contractual Services/Agreements | 92,100 | 92,100 |

**KIO LINDA/EIVERTA Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

| | Adopted Budget 2010-2011 | Mid-Year Forecast 2010-2011 |
|---|-----------------------------|--------------------------------|
| Field Operation Expenses | | |
| Transportation: | | |
| Fuel | 7,000 | 7,000 |
| Maintenance | 4,000 | 4,000 |
| Vehicle Allowance | 0 | 0 |
| Total Transportation | <u>11,000</u> | <u>11,000</u> |
| Transmission & Distribution: | | |
| Water Purchase-Summer Shortage (4 mo) | 3,000 | 3,000 |
| Service Connections | 5,000 | 5,000 |
| Mains/Hydrants/USA | 2,500 | 2,500 |
| Tanks | 1,000 | 1,000 |
| Hydrant Meters | 500 | 500 |
| Emergency Repairs & Maintenance | 88,000 | 88,000 |
| Contract Repairs | 60,000 | 60,000 |
| Total Transmission & Distribution | <u>160,000</u> | <u>160,000</u> |
| Treatment: | | |
| Chemicals & Supplies | 15,000 | 15,000 |
| Total Treatment | <u>15,000</u> | <u>15,000</u> |
| Laboratory Services: | | |
| Coliform Tests | 3,000 | 3,000 |
| Physical/Chemical Tests | 16,000 | 16,000 |
| Total Laboratory | <u>19,000</u> | <u>19,000</u> |
| Permits & Certifications & Inspections | 20,000 | 20,000 |
| Field Communications: | | |
| Cellular Phones | 2,000 | 2,000 |
| Pagers | 50 | 50 |
| Total Field Communications | <u>2,050</u> | <u>2,050</u> |
| Pumping: | | |
| Pumps | 15,000 | 15,000 |
| Electricity (Summer Heavier Use) | 215,000 | 215,000 |
| Gas/Diesel for Well Sites | 1,000 | 1,000 |
| Telemetry Lines | 4,500 | 4,500 |
| Total Pumping | <u>235,500</u> | <u>235,500</u> |
| Other: | | |
| Construction Equipment Maint. | 1,000 | 1,000 |
| Small Tools & Shop Supplies | 1,000 | 1,000 |
| Safety Equipment | 2,000 | 2,000 |
| Cross-Connection Testing | 300 | 300 |
| Total Other | <u>4,300</u> | <u>4,300</u> |
| Fixed Assets Field: | | |
| Utility Truck | 0 | 0 |
| Radio Read Meters (Budgeted as Spent) | 60,000 | 60,000 |
| Total Fixed Assets Field | <u>60,000</u> | <u>60,000</u> |
| Total Field Operation Expenses | <u>526,850</u> | <u>526,850</u> |

**RIO Linda/Liveria Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

| | Adopted Budget 2010-2011 | Mid-Year Forecast 2010-2011 |
|---|-----------------------------|--------------------------------|
| Office Operation Expenses | | |
| Subscriptions/Licensing/Regular Telephone: | | |
| Computer Supplies-Software | 8,500 | 8,500 |
| ISP/Web-site/IT Maintenance | 2,500 | 2,500 |
| Metroscan | 1,625 | 1,625 |
| Miscellaneous | 200 | 200 |
| Regular Phones Service | 6,000 | 6,000 |
| Total Subscriptions/Licensing/Phones | 18,825 | 18,825 |
| Banking Fees: | | |
| Bank Charges | 4,500 | 4,500 |
| Payroll Services* | 4,000 | 4,000 |
| ATM/Credit Card Service/Direct | 4,300 | 4,300 |
| Total Banking Fees | 12,800 | 12,800 |
| Printing: | | |
| Printing Other | 1,000 | 1,000 |
| Bill Stock/Window/Return Envelopes | 1,500 | 1,500 |
| Total Printing | 2,500 | 2,500 |
| Postage/Inserter Replacement | 12,400 | 12,400 |
| Postage | 16,000 | 16,000 |
| Office Supplies | 11,000 | 11,000 |
| Total Office Other | 39,400 | 39,400 |
| Office Equipment Maintenance: | | |
| Billing Software Maintenance (Once Yr) | 2,600 | 2,600 |
| Computer System Maintenance | 5,000 | 5,000 |
| Inserter Maintenance | 0 | 0 |
| Photocopy Maintenance (Once Yr) | 2,000 | 2,000 |
| Contract Billing | 20,000 | 20,000 |
| Total Office Equipment Maintenance | 29,600 | 29,600 |
| Publishing | | |
| Legal Advertising | 51,600 | 51,600 |
| Newsletter | 103,200 | 103,200 |
| Total Publishing | 154,800 | 154,800 |
| Building | | |
| Utilities | 7,300 | 7,300 |
| Janitorial | 2,100 | 2,100 |
| Maintenance/Repairs | 7,000 | 7,000 |
| Security | 2,000 | 2,000 |
| Total Building | 18,400 | 18,400 |
| Fixed Assets Office: | | |
| Accounting System Upgrade | 10,000 | 10,000 |
| Digital Document System | 20,000 | 20,000 |
| Computer System Improvements | 8,000 | 8,000 |
| Total Fixed Assets Office | 38,000 | 38,000 |
| TOTAL OFFICE OPERATION EXPENSES | 314,325 A | 314,325 |
| Total OPERATING EXPENSES | 1,666,675 | 1,731,675 |

**Rio Linda/Elverta Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

| | Adopted Budget 2010-2011 | Mid-Year Forecast 2010-2011 |
|--|-----------------------------|--------------------------------|
| NONOPERATING EXPENSES | | |
| Non-Operating Expense | 1,000 | 1,000 |
| Debt Service: | | |
| Bond Administration (Once Yearly) | 1,800 | 1,800 |
| Revenue Bond 2003-Interest (Twice Yr) | 156,963 | 156,963 |
| Revenue Bond 2003-Principle (Once Yr) | 85,000 | 85,000 |
| Total Debt Service | <u>243,763</u> | <u>243,763</u> |
| Building & Site Improvements: | | |
| Fixed Asset-Container | 0 | 0 |
| SCADA Improvements | 6,400 | 6,400 |
| Reserve Fund | | |
| Emergency Reserve | 11,462 | 11,462 |
| TOTAL NONOPERATING EXPENSES | <u>262,625</u> | <u>262,625</u> |
| Capital Improvement Plan For Surcharge Funded | | |
| Well #15 | 2,500,000 | 2,500,000 |
| Well #16 | 2,500,000 | 2,500,000 |
| Well #17 | 2,500,000 | 2,500,000 |
| Total Capital Improvement | <u>7,500,000</u> | <u>7,500,000</u> |
| GRAND TOTAL EXPENSES | <u>9,429,300</u> | <u>9,494,300</u> |
| GRAND TOTAL REVENUE | <u>2,227,000</u> | <u>2,832,000</u> |
| TOTAL TO RESERVE | <u> </u> | <u>605,000</u> |

**RIO Linda/Liveria Community Water District
Mid Year Estimated Budget
2010-2011 Fiscal Year**

Adopted Budget
2010-2011

Mid-Year Forecast
2010-2011

- * Adjustment to current year in anticipated reduction to MWH Invoice and CDM Invoice
- ** Moved from Engineering to off-set CDM Invoice

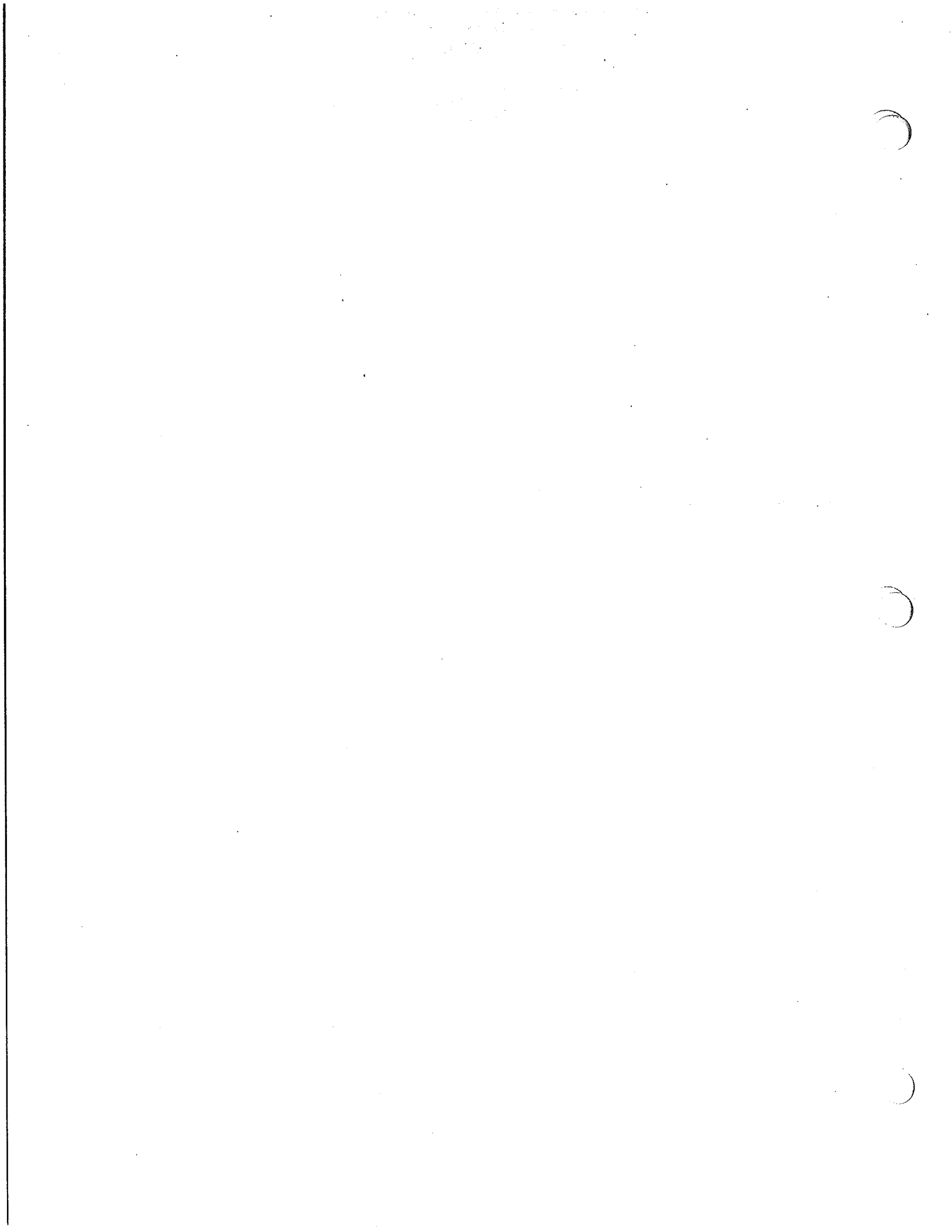
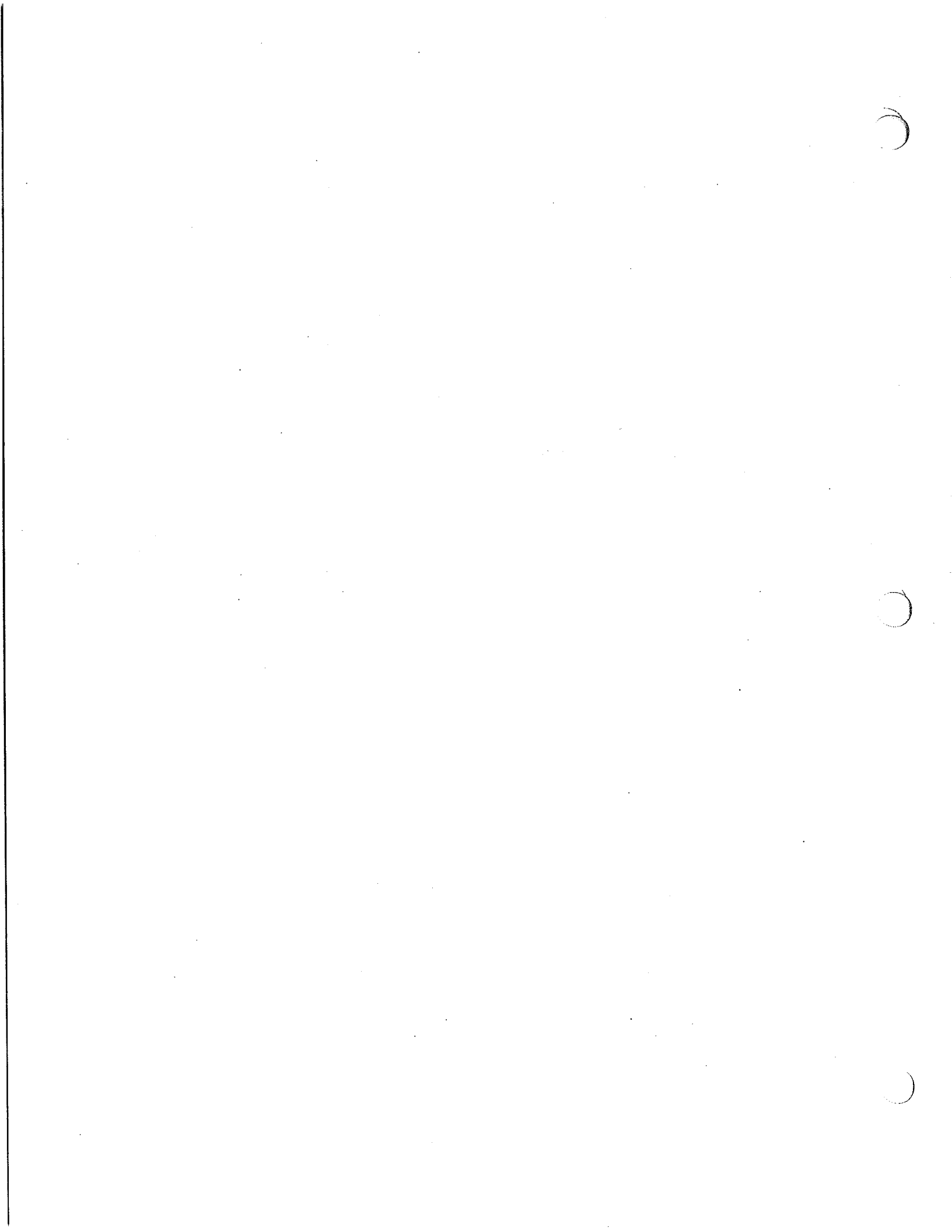


EXHIBIT NO. 4



RLECWD does not have a collective bargaining agreement. The District has presented its Last, Final, and Best Offer to the union. A copy of the offer is included in Attachment No. 5

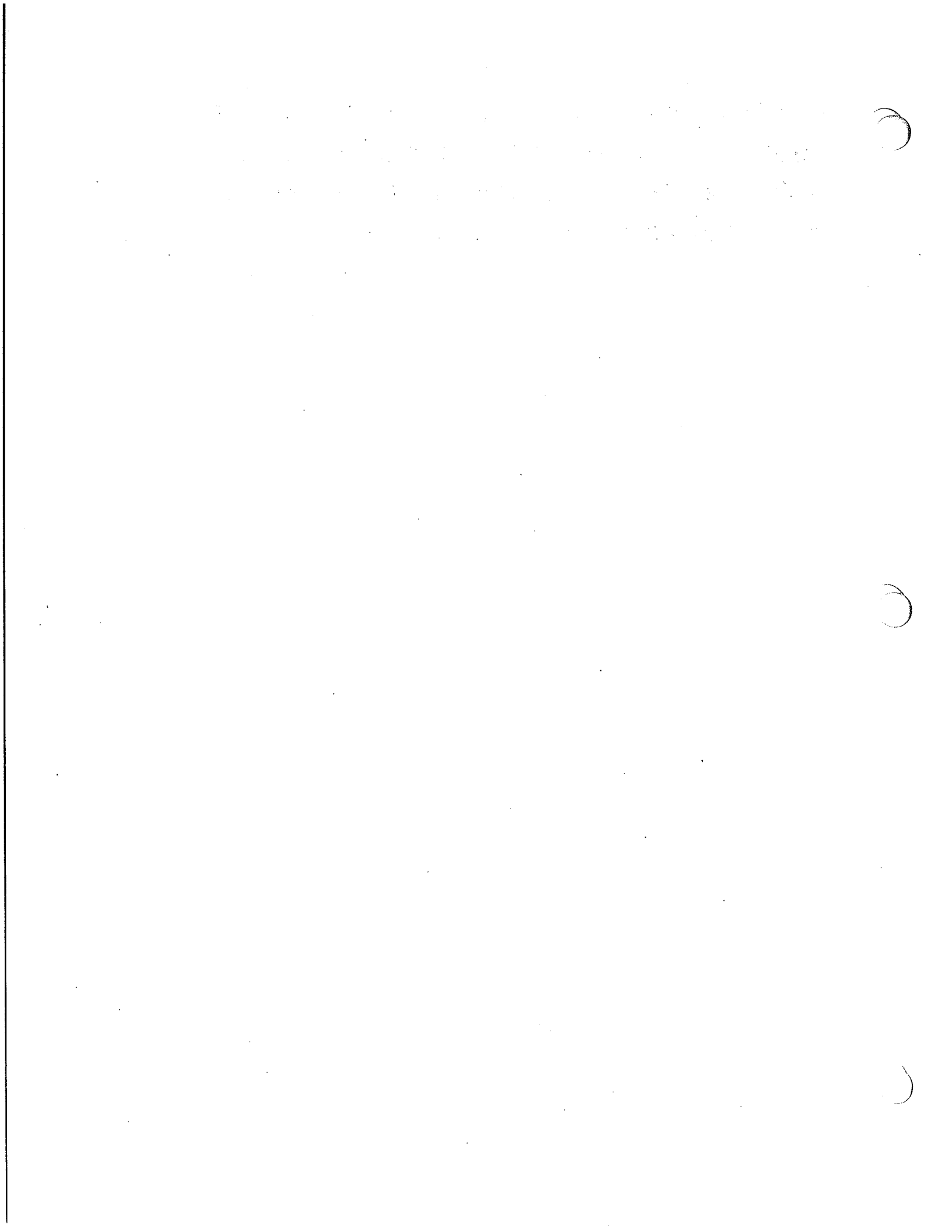
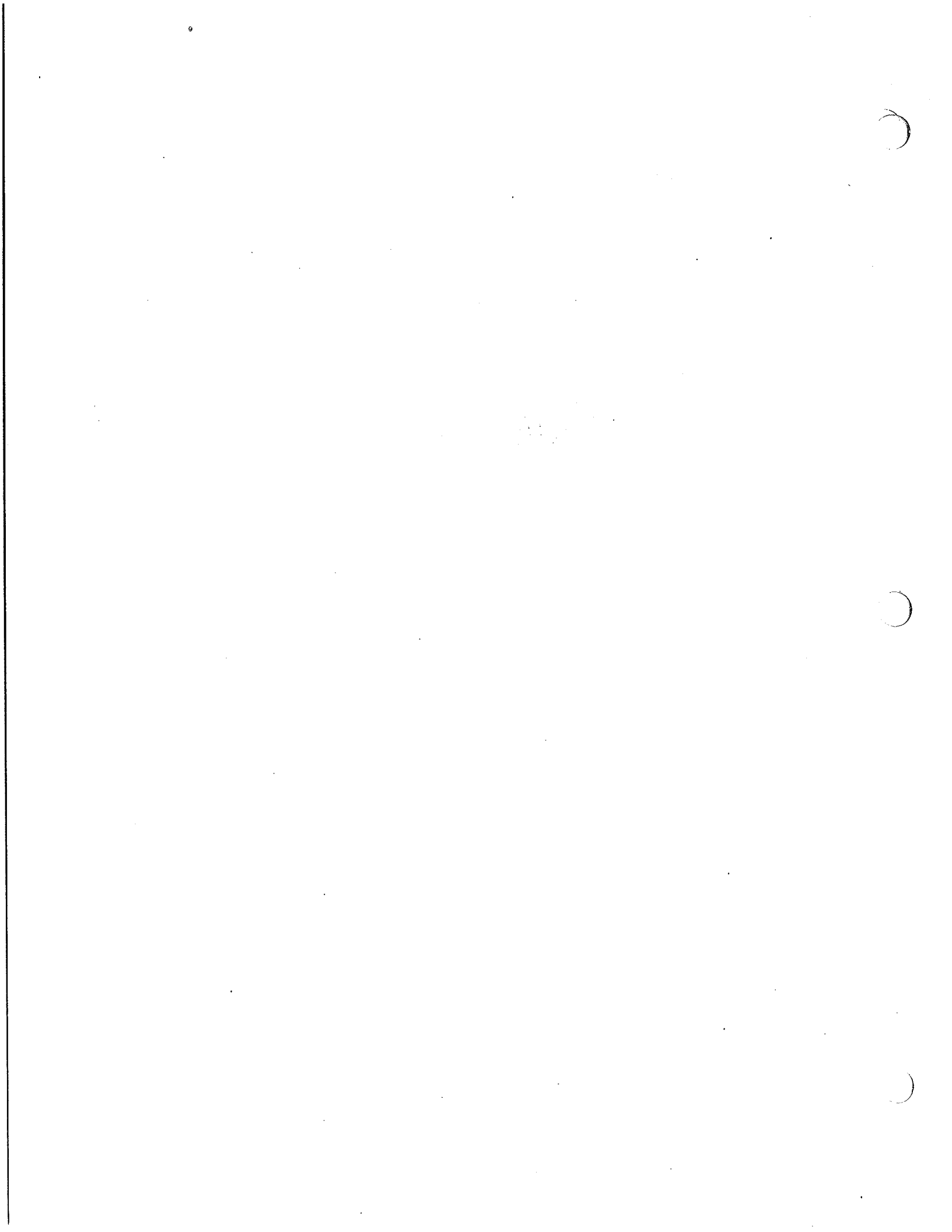


EXHIBIT NO. 5



BEST BEST & KRIEGER

ATTORNEYS AT LAW

INDIAN WELLS
(760) 568-2611

IRVINE
(949) 263-2600

LOS ANGELES
(213) 617-8100

ONTARIO
(909) 989-8584

3750 University Avenue, Suite 400
Post Office Box 1028
Riverside, California 92502-1028
(951) 686-1450
(951) 686-3083 Fax
BBKlaw.com

SACRAMENTO
(916) 325-4000

SAN DIEGO
(619) 525-1300

WALNUT CREEK
(925) 977-3300

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

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.

TABLE OF CONTENTS

| | Page |
|---|-------------|
| ARTICLE 1 - PURPOSE..... | 1 |
| ARTICLE 2 - EMPLOYEES' RIGHTS..... | 1 |
| ARTICLE 3 - DEDUCTION OF UNION DUES | 3 |
| ARTICLE 4 - DISCRIMINATION..... | 4 |
| ARTICLE 5 - IMPLEMENTATION | 4 |
| ARTICLE 6 - MANAGEMENT RIGHTS..... | 4 |
| ARTICLE 7 - FULL-TIME, REGULAR PART-TIME IRREGULAR, PART-TIME..... | 5 |
| ARTICLE 8 - WORK PERIODS AND WORK DAYS, OVERTIME AND SPECIAL PREMIUMS AND WORK SCHEDULES | 5 |
| ARTICLE 9 - WAGES | 9 |
| ARTICLE 10 - HOLIDAYS AND WEEKENDS | 13 |
| ARTICLE 11 - PTO..... | 14 |
| ARTICLE 12 - EXTENDED SICK LEAVE (ESL)..... | 17 |
| ARTICLE 13 - FLEXIBLE BENEFIT PLAN | 18 |
| ARTICLE 14 - LEAVES OF ABSENCE..... | 19 |
| ARTICLE 15 - IN-SERVICE — ORIENTATION AND EDUCATIONAL LEAVE | 20 |
| ARTICLE 16 - SUBCONTRACTING..... | 23 |
| ARTICLE 17 - VACANCIES AND REPLACEMENTS | 28 |
| ARTICLE 18 - JOINT LABOR - MANAGEMENT COMMITTEE..... | 29 |
| ARTICLE 19 - UNION REPRESENTATIVES..... | 31 |
| ARTICLE 20 - PEACEFUL PERFORMANCE OF DISTRICT SERVICES | 32 |
| ARTICLE 21 - GRIEVANCE AND ARBITRATION PROCEDURE..... | 32 |
| ARTICLE 22 - SENIORITY | 34 |
| ARTICLE 23 - HEALTH AND SAFETY | 37 |
| ARTICLE 24 - NOTICE OF INTENDED ABSENCE..... | 38 |
| ARTICLE 25 - PHYSICAL EXAMINATION..... | 38 |
| ARTICLE 26 - IN-HOUSE REGISTRY | 39 |
| ARTICLE 27 - FLOATING | 42 |
| ARTICLE 28 - DISCIPLINE AND DISCHARGE..... | 44 |
| ARTICLE 29 - RETIREMENT | 45 |

TABLE OF CONTENTS
(continued)

| | Page |
|--|-------------|
| ARTICLE 30 - SUCCESSORS..... | 45 |
| ARTICLE 31 - SAVINGS CLAUSE..... | 46 |
| ARTICLE 32 - DURATION OF AGREEMENT..... | 46 |
| SIDE LETTER NO. 1: POTENTIAL REOPENER ON JULY 1, 2008..... | 48 |
| SIDE LETTER NO. 2 ELECTRONIC PROCESSES..... | 49 |

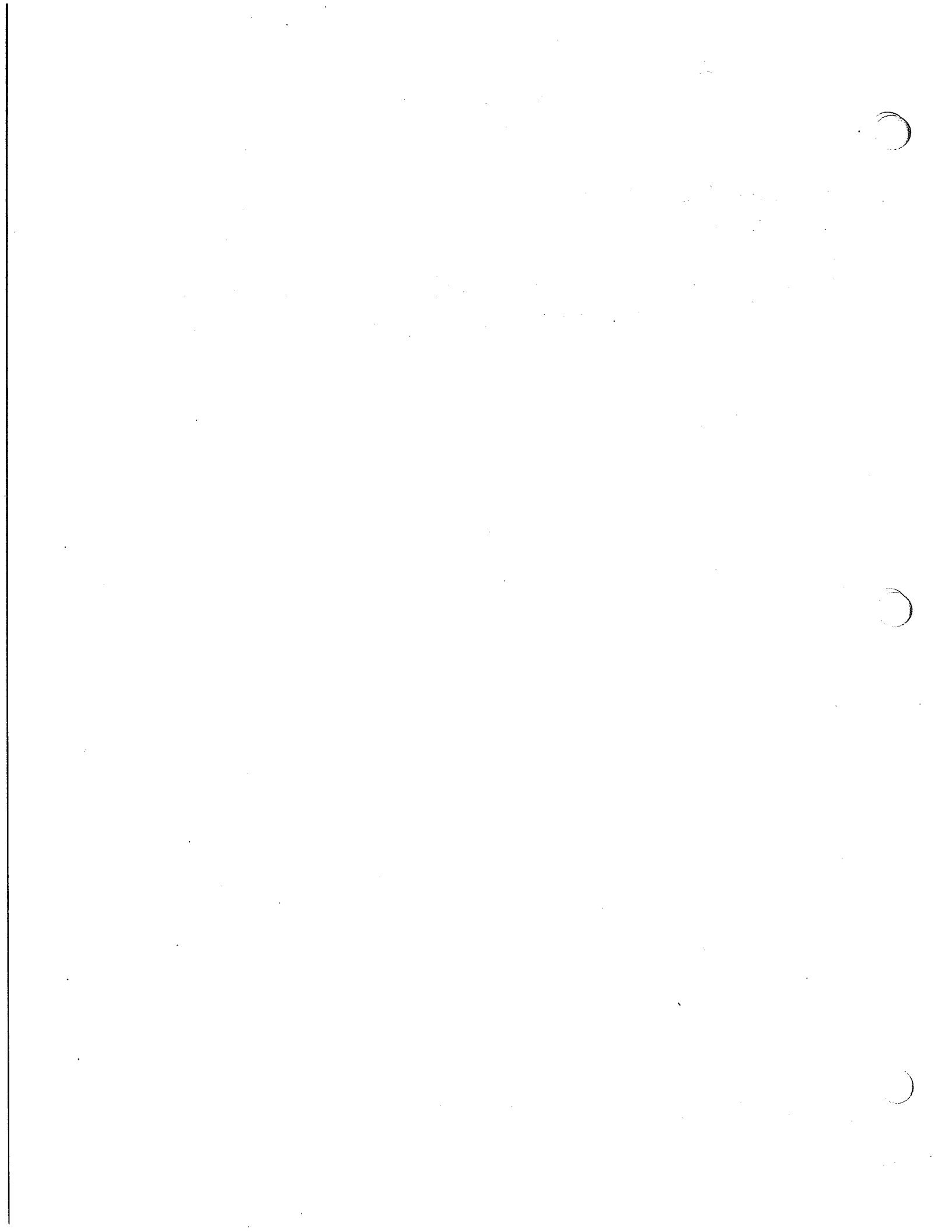
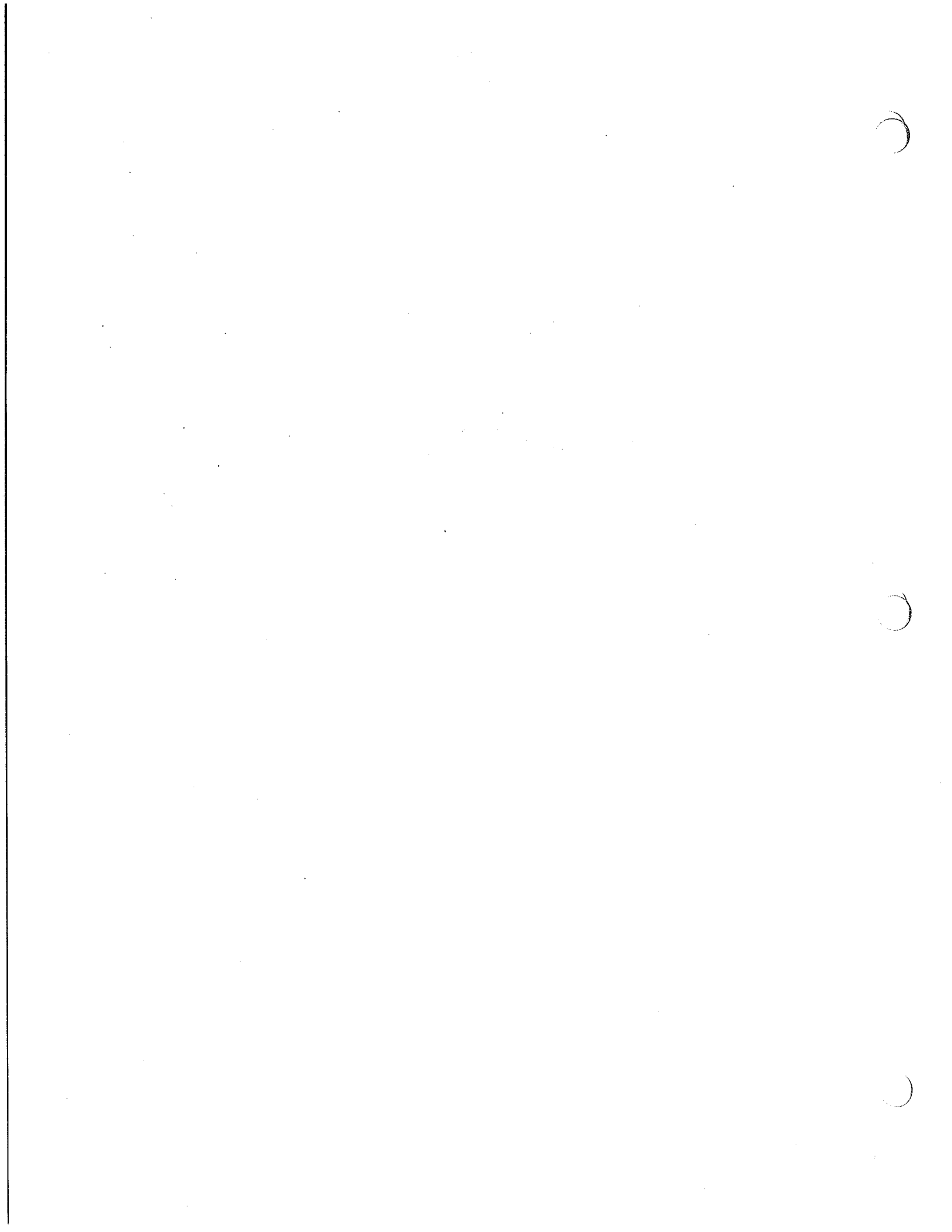


EXHIBIT NO. 6



There are 7 employees not including the General Manager or Assistant General Manager.

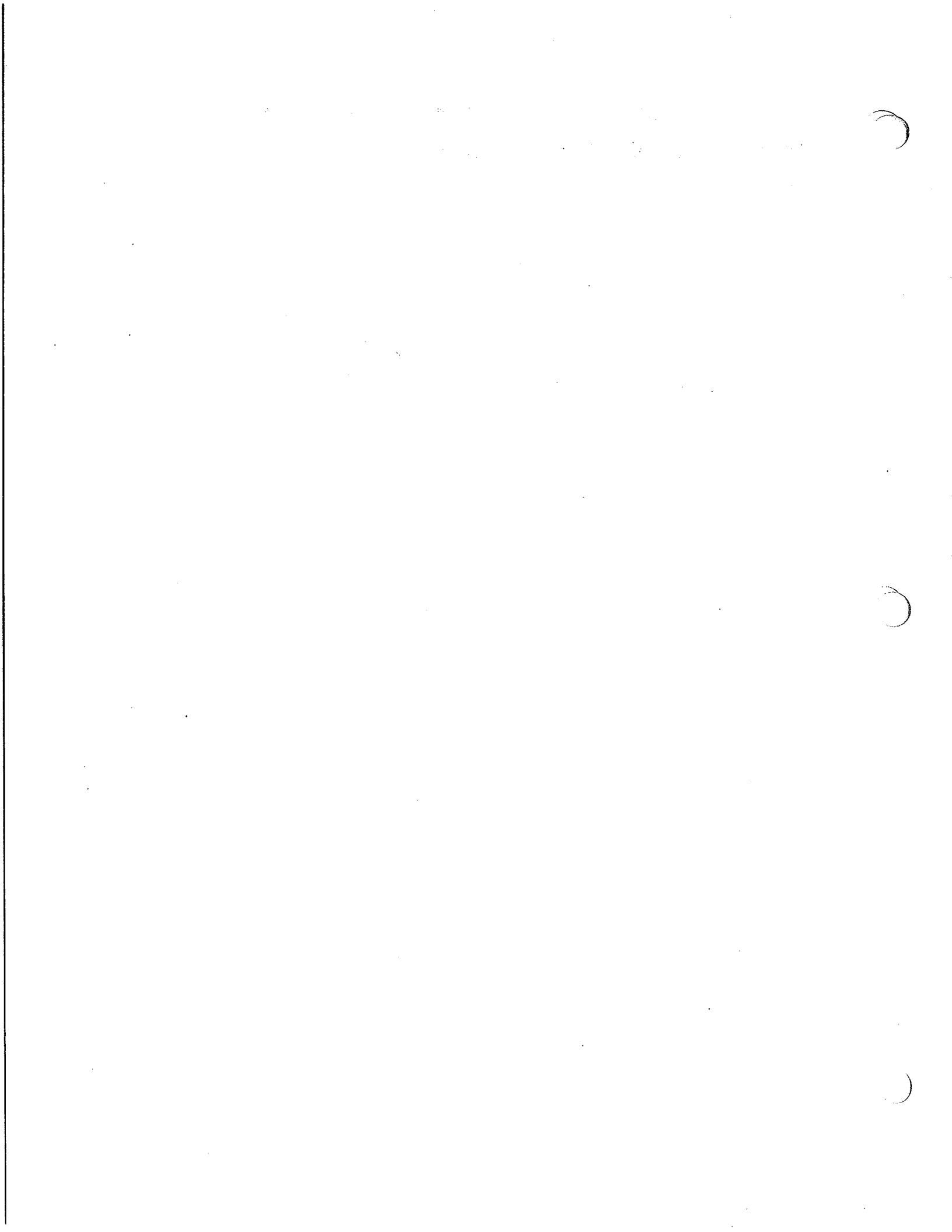
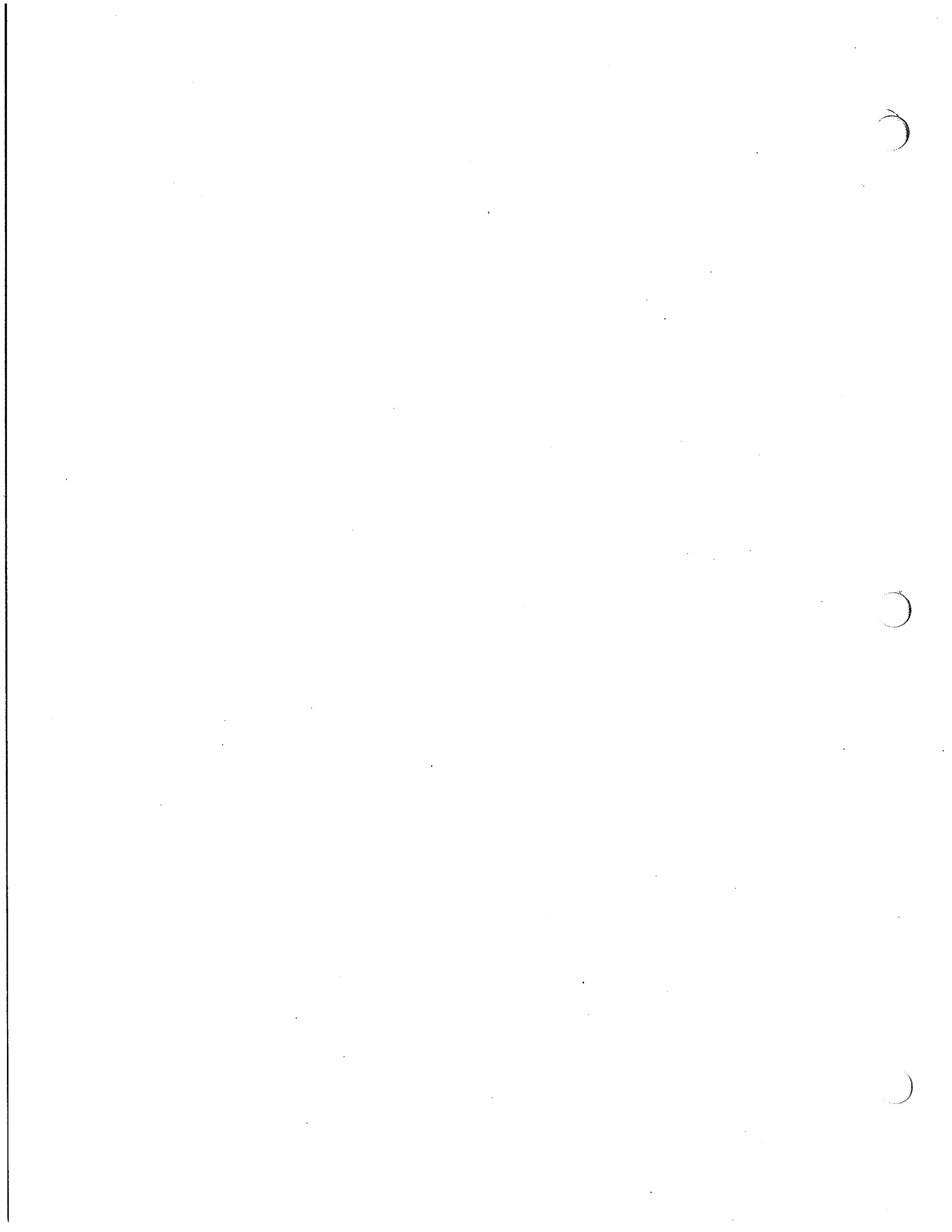


EXHIBIT NO. 7



All employees are represented by the Teamsters
Union #150 with the exception of the General
Manager and Assistant General Manager.

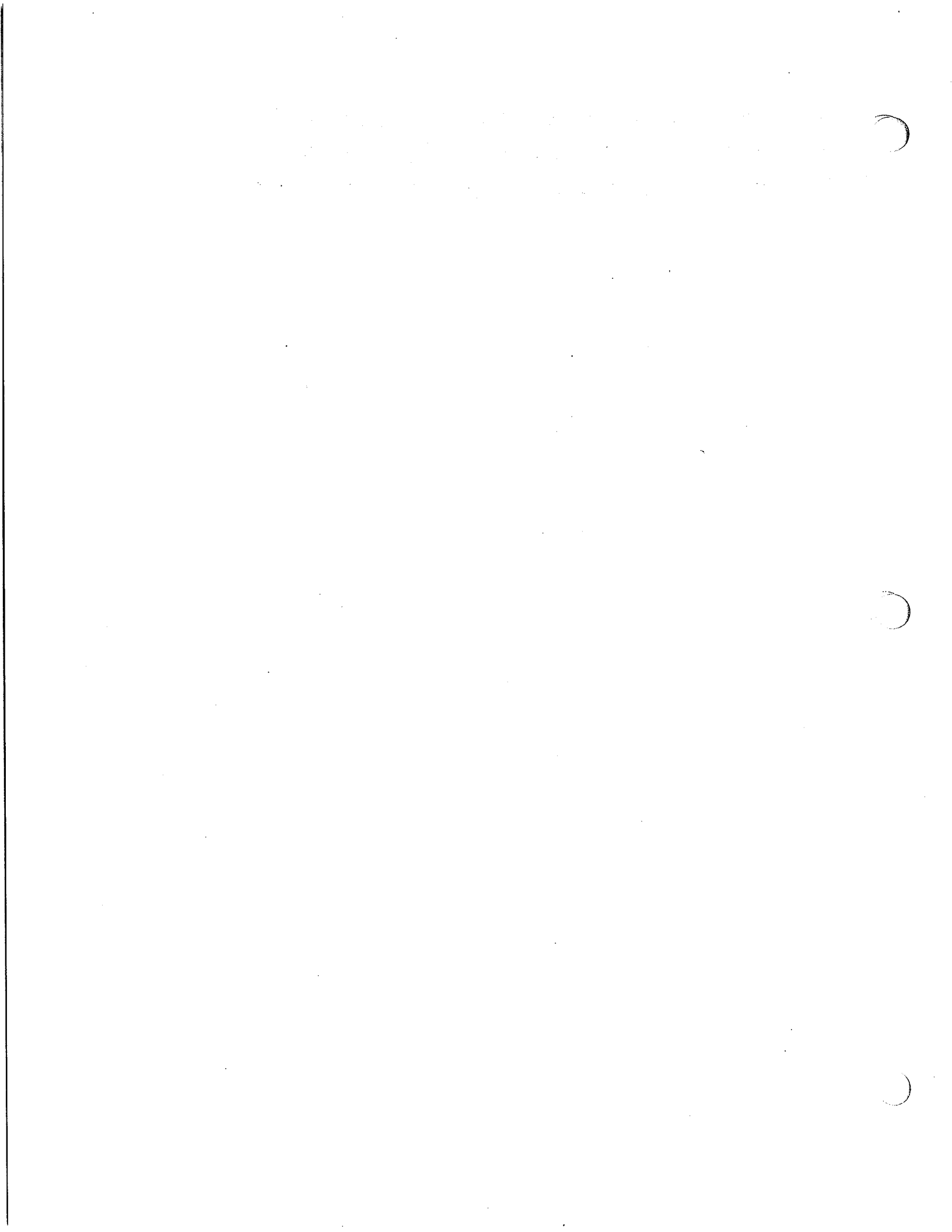
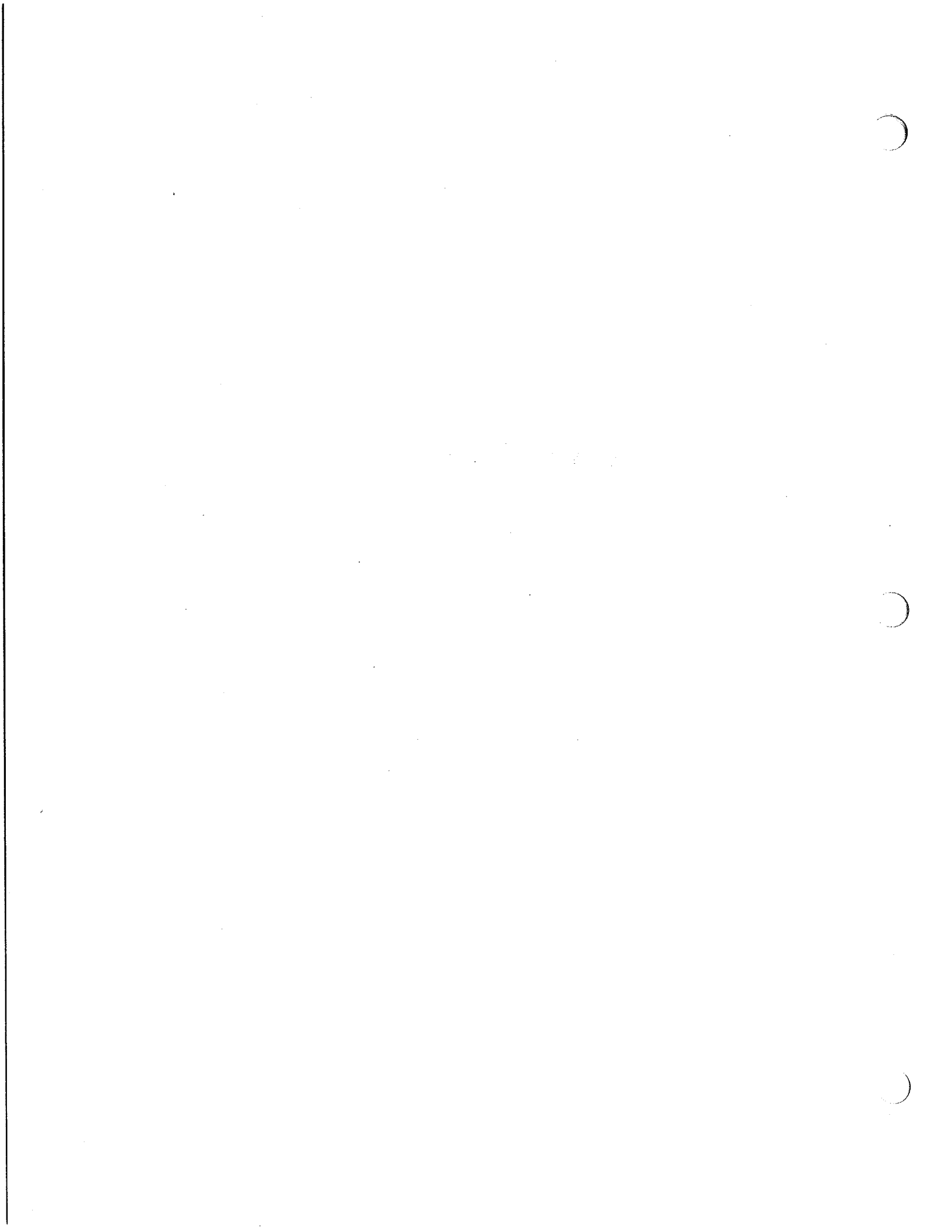
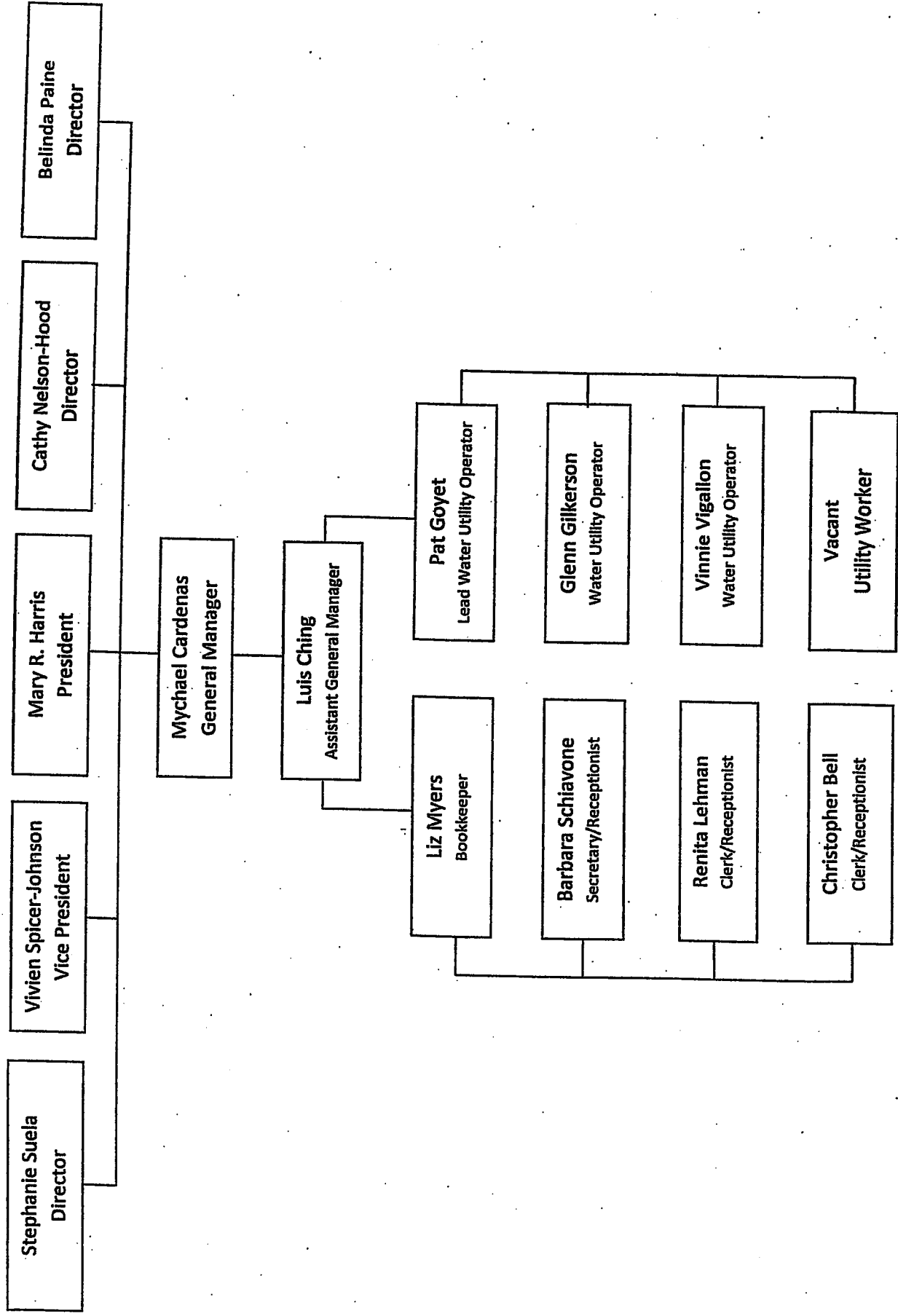


EXHIBIT NO. 8



KIO Linda/Eivert Community Water District
 Organization Chart



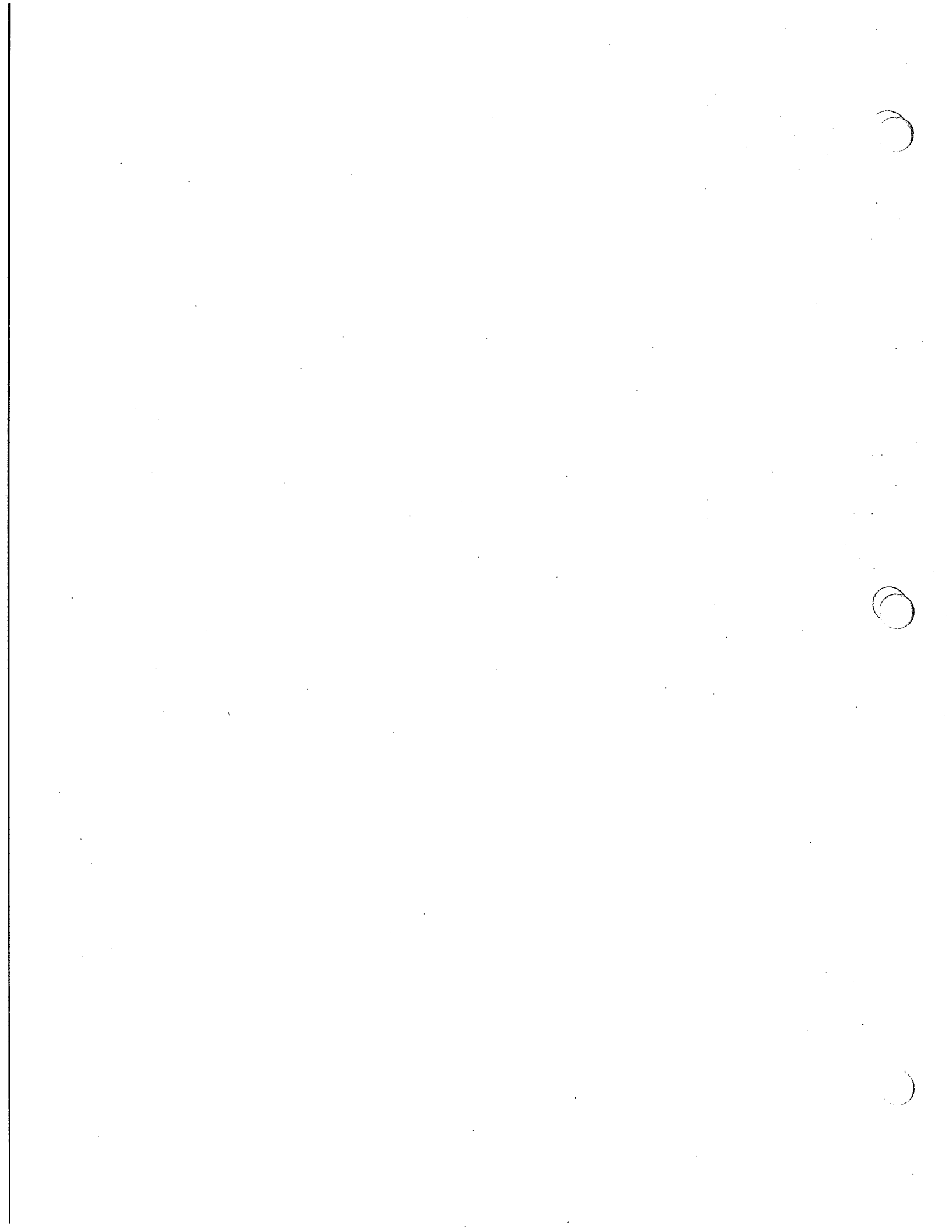


EXHIBIT NO. 9

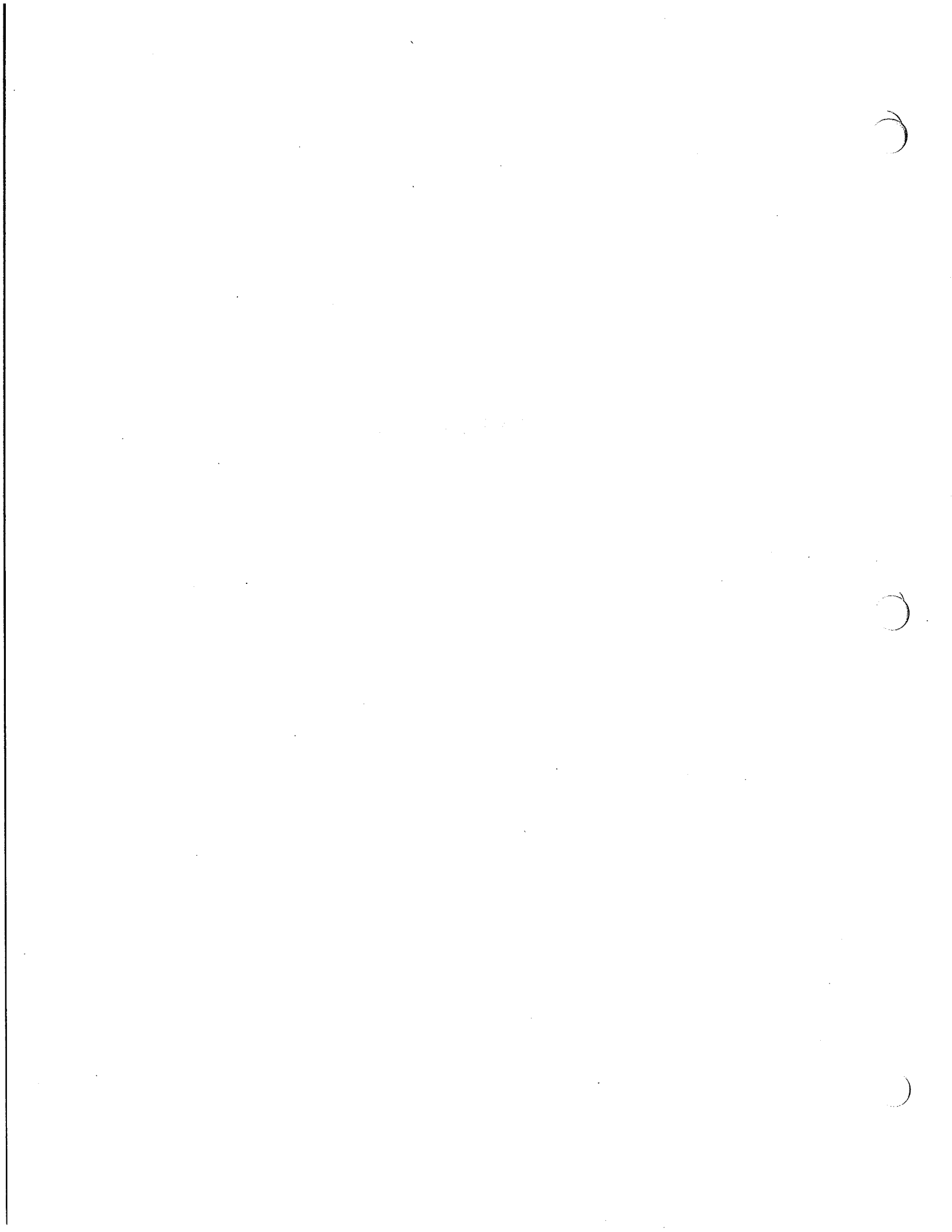


EXHIBIT A

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.

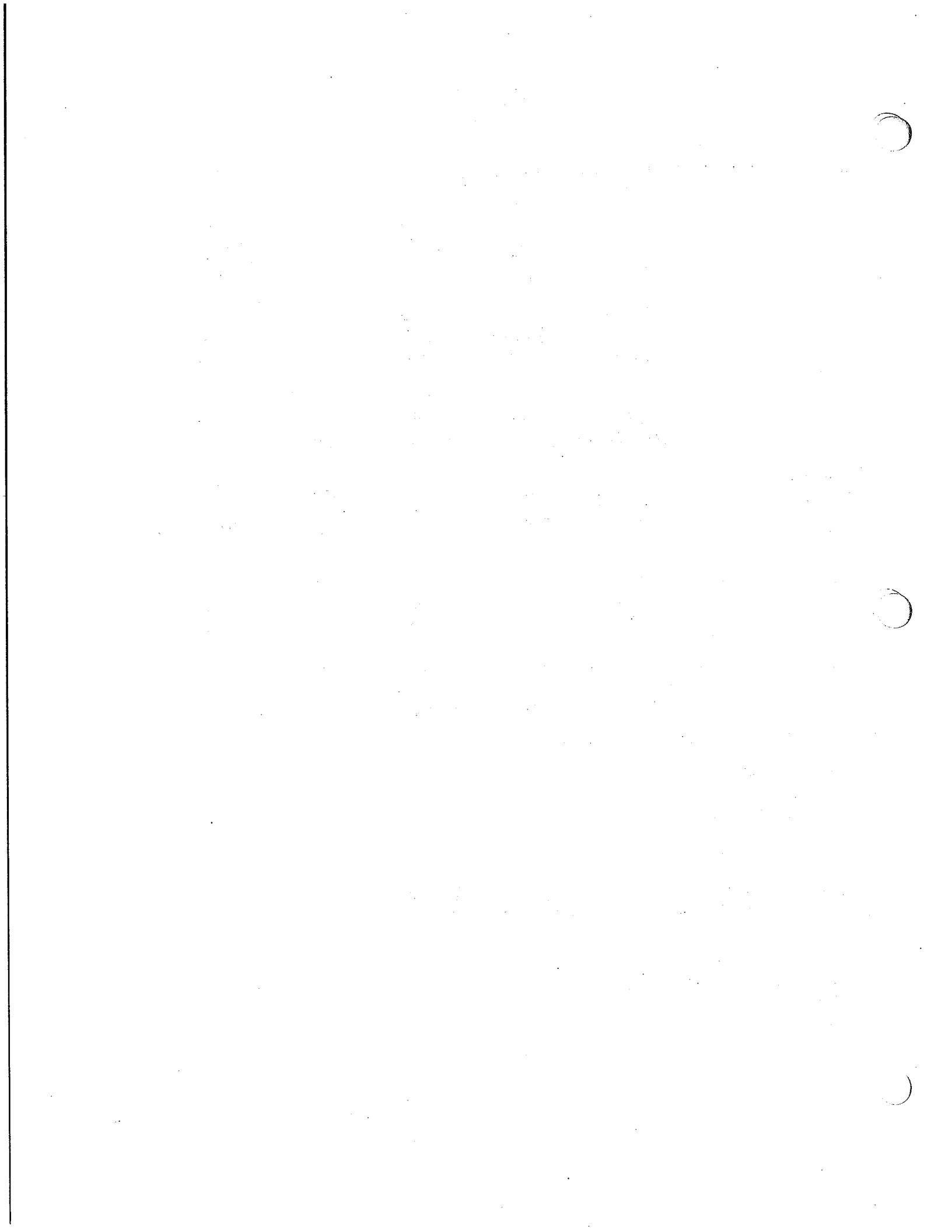
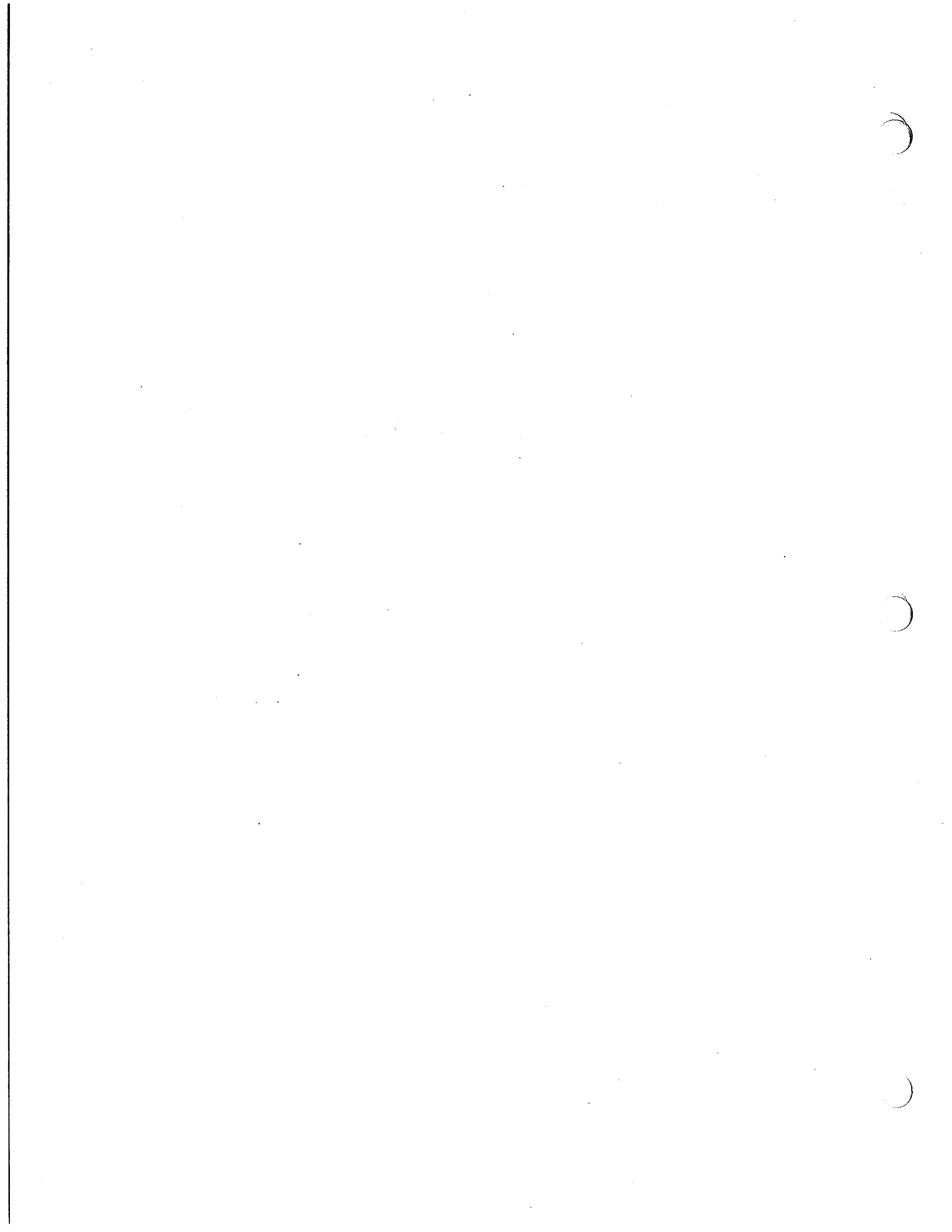


EXHIBIT NO. 10



| | | |
|------------------|-------|------|
| 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 % |

(Amended by Resolution 2004-01 adopted March 15, 2004)

2.20.550 Eligibility for Group Insurance Coverage. Only regular employees shall be eligible for group insurance coverage. Such regular employees shall become eligible for coverage indicated in each insurance coverage contract, or upon the beginning of their first full month of employment in the absence of a contract provision. Eligibility for dependent coverage shall be as described in each insurance coverage contract.

2.20.560 Public Employees Retirement System. 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 District shall pay 100% of the normal member contribution as Employer Paid Member Contributions (EPMC), which consists of seven percent (7%) of gross wages. Other contributions on behalf of or by an employee may be made pursuant to law and special agreements.

(Amended by Resolution 2003-08 adopted November 17, 2003 retro-active to November 1, 2001)

2.20.570 Deferred Compensation Program. 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.

2.20.580 Benefit Program Subject to Review. The Board reserves the right to review and revise the scope of coverage and payment of costs of the elements of the benefit program.

Chapter 2.25 PERSONNEL RULES

(Res No. 1996-09-03)

Sections:

- 2.25.000 GENERAL PROVISIONS**
- 2.25.005 Purpose**
- 2.25.010 Adoption and Amendment**
- 2.25.015 Personnel Policy**
- 2.25.020 Employment Constitutes Acceptance**
- 2.25.050 DEFINITIONS**
- 2.25.150 EMPLOYMENT**
- 2.25.154 Employment Policy**
- 2.25.158 Citizenship**
- 2.25.162 Recruitment**

2.25.166 Application
2.25.170 Selection Process
2.25.174 Ineligibility or Disqualification
2.25.178 Categories for Appointment
2.25.182 Probationary Period
2.25.186 Object of Probationary Period
2.25.190 Probationary Employee Performance Reports
2.25.194 Rejection of Probationary Employee
2.25.198 Reappointments
2.25.199 Continued Employment
2.25.200 TERMINATION OF EMPLOYMENT
2.25.205 Resignation or Retirement
2.25.210 Lack of Work or funds
2.25.250 HOURS OF WORK
2.25.253 Work Week
2.25.256 Normal Work Week
2.25.259 Attendance
2.25.262 Paid Holidays
2.25.300 VACATION AND SICK LEAVE
2.25.305 Vacation Leave: Purpose
2.25.310 Vacation Leave: Accrual
2.25.315 Vacation Leave: Scheduling
2.25.320 Vacation Leave: Payment on Termination
2.25.330 Sick Leave: Purpose
2.25.335 Sick Leave: Accrual
2.25.340 Sick Leave: Use
2.25.350 Family Sick Leave
2.25.400 FAMILY AND MEDICAL LEAVE
2.25.405 Purpose
2.25.410 Eligibility
2.25.415 Leave Benefit
2.25.420 Employee Obligations
2.25.450 OTHER LEAVES OF ABSENCE
2.25.455 Leave of Absence without Pay
2.25.460 Absence without Leave
2.25.465 Leave for Death outside Immediate Family
2.25.470 Voting Leave
2.25.475 Jury Duty
2.25.480 Workers' Compensation
2.25.485 Worker's Compensation Hearing
2.25.500 DISCIPLINARY ACTION
2.25.505 Disciplinary Policy Statement
2.25.510 Causes for Disciplinary Action
2.25.515 Administration of Disciplinary Action
2.25.520 Effect of Certain Disciplinary Actions
2.25.525 Right of Appeal
2.25.530 Hearing
2.25.535 Representation
2.25.540 Notice to Witnesses
2.25.545 Failure of Employee to Appear at Hearing
2.25.550 Decisions
2.25.555 Confidential Information
2.25.600 GRIEVANCE PROCEDURE
2.25.605 Purpose
2.25.610 Matter Subject to Grievance Procedure
2.25.615 Informal Grievance Procedures

- 2.25.620 Formal Grievance Procedures**
- 2.25.625 Conduct of Grievance Procedure**
- 2.25.630 Grievance Against General Manager**
- 2.25.650 EMPLOYER-EMPLOYEE RELATIONS**
- 2.25.655 Statement of Purpose**
- 2.25.660 Meet and Confer Matters**
- 2.25.665 Rules for the Establishment of Procedures**
- 2.25.670 Individual Employees**
- 2.25.900 MISCELLANEOUS**
- 2.25.905 Outside Employment**
- 2.25.910 Gratuity**
- 2.25.915 Conflicts of Interest**
- 2.25.920 Records**
- 2.25.925 Residence**
- 2.25.930 In-Service Training**
- 2.25.935 Political Activity**

2.25.000 GENERAL PROVISIONS

2.25.005 Purpose. The purpose of these Rules is to facilitate effective operation of the organization and to provide for a fair and equitable system of personnel management. These rules set forth in detail those procedures which insure equal treatment for applicants and employees, and define the obligations, rights, privileges, benefits and prohibitions placed upon all employees. These are intended to indicate the customary and the most reasonable methods whereby the aims of the personnel program of the Rio Linda/Elverta Community Water District can be carried out in all departments under the direction of the General Manager of Rio Linda/Elverta Community Water District.

2.25.010 Adoption and Amendment. The following personnel Rules were adopted by Resolution No.1996-09-03 of the Board of Directors of the Rio Linda/Elverta Community Water District upon the recommendation of the General Manager. These rules may be amended only by the adoption of a resolution of the Board of Directors upon the recommendation of the General Manager.

2.25.015 Personnel Policy. The following statements are hereby declared to be the personnel policy of the Rio Linda/Elverta Community Water District and these Rules shall be administered and interpreted in terms of this policy:

- (a) It is the duty of the General Manager to supervise all personnel and administer these rules.
- (b) Since employment and promotion by the Rio Linda/Elverta Community Water District shall be based on merit and fitness, these rules shall be administered in such a manner as to systematically work toward the elimination of discrimination by breaking down barriers of habit, attitude, and training which prevent the recognition of individual merit.
- (c) The California Fair Employment Practices Act shall govern all employment practices of Rio Linda/Elverta Community Water District.
- (d) Tenure of employees covered by these rules shall be subject to good behavior, satisfactory work performance, necessity for the performance of work and the availability of funds.
- (e) Conduct by employees, the General Manager, or members of the Board which constitutes harassment or sexual harassment shall not be tolerated.
- (f) Members of the Board of Directors shall not as individuals direct the actions of any employee nor interfere with the responsibilities of the General Manager as provided herein.

2.25.020 Employment Constitutes Acceptance. In accepting employment with Rio Linda/Elverta Community Water District, each employee agrees to be governed by and to comply with these personnel Rules, administrative rules and procedures established by the General Manager

pursuant hereto, and regulations and directives of the department or program in which employee is employed. All employees holding a position with Rio Linda/Elverta Community Water District on the effective date of these Rules shall thereafter be subject in all respects to the provisions herein.

2.25.050 DEFINITIONS

2.25.053 Appeal. An application for review of an alleged grievance submitted or instituted by an employee to higher authority.

2.25.054 Applicant. An individual who has completed and submitted an application for employment with the Rio Linda/Elverta Community Water District.

2.25.055 Appointment. The offer to and acceptance by a person of a position either on a regular or temporary basis.

2.25.056 Appointing Authority. The General Manager or a subordinate to whom the authority to make an appointment has been delegated.

2.25.057 Certification. Endorsement as being eligible for appointment to a vacant position.

2.25.060 Demotion. Assignment of an employee from one class to another which has a lower maximum rate of pay.

2.25.061 Department. The primary organizational unit of Rio Linda/Elverta Community Water District which is under the immediate charge of an employee who reports directly to the General Manager.

2.25.064 Discharge. The ending of employment of an employee by the Rio Linda/Elverta Community Water District for cause.

2.25.068 Employee. An individual who is legally employed by the Rio Linda/Elverta Community Water District and is compensated through the Rio Linda/Elverta Community Water District's payroll for his service. Individuals or groups compensated on a fee basis are not included.

2.25.069 Employer. The Rio Linda/Elverta Community Water District and all its departments, programs, and subsidiaries which have employees.

2.25.070 Examination. The process of testing, evaluating, or investigating the fitness and qualifications of applicants and employees.

2.25.071 Exempt Service. Those positions in the classification plan not covered by these rules including: General Manager.

2.25.073 Harassment. Harassment includes verbal harassment, physical harassment and visual harassment. Harassment includes, but is not limited to, by epithets, derogatory comments, jokes, derogatory posters, drawings, cartoons, physical interference or other personally offensive and unwelcome behavior based on a persons age, sex, ancestry, color, marital status, medical condition, national origin, physical handicap, race or religion that results in the loss of tangible job benefits or creates a hostile, obnoxious or intimidating work atmosphere.

2.25.075 Immediate Family. Includes wife, husband, son, daughter, mother, father, brother, or sister of employee, and other persons residing with the employee as may be determined by the General Manager.

2.25.079 Layoff. The involuntary non-disciplinary termination of an employee from a position.

2.25.080 Leave. An approved type of absence from work as provided for by these rules.

2.25.088 Probationary Period. The working test consisting of an trial period of employment beginning and ending as specified in these rules.

2.25.089 Promotion. Assignment of an employee from one class to another which has a higher maximum rate of pay.

2.25.091 Regular Appointment. An appointment without time limitation or special restrictions as to continued employment to a position authorized to be filled and made as prescribed by these rules.

2.25.092 Regular Employee. An employee who has received and accepted a regular appointment.

2.25.093 Sexual Harassment. Sexual harassment is sexual behavior that is unwelcome and personally offensive. Acts of sexual harassment include, but are not limited to, unwelcome sexual activity of another person, and other verbal or physical conduct of a sexual nature when:

- (a) Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- (b) Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual;
- (c) Such conduct is offered in order to receive special treatment or in exchange for or in consideration of any personal action;
- (d) Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

2.25.095 Suspension. An enforced leave of absence for disciplinary purposes or pending investigation of charges made against an employee.

2.25.097 Transfer. Assignment of an employee from one position to another position with Rio Linda/Elverta Community Water District not involving a demotion or promotion.

2.25.099 Work Day. Scheduled number of hours that any employee is required to work per day.

2.25.150 EMPLOYMENT

2.25.154 Employment Policy. The stated employment policy of this organization is to hire, promote, and retain the best qualified personnel available. The best qualified personnel shall mean those persons who can most effectively perform in the position. Applicants are to be evaluated only in terms of those factors which affect their ability to perform on the job. Employees are to be evaluated only in terms of their effectiveness in the position.

2.25.158 Citizenship. Employment is open to qualified men and women who are citizens of the United States, or to qualified non-citizens who are legally employable residents of the State of California.

2.25.162 Recruitment. Individuals shall be recruited from a geographic area as wide as is necessary to assure obtaining well qualified candidates for the various types of positions. Such various media of publicity shall be used as might be expected to bring notice of vacancies to as many qualified persons as possible.

2.25.166 Application. All candidates for employment shall file an application with the District Office on an application form prescribed by the General Manager. Such an application should have attached to it a resume prepared by the applicant.

2.25.170 Selection Process. The selection process shall include personal interviews and may include such recognized techniques as achievement tests, aptitude tests, performance tests, evaluation of previous work performance, psychological evaluation, work samples, physical agility tests, review and investigation of personal background and references, drug screening and fingerprinting. Subsequent to appointment, but before beginning work, all applicants shall provide the Rio Linda/Elverta Community Water District with the results of a pre-employment medical examination performed by a doctor selected by the Rio Linda/Elverta Community Water District. Upon recommendation of the examining physician, the employee may be refused employment. Selection techniques will be impartial and shall relate to those areas which will adequately and fairly indicate the relative ability and quality of candidates under consideration to execute the duties and responsibilities of the position to which they seek to be appointed. Upon completion of the selection process, the General Manager shall make appointments from those candidates who, on the basis of their performance in the selection process, appear most qualified for the position under consideration. The appointment shall become effective when the selected applicant has signed all papers required by the Rio Linda/Elverta Community Water District, and those papers bear the appropriate signatures confirming the appointment.

2.25.174 Ineligibility or Disqualification. The General Manager may withdraw anyone from consideration whose appointment will be deemed contrary to the best interest of the Rio Linda/Elverta Community Water District. Reasons for disqualifications may include but shall not be limited to the following deficiencies:

- (a) Lack of any of the requirements established for the position for which application has been made.
- (b) Physical or mental disabilities such as to render the applicant unfit to perform the duties of the position to which appointment is being sought.
- (c) Use of intoxicating beverages to excess.
- (d) Unlawful use of habit forming drugs.
- (e) Conviction of a felony or conviction of a misdemeanor involving moral turpitude.
- (f) Infamous or notoriously disgraceful conduct.
- (g) Dismissal from any position for any cause which would be cause for dismissal by the Rio Linda/Elverta Community Water District.
- (h) Resignation from any position to avoid dismissal.
- (i) Deception or fraud in making the application.
- (j) Request by applicant that his name be withdrawn from consideration.
- (k) Failure to reply within reasonable time to communication concerning availability for employment.
- (l) Failure to accept appointment within two days after notification

or to report for duty within the time prescribed in the offer of employment.

(m) Positive results from the pre-employment drug screening.

Applicants disqualified shall be notified immediately. All records related to disqualifications shall be maintained for a period of at least two years.

2.25.178 Categories for Appointment. 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 full time on a continuing indefinite basis. Such employees are subject to all Rules and receive all benefits and rights as provided by the Rules.

(b) **Regular Part-Time Employees.** A regular part-time employee works less than 37-1/2 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 the rules. 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 are appointed in the same manner and are subject to the same procedures as permanent employees, except that they will be laid off at the close of the job for which they have been employed and may not be eligible for benefits.

(d) **Emergency Employees.** In order to prevent stoppage of business, appointment of employees on a temporary basis may be authorized by the General Manager for not more than 60 days.

2.25.182 Probationary Period. All 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.

2.25.186 Objective of Probationary Period. 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.

2.25.190 Probationary Employee Performance Reports. A performance report of each probationary employee shall be made by the employee's supervisor according to the rules established by the General Manager. The employee performance valuation report shall be filed by the supervisor with the General Manager upon the completion of the employee's first, third, and sixth month of employment. Thereafter, they shall be filed every three months until the end of the probationary period.

2.25.194 Rejection of Probationary Employee. During the probationary period, an employee may be suspended, demoted, or terminated at any time by the supervisor without cause and without the right to appeal or to submit a grievance. The noticing requirements of Section 2.25.515 herein shall apply to the cause, and if so, what that cause is. Unless the employee responds pursuant to 2.25.515, said notice shall not become a permanent part of the employee's record.

2.25.198 Reappointments. Reappointment of any former employee shall be considered new employment.

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

2.25.200 TERMINATION OF EMPLOYMENT

2.25.201

2.25.205 Resignation or Retirement. 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.

2.25.210 Lack of Work or Funds. 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 four 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.

2.25.250 HOURS OF WORK

2.25.253 Work Week. 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 supervisor for each employee, subject to the approval of the General Manager.

2.25.256 Normal Work Week. 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.

2.25.259 Attendance. 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 supervisor and submitted for payroll as specified by the General Manager.

2.25.262 Paid Holidays.

(A) Notwithstanding 2.25.259 above, employees shall not be required to be in attendance on paid holidays. Paid holidays are authorized as follows:

| | |
|--------------------------------|---------------------------|
| New Year's Day..... | January 1st |
| Martin Luther King, Jr..... | 3rd Monday of January |
| Lincoln's Birthday..... | February 12th |
| Washington's Birthday..... | 3rd Monday of February |
| Memorial Day..... | Last Monday of May |
| Independence Day..... | July 4th |
| Labor Day..... | 1st Monday of September |
| Veteran's Day..... | November 11th |
| Thanksgiving Day..... | 4th Thursday of November |
| Friday after Thanksgiving..... | Friday after Thanksgiving |
| Christmas Eve, ½ day PM..... | December 24th |
| Christmas Day..... | December 25th |
| New Year's Eve, ½ day PM..... | December 31st |

Except for Christmas Eve and New Year's Eve, 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.

(B) Upon prior approval of the employee's supervisor or the General Manager, a regular employee may take one "personal holiday" per calendar year. This personal holiday shall be with pay.

2.25.300 VACATION AND SICK LEAVE

2.25.305 Vacation Leave: Purpose. 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.

2.25.310 Vacation Leave: Accrual.

(A) During the first five years of employment, regular full-time employees shall accrue 3.33 hours of vacation leave per pay period.

(B) Beginning in the sixth year of employment and thereafter, regular full-time employees shall accrue 5 hours of vacation leave per pay period.

(C) Supervisory employees as defined in Section 2.20.530 shall accrue an additional 1.67 hours of vacation leave per pay period.

(D) No employee may accrue more than 400 hours of vacation leave.

(E) No employee may accrue vacation leave during such time as the employee is not receiving wages from the District.

2.25.315 Vacation Leave: Scheduling. 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.

2.25.320 Vacation Leave: Payment on Termination. 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.

2.25.330 Sick Leave: Purpose. 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.

2.25.335 Sick Leave: Accrual.

(A) Regular full-time employees shall accrue sick leave at a rate of 4 hours per pay period.

(B) Supervisory employees as defined in Section 2.20.530 shall accrue one additional hour of sick leave per pay period.

(C) No employee may accrue sick leave during such time as the employee is not receiving wages from the District.

2.25.340 Sick Leave: Use. 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:

1. Disability arising from any sickness or injury purposely self-inflicted or caused by the willful misconduct of the employee.

2. Sickness or disability while on a leave of absence without pay.

It shall be the responsibility of each employee absent from work due to such disability to notify the supervisor responsible for his or her work performance 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.

(B) Subject to advanced approval by the employee's supervisor, sick leave may be taken to visit a medical practitioner.

(D) All sick leave must be taken in increments of one hour.

(E) 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.

2.25.350 Family Sick Leave.

(A) Compassionate leave with pay for one days absence may be authorized by the General Manager for a regular employee to provide care for a member of his or her immediate family, who is seriously ill or seriously injured and who requires constant care, attention or observation of symptoms, and no one else except the employee is available to provide such care.

(B) Additional leave with pay for this purpose may be authorized only when the attending physician has certified in writing that such care is necessary and can be provided only by the employee.

(C) Compassionate leave with pay will not be authorized for:

1. Absence to provide care for those suffering from the common cold, headache, intestinal upset, and other similar incidents of minor medical distress, upset or discomfort.
2. An absence for the purpose of supervising or caring for well children while another member of the family is ill, resting, or away from home.
3. An absence to accompany another member of the family, including children, to a routine medical or dental appointment.

(D) 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 five (5) days. The General Manager is empowered to grant additional time off for funeral attendance under appropriate circumstances, if so requested.

2.25.400 FAMILY AND MEDICAL LEAVE

2.25.405 Purpose. 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.

2.25.410 Eligibility. 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.

2.25.415 Leave Benefit.

(A) 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 hospital, hospice, or residential medical care facility or (2) continuing treatment by a health care provider.

(B) 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.

(C) 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.

(D) 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 seniority or employment benefits during the leave period. The District may also require the employee to obtain medical certification that they are able to resume work.

2.25.420 Employee Obligations.

(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 his or her division 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 division manager with as much notice as practicable. If the employee requests leave because of a serious health condition, the employee must provide the division 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 division 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.

(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, that accommodates recurring periods of leave better than the employee's regular job.

2.25.450 OTHER LEAVES OF ABSENCE

2.25.455 Leave of Absence Without Pay. 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 a supervisor, 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.

2.25.460 Absence Without Leave. 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.

2.25.465 Leave for Death Outside the Immediate Family. Leave without pay may be granted to a regular employee by the supervisor in the event of death to family members other than one of the immediate family, such leave granted in accordance with Section 2.25.455.

2.25.470 Voting Leave. 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.

2.25.475 Jury Duty. Employees required to report for jury duty shall be granted a leave of absence with pay from their assigned duties until released by the Court, 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 other than mileage and subsistence allowance.

2.25.480 Workers' Compensation. Any employee who is absent from work by reason of an injury or illness covered by the Rio Linda/Elverta Community Water District's Workers' Compensation insurance policy shall continue in pay status under the following provisions:

A. The difference between the amount granted pursuant to such Workers' Compensation insurance for lost pay due to injury and the employee's regular rate of pay shall be paid to the employee for a period of one week.

B. Beyond the initial one week, the amount granted pursuant to such Workers' Compensation insurance plus the amount granted as Social Security benefits plus the amount granted by any employer-paid disability insurance or disability retirement all shall be subtracted from the employee's rate of pay and the difference shall be paid to the employee from accumulated paid sick and vacation leave until these accumulations have been depleted.

C. Any employee who depletes accumulated paid leave in order to maintain pay status while absent from work by reason of an injury or illness covered by Workers' Compensation insurance shall be removed from pay status. An employee may then be placed on medical leave of absence for up to two months. No further leave may be granted.

2.25.485 Worker's Compensation Exams and Hearings. Employees who have been injured in the course and scope of their employment with the Rio Linda/Elverta Community Water District and who are required as a result of such injury to be absent from duty to take physical examinations required by the Rio Linda/Elverta Community Water District's Workers' Compensation insurer or the Industrial Accident Commission or to attend hearings of the Industrial Accident Commission may be granted leave with pay for such absences by the General Manager when he determines such absences are in the best interest of the Rio Linda/Elverta Community Water District and only if the employee is in pay status at the time of the scheduled examination or hearing.

2.25.500 DISCIPLINARY ACTION

2.25.505 Disciplinary Policy Statement. Whenever an employee's performance, attitude, work habits, or personal conduct at any time falls below a desirable level, supervisors are 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.

2.25.510 Causes for Disciplinary Action 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, hospitality, 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.

2.25.515 Administration of Disciplinary Action. The General Manager or a supervisor 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 available for employee's review and, if requested, employee will be provided with a copy of said material.

(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 or supervisor 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 either personally or by Certified Mail and said written notice includes:

(a) A statement of the nature of the disciplinary action.

(b) The effective date of the penalty.

(c) A statement of the causes therefore.

(d) A statement in ordinary language of the admissions upon which the causes are based.

(e) A statement advising the employee of his right of appeal from such action, if any.

If the notice is from a supervisor, a copy shall be filed with the General Manager within two calendar days after it is served upon the employee.

2.25.520 Effect of Certain Disciplinary Actions

(A) Oral Reprimand - Employees receiving a written reprimand may have it noted in their departmental record by the supervisor.

(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.

2.25.525 Right of Appeal. 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 ten (10) 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.

2.25.530 Hearing. 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.

2.25.535 Representation. The appellant may appear in person or be represented by a person of his choice.

2.25.540 Notice to Witnesses. 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.

2.25.545 Failure of Employee to Appear at Hearing. 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.

2.25.550 Decisions. 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.

2.25.555 Confidential Information. 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.

2.25.600 GRIEVANCE PROCEDURES

2.25.605 Purpose. Grievance procedures serve 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.

2.25.610 Matters Subject to Grievance Procedures. Any employee shall have the right to present a grievance regarding wages, hours, and working conditions except that matters subject to the provisions of Section 2.25.500 (disciplinary actions) shall not be subject to the grievance procedure.

2.25.615 Informal Grievance Procedures. The employee should first attempt to resolve a grievance or complaint through discussion with his immediate supervisor with out undue delay. If after such discussion the employee does not believe the problem has been satisfactorily resolved, he shall have the right to discuss it with his supervisor's immediate supervisor, if any. Every effort should be made to find an acceptable solution through informal means at the most immediate level of supervision. If the employee is not in agreement with the decision reached through such discussion, he shall then have the right to file a formal grievance in writing.

2.25.620 Formal Grievance Procedures. Formal grievance procedures after the exhaustion of the informal grievance procedure shall proceed as follows:

(A) **Department Review -** Grievance shall be presented in writing to the employee's supervisor who shall discuss the grievance with the employee and with other appropriate persons. The supervisor shall render a decision in writing and return it to the employee within fifteen (15) calendar days after receiving the grievance. If the employee does not agree with the decision reached, or if no answer has been received within fifteen (15) calendar days, the grievance may be submitted in writing to the General Manager. Failure of the employee to take further action within ten (10) calendar days after receipt of the decision, or within a total of twenty-five (25) calendar days if no decision is rendered, will constitute withdrawal of the grievance.

(B) **General Manager Review -** 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.

2.25.625 Conduct of the Grievance Procedure. 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.

2.25.630 Grievance Against General Manager. When an employee has a grievance against the General Manager, the procedures described hereinabove shall be used except that the duties of "supervisor" shall be performed by the General Manager and the duties of "general manager" shall be performed by the District's General Counsel.

2.25.650 EMPLOYER-EMPLOYEE RELATIONS

2.25.655 Statement of Purpose. This chapter implements Chapter 10, Division 4, Title 1 of the Government Code of the State of California (Sections 3500 et seq.) captioned "Local Public Employee Organizations", by providing orderly procedures for the administration of employer-employee relations between the District and its employee organizations. However nothing contained herein shall be deemed to supersede the provisions of State law, District ordinances, or other chapters of these Rules which establish and regulate the personnel system or which provide for other methods of

administering employer-employee relations. This chapter is, instead, to strengthen the merit system through the establishment of uniform and orderly methods of communications between employee organizations, employees, and the District.

2.25.660 Meet and Confer Matters. It is the purpose of this chapter to provide for the establishment of procedures for meeting and conferring in good faith with individual employees or recognized employee organizations regarding matters that directly affect and primarily involve wages, hours and other terms and conditions of employment of employees in appropriate units and that are not preempted by federal and state law. However, nothing herein shall be construed to restrict any legal or inherent exclusive District rights with respect to matters of general legislative or managerial policy, which include among others: the exclusive right to determine the mission of its constituent departments, commissions and boards; set standards of service; determine the procedures and standards of selection for employment; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work, lack of funds, or for other legitimate reasons; maintain the efficiency of District operations; determine the methods, means, and personnel by which District operations are to be conducted; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.

2.25.665 Rules for the Establishment of Procedures. The Board of Directors shall establish rules regarding the recognition of employee organizations, the determination of appropriate units, and meet-and-confer procedures upon receipt from an organization requesting to represent one or more District employees.

2.25.670 Individual Employees. Employees who are not represented by a recognized employee organization shall be entitled to represent themselves in meet-and-confer process with regard to the preparation of the employee compensation plan as follows:

- (a) During the week following the regular October meeting the Board of Directors, the General Manager shall submit to the employees the recommended compensation plan previously submitted to the Board in closed session pursuant to Section 2.20.320 of this policy manual;
- (b) Employees shall submit requests for revisions in the proposed compensation plan in writing to the General Manager within ten (10) days after receipt of the recommended compensation plan;
- (c) The General Manager shall meet-and-confer with all employees not represented by a recognized employee organization regarding such requests;
- (d) At the regular meeting of the Board of Directors in the month of November, the General Manager shall submit in closed session the results of the meet-and-confer process and in open session the Board shall discuss and adopt a compensation plan for the coming fiscal year. Prior to the revision of these rules by the Board of Directors, the General Manager shall submit copies of proposed revisions previously reviewed by the Board of Directors to the employees not represented by an employee organization. Employee may submit suggested changes to the proposed revisions within ten (10) days after receipt thereof. The General Manager shall meet-and-confer with all of the employees not represented by an employee organization on the suggested changes and shall report to the Board of Directors in closed session on the results of the meet-and-confer process.

2.25.900 MISCELLANEOUS

2.25.905 Outside Employment. Any full-time employee engaging in a regular outside employment shall notify the General Manager. The employee shall submit a statement naming the employer, address and telephone number, and hours of work. No employee should engage in outside work or employment which will conflict with his or her duties and responsibilities to the District.

2.25.910 Gratuity. No officer or employee of the District shall solicit or accept any gratuity for services rendered.

2.25.915 Conflicts of Interest. No employee shall engage in any business transaction or shall have a financial interest, direct or indirect, which is incompatible with the proper discharge of his official duties or would tend to impair his independence of judgment or reaction in the performance of those duties.

2.25.920 Records. Personnel records, except for examinations, performance and evaluation reports, personnel histories, and such other records as may be specified in these rules or by order of the General Manager, shall be public records open to public inspection in accordance with procedures prescribed by the General Manager.

2.25.925 Residence. Water system maintenance employees shall reside within 30 minutes of the District boundaries so that they may respond to emergency situations in a timely manner. Any employee not residing as required herein at the time of employment shall establish such residence within the probationary period.

2.25.930 In-Service Training. The General Manager may authorize the payment of costs for job related training courses for employees if the budget provides funds therefore. The General Manager may establish rules for the use of said funds.

2.25.935 Political Activity. No employee of the District shall take an active part in any political campaign during working hours or use his or her job title or position in connection with any political activity at any time.

Chapter 2.30 CONFLICT OF INTEREST CODE

(Res No. 1996-09-04)

Sections:

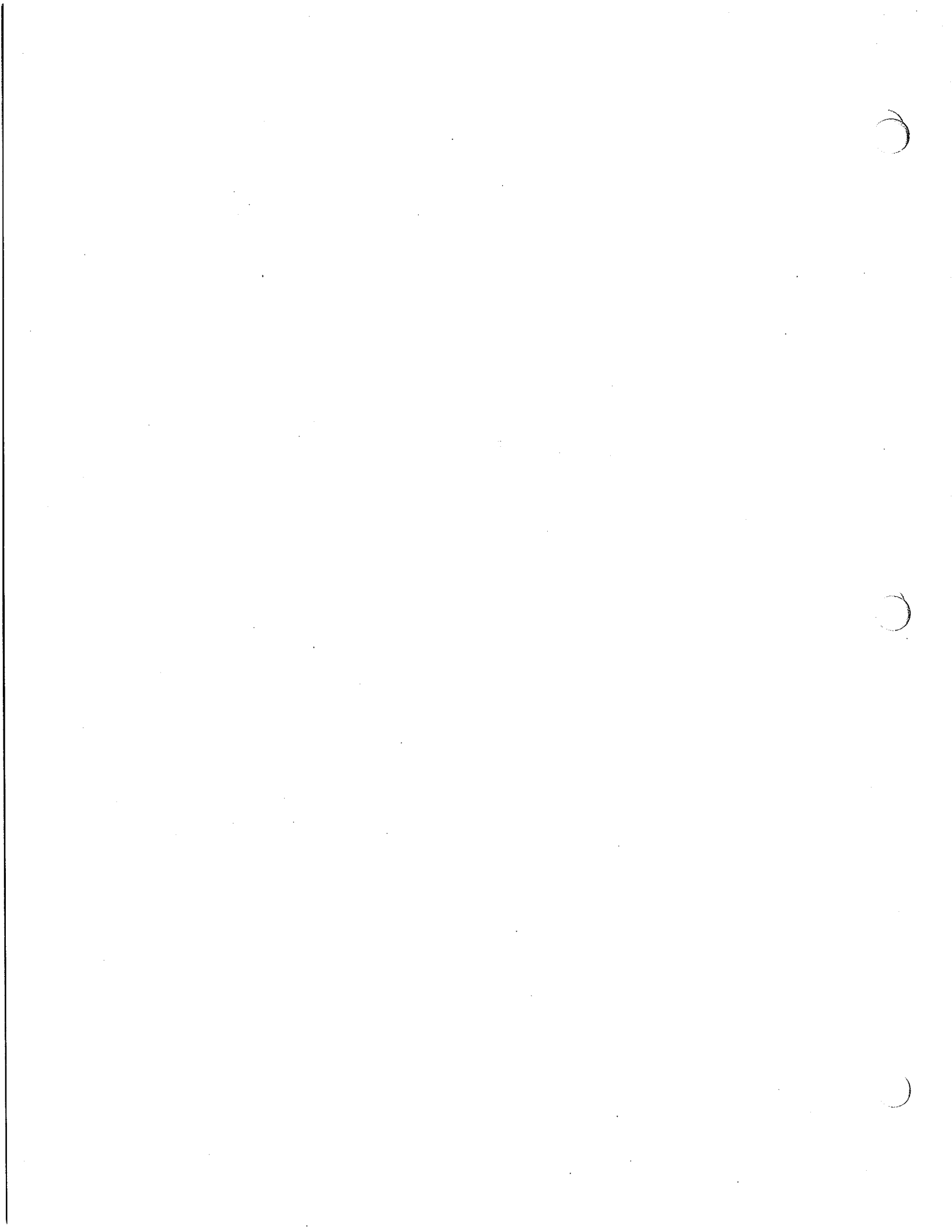
- 2.30.010 Conflict of Interest Code**
- 2.30.020 FPPC Standard Code Provisions**
- 2.30.030 Disclosure Category 1**
- 2.30.040 Disclosure Category 2**
- 2.20.090 Designated Positions**

2.30.010 Conflict of Interest Code. The provisions of this chapter constitute the conflict of interest code of the Rio Linda/Elverta Community Water District.

2.30.020 FPPC Standard Code Provisions. The terms of 2 Cal. Code of Regs. §18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference within this conflict of interest code.

2.30.030 Disclosure Category 1. Officers and employees included in disclosure category 1 shall report the following information as required:

EXHIBIT NO. 11



RLECWD does not have any By-Laws

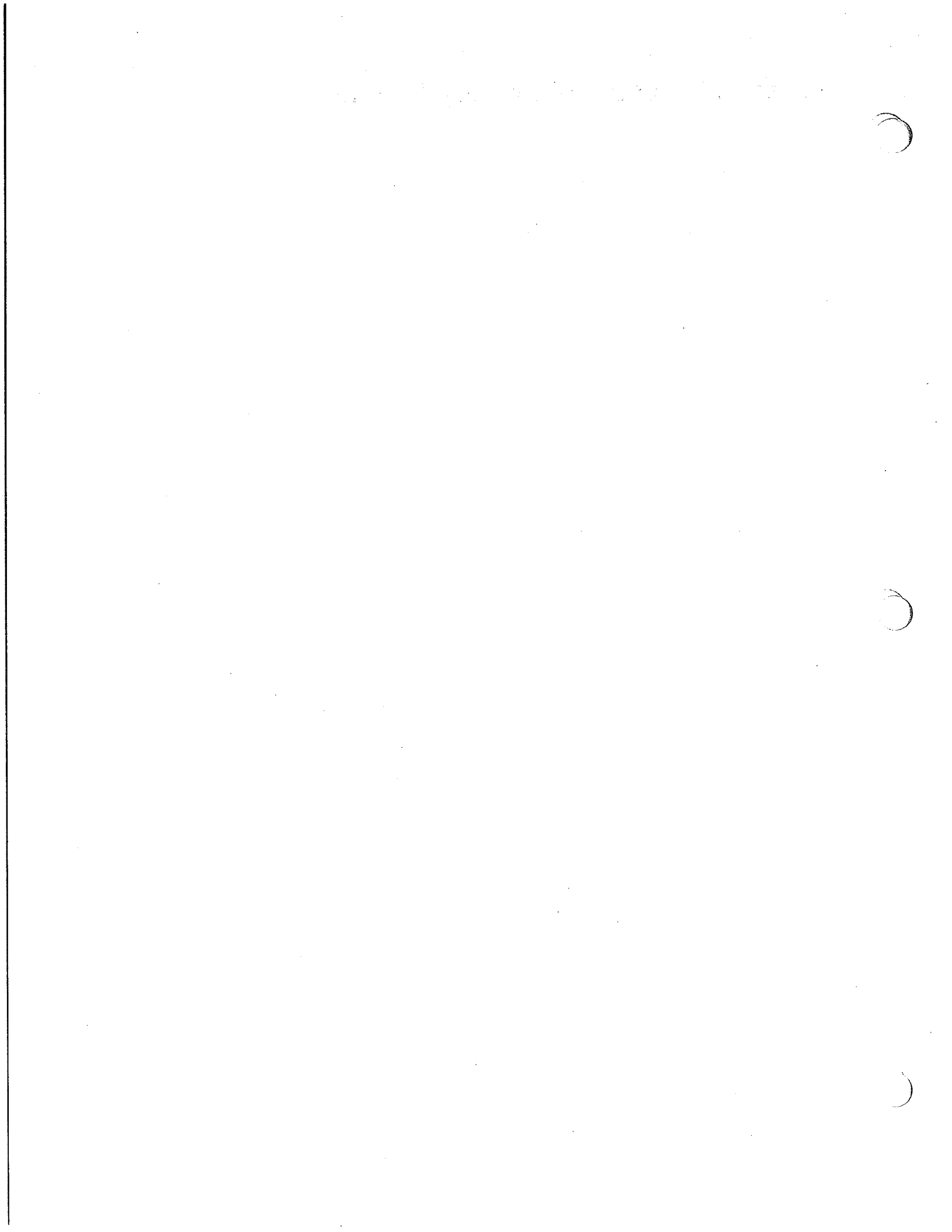
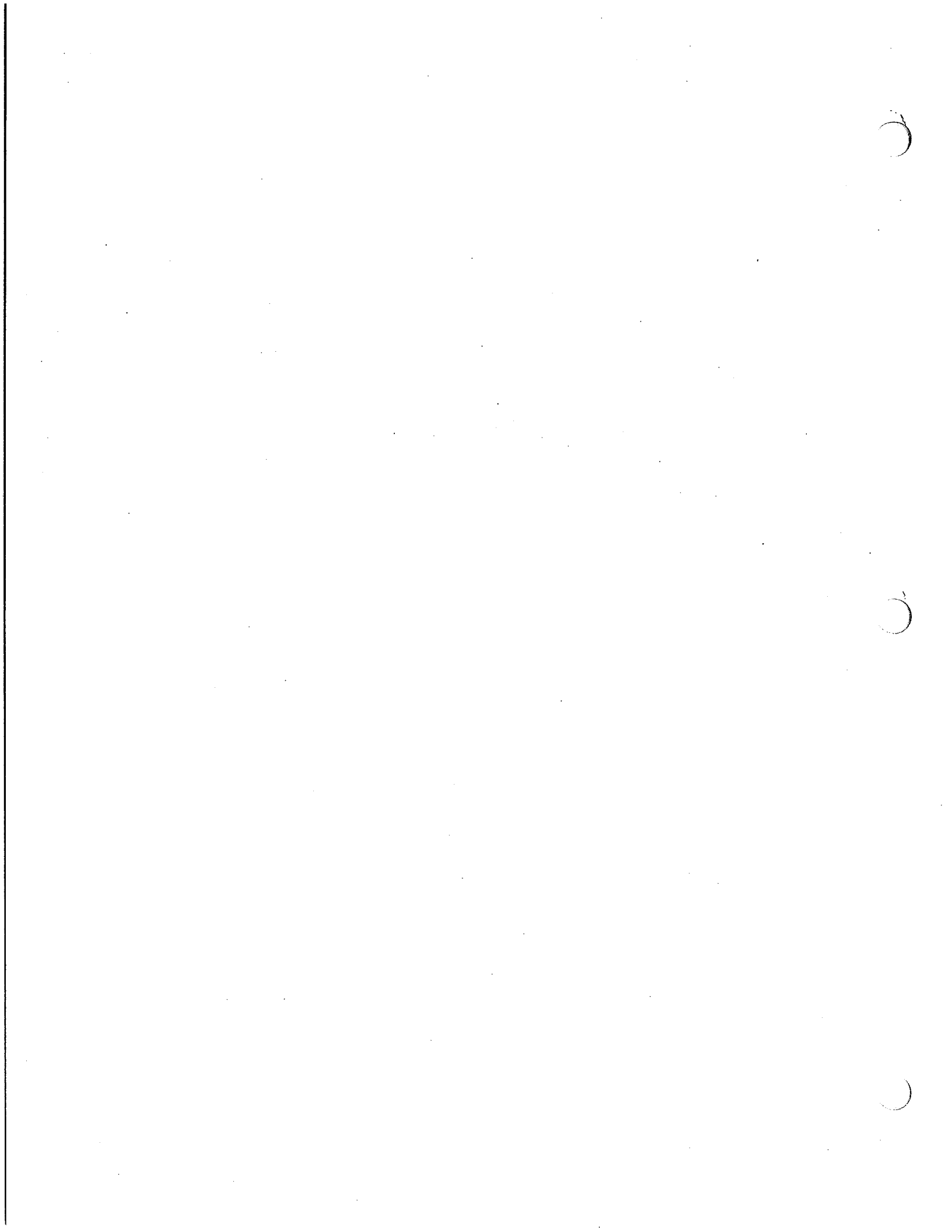


EXHIBIT NO. 12



2. Is the policy a subject upon which the District has Federal or State constitutional or statutory authority to act?
3. As drafted, does the policy treat all similarly situated persons in the same way?
4. Are the terms of the policy clear enough so that people do not have to guess at its meaning?
5. Does the policy clearly state what a person must do in order to comply with it?
6. Does the policy define special or broad terms which it uses?
7. Does the policy set sufficient standards for the officials who must enforce it, or does it give the enforcing agent too much discretion in making a decision whether or not to do something?
8. Does the policy require that notice or hearing be given to a person whose rights are affected by it?
9. Does the policy require the official who is making a decision under it to give notice of that decision and the reasons for it within a reasonable time?
10. Can the local government achieve its goal by using a less restrictive or intrusive means?
11. Do the policy provisions constitute a "prior restraint" on a person's First Amendment rights?
12. Has the District created an adequate record or compiled sufficient evidence in order to support its findings and conclusions for enacting the policy?
13. Is the policy too broad?
14. Does the policy so heavily burden a person's use of his property that it might be considered a taking?
15. If a policy is changing an existing local regulation, does it give persons a reasonable amount of time to comply with the changes?
16. Has the Attorney and Risk Manager been consulted before taking action which might result in claims against the District or litigation?
17. Have similar policies been upheld elsewhere?
18. If a policy is challenged, would you consider suspending it pending a judicial determination?

3.21.200 Contract Guidelines: Purpose. The following contract guidelines have been established to insure that the local government's exposures and risks are reasonably treated in all of the government's agreements, contracts, leases, settlements, etc.

3.21.204 Consulting Contracts: Written Contracts. Consultant services should be procured by written contract and accompanying purchase order to track consultant costs. Contracts for services that should be in writing include, but are not limited to, management and planning studies, engineering, legal counsel, labor negotiations, plans examination, employment assessment centers, executive search, etc.

3.21.208 Minor Construction Contracts: Contract Form. Contracts for minor construction projects (e.g. under \$25,000) may be procured by written "short form" contract and accompanying purchase order to track project costs. Contracts for services that are to be in writing include, but are not limited to, facility or infrastructure repair or remodeling, etc.

3.21.212 Consulting and Minor Construction Contracts: Risk Minimization. In order to avoid, reduce, or transfer the risk of loss, for contracts for consulting services the following policies are to be applied in a manner consistent with the recommendations contained in the JPIA publication "Risk Transfer Procedures for ACWA/JPIA Member Districts":

1. Workers' Compensation and Employer's Liability. The Contractor shall secure and maintain in force throughout the duration of the contract workers' compensation

insurance as required by law and shall agree to waive all rights of subrogation against the District, its officials, employees and volunteers for losses arising from work performed by Contractor for the District. Language covering this element of the consulting contract shall be included in all contracts as follows:

"The Contractor expressly waives immunity for injuries to its employees and agrees that the obligation to indemnify, defend and hold harmless provided for in this Contract extends to any claim brought by or on behalf of any employee of the Contractor. This waiver is mutually negotiated by the parties. This shall not apply to any damage resulting from the sole negligence of the District, its agents and employees. To the extent any of the damages referenced herein were caused by or resulted from the concurrent negligence of the District, its agents or employees, the obligations provided herein to indemnify, defend and hold harmless is valid and enforceable only to the extent of the negligence of the Contractor, its officers, agents and employees."

2. Hold Harmless and Indemnification. Language covering this element of the contract shall be included in all contracts as follows:

"The Contractor shall indemnify, defend and hold harmless the local government, its officers, agents and employees, from and against any and all claims, losses or liability, including attorney's fees, arising from injury or death to persons or damage to property occasioned by any act, omission or failure of the Contractor, its officers, agents and employees in performing the work required by this Agreement."

3. Independent Contractor. All consulting contracts shall contain language to the effect that:

"The Contractor and District agree that the Contractor is an independent contractor with respect to the services provided pursuant to this Agreement. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the parties."

4. Assignment. All contracts shall expressly prohibit the Contractor from subletting or assigning any of the services covered by this agreement without the express written consent of the District. Assignment does not include printing or other customary reimbursable expenses or subcontractors as may be approved in advance by the District that may be provided in an Agreement.

5. Comprehensive General Liability Insurance. All contractors shall secure and maintain in force throughout the duration of the contract comprehensive general liability insurance with carriers acceptable to the District, with a minimum coverage of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for personal injury (unless a one million dollar aggregate is specified for the job), and five hundred thousand (\$500,000) per occurrence/aggregate for property damage. The District shall be named as an additional insured and the insurance policy shall include a provision prohibiting cancellation of said policy except upon thirty (30) days prior written notice to the District. Certificates of Insurance shall be delivered to the District within fifteen (15) days of execution of the agreement.

6. Professional Liability Insurance. Contracts with consultants who are required to be professionally certified by the State (such as design engineers or attorneys) shall be required to provide professional liability insurance in the amount of one million dollars (\$1,000,000), with a minimum coverage of one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) aggregate. The District shall be named as an additional insured and the insurance policy shall include a provision prohibiting cancellation of said policy except upon thirty (30) days prior written notice to the District. Certificates of Insurance shall be delivered to the District within fifteen (15) days of execution of the agreement.

7. Business Auto Liability Insurance. All contractors shall be required to have business auto liability coverage, with minimum limits of one million dollars (\$1,000,000) Per Occurrence, Combined Single Limit for Bodily Injury Liability and Property Damage Liability. This coverage shall include all contractor Owned Vehicles used on the contract, Hired and Non-Owned Vehicles, and Employee Non-Ownership Vehicles.

The District shall be named as an additional insured and the insurance policy shall include a provision prohibiting cancellation of said policy except upon thirty (30) days prior written notice to the District. Certificates of Insurance shall be delivered to the District within fifteen (15) days of execution of the agreement.

8. Subcontractors. It shall be the responsibility of the contractor to insure that all subcontractors comply with the same insurance requirements that the prime contractor is required to meet.

9. Performance Bond. A Contractor on a minor construction job shall furnish to the local government prior to start of construction a performance bond in an amount of 100% of the contract in a form acceptable to the District. In lieu of a bond, fifty percent (50%) retainage may be held for 30 days after final acceptance and/or liens cleared.

(Amended by Resolution 1997-10-02)

3.21.220 Major Construction Contracts: Written Contract. Contracts for major construction projects (e.g. over \$25,000) should be procured by written contract in a manner consistent with state law.

3.21.224 Major Construction Contracts: Risk Minimization. In order to avoid, reduce, or transfer the risk of loss, the following policies in addition to the policies established in Section 3.21.212 hereinabove are to be applied in a manner consistent with the recommendations contained in the JPIA publication "Risk Transfer Procedures for ACWA/JPIA Member Districts":

1. Subcontractors. The prime Contractor shall include all subcontractors as insured under its policies or shall furnish separate Certificates and Endorsements for each subcontractor. The Contractor shall not assign or sublet the Contract in whole or in part without the written consent of the District, nor shall the Contractor assign any moneys due or to become due to Contractor hereunder without prior written consent of the District. The Contractor shall not subcontract more than thirty percent (30%) of the work without the express written consent of the District. In any event, the Contractor shall, at least five (5) working days prior to propose start of a subcontractor's work, notify the District in writing of the name of the proposed subcontractor for the work, and shall not enter into any subcontracts which the District may object to as incompetent or unfit. The Contractor shall agree that Contractor is fully responsible to the for the acts and omissions of the subcontractor and persons either directly or indirectly employed by subcontractors, as well as for the acts and omissions of persons directly employed by the Contractor. Consent to subcontracting part of the work shall, in no way, release the Contractor from responsibility for performance of the work, and Contractor will be held, in all respects, accountable for the same as if no consent had been given. The Contractor shall be required to give personal attention to the work which is sublet. Nothing contained in the Contract Documents shall create any contractual relation between any subcontractor and the District.

2. Builders Risk Insurance. On projects that consist of either above or below ground structures, other than standard manholes, sewer or water lines, Contractor shall purchase and provide "all Risk Builders" insurance coverage equal to one hundred percent (100%) of the completed value of such work being performed. Said policy shall not include a deductible of more than five thousand dollars (\$5,000) per occurrence. Said policy shall name the District as an additional insured. The policy shall include a provision prohibiting cancellation of said policy except upon thirty (30) days prior written notice to the . Certificates of Insurance shall be delivered to the District prior to execution of the Contract. If the Contract is for a District facility which will be occupied, the Contractor should also secure a Waiver of Occupancy Endorsement which will enable the District to occupy the facility under construction/remodel during such activity.

3. **Performance Bond.** The contractor shall furnish a surety bond or bonds covering faithful performance of the Contract and the payment of all obligations arising there under. The bond shall be in the full amount of the Contract and shall be upon the form of bond set forth herein. The surety shall be a firm qualified to conduct business as a surety in the state. The performance bond for this Contract shall not only indemnify the District for the usual performance provisions of the Contract, but in addition, shall be a bond to guarantee payment of any and all tax or other liability of any type, kind, nature or description due as a result of work performed pursuant to the Contract.

3.21.500 Employee Injury and Illness Protection Program: Purpose. The District's employees are its greatest assets. Providing safe and healthful working conditions is essential to protecting those assets, and an important element of an effective risk management and loss control program. Exposures from unsafe working conditions and practices can be avoided, eliminated, or reduced by identifying the exposures and hazards, and treating them through a variety of techniques such as correcting unsafe work practices or using proper equipment.

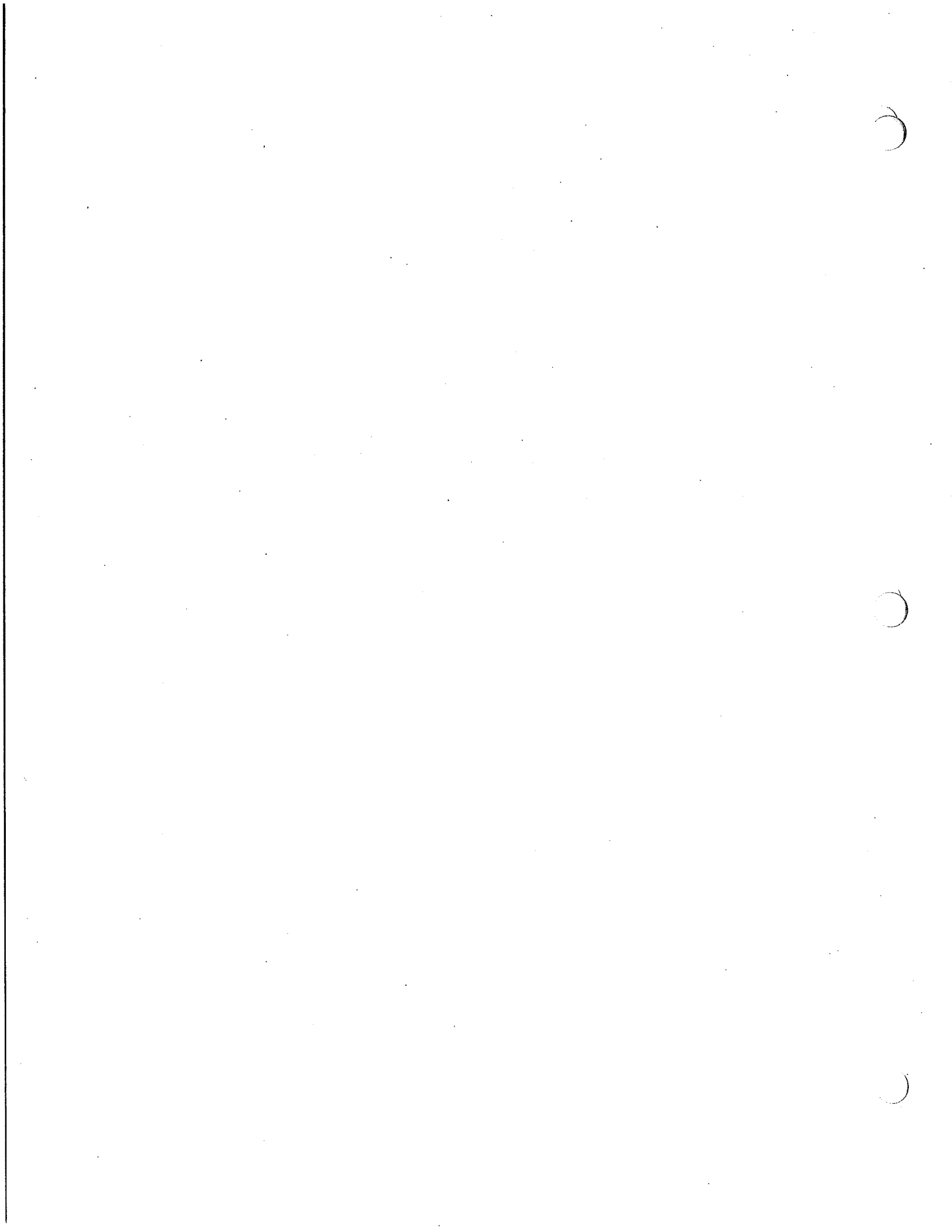
3.21.504 General Health and Safety Policies. The following general employee health and safety policies are hereby established:

1. The District will provide safe working conditions for its employees. Under no circumstances will the risk of serious injury or death of employees be considered an acceptable risk.
2. The District will give prime consideration to safety in the design of buildings, facilities and the specifications for equipment.
3. Whenever a condition or practice is found to exist which could reasonably be expected to cause injury or property damage, the employee has a right and duty to report it immediately, and the General Manager has the authority and responsibility to take necessary action to correct the condition or practice or, where no funds are available to correct the condition, to recommend to the Board to appropriate such funds.
4. Each employee shall develop and exercise safe work habits in the course of their work to prevent injuries to themselves, their co-workers, and to preserve and protect the District's materials, equipment and facilities.
5. The District shall periodically inspect facilities and equipment to ensure that prescribed safety standards are met.
6. Employees shall be certified in first aid through a course provided by the District during working hours.
8. First Aid kits shall be provided in all District vehicles and at least on every floor of each District facility.
9. Employees shall use and/or wear all personal protective clothing and equipment required by department work rules.

3.21.508 General Health and Safety Employee Requirements. Employees shall conform to the following general requirements shall apply to all employees when in the performance of their work:

1. Promptly report in writing all accidents and injuries, including "close calls", occurring within the course of employment, whether or not the incident directly involved you.
2. Cooperate with and assist in investigation of accidents to identify correctable causes and to prevent their recurrence.
3. Promptly in writing report all unsafe actions, practices, or conditions.
4. Become familiar with and observe approved safe work procedures.

EXHIBIT NO. 13



The District shall be named as an additional insured and the insurance policy shall include a provision prohibiting cancellation of said policy except upon thirty (30) days prior written notice to the District. Certificates of Insurance shall be delivered to the District within fifteen (15) days of execution of the agreement.

8. Subcontractors. It shall be the responsibility of the contractor to insure that all subcontractors comply with the same insurance requirements that the prime contractor is required to meet.

9. Performance Bond. A Contractor on a minor construction job shall furnish to the local government prior to start of construction a performance bond in an amount of 100% of the contract in a form acceptable to the District. In lieu of a bond, fifty percent (50%) retainage may be held for 30 days after final acceptance and/or liens cleared.

(Amended by Resolution 1997-10-02)

~~3.21.220 Major Construction Contracts: Written Contract~~ Contracts for major construction projects (e.g. over \$25,000) should be procured by written contract in a manner consistent with state law.

3.21.224 Major Construction Contracts: Risk Minimization. In order to avoid, reduce, or transfer the risk of loss, the following policies in addition to the policies established in Section 3.21.212 hereinabove are to be applied in a manner consistent with the recommendations contained in the JPIA publication "Risk Transfer Procedures for ACWA/JPIA Member Districts":

1. Subcontractors. The prime Contractor shall include all subcontractors as insured under its policies or shall furnish separate Certificates and Endorsements for each subcontractor. The Contractor shall not assign or sublet the Contract in whole or in part without the written consent of the District, nor shall the Contractor assign any moneys due or to become due to Contractor hereunder without prior written consent of the District. The Contractor shall not subcontract more than thirty percent (30%) of the work without the express written consent of the District. In any event, the Contractor shall, at least five (5) working days prior to propose start of a subcontractor's work, notify the District in writing of the name of the proposed subcontractor for the work, and shall not enter into any subcontracts which the District may object to as incompetent or unfit. The Contractor shall agree that Contractor is fully responsible to the for the acts and omissions of the subcontractor and persons either directly or indirectly employed by subcontractors, as well as for the acts and omissions of persons directly employed by the Contractor. Consent to subcontracting part of the work shall, in no way, release the Contractor from responsibility for performance of the work, and Contractor will be held, in all respects, accountable for the same as if no consent had been given. The Contractor shall be required to give personal attention to the work which is sublet. Nothing contained in the Contract Documents shall create any contractual relation between any subcontractor and the District.

2. Builders Risk Insurance. On projects that consist of either above or below ground structures, other than standard manholes, sewer or water lines, Contractor shall purchase and provide "all Risk Builders" insurance coverage equal to one hundred percent (100%) of the completed value of such work being performed. Said policy shall not include a deductible of more than five thousand dollars (\$5,000) per occurrence. Said policy shall name the District as an additional insured. The policy shall include a provision prohibiting cancellation of said policy except upon thirty (30) days prior written notice to the . Certificates of Insurance shall be delivered to the District prior to execution of the Contract. If the Contract is for a District facility which will be occupied, the Contractor should also secure a Waiver of Occupancy Endorsement which will enable the District to occupy the facility under construction/remodel during such activity.

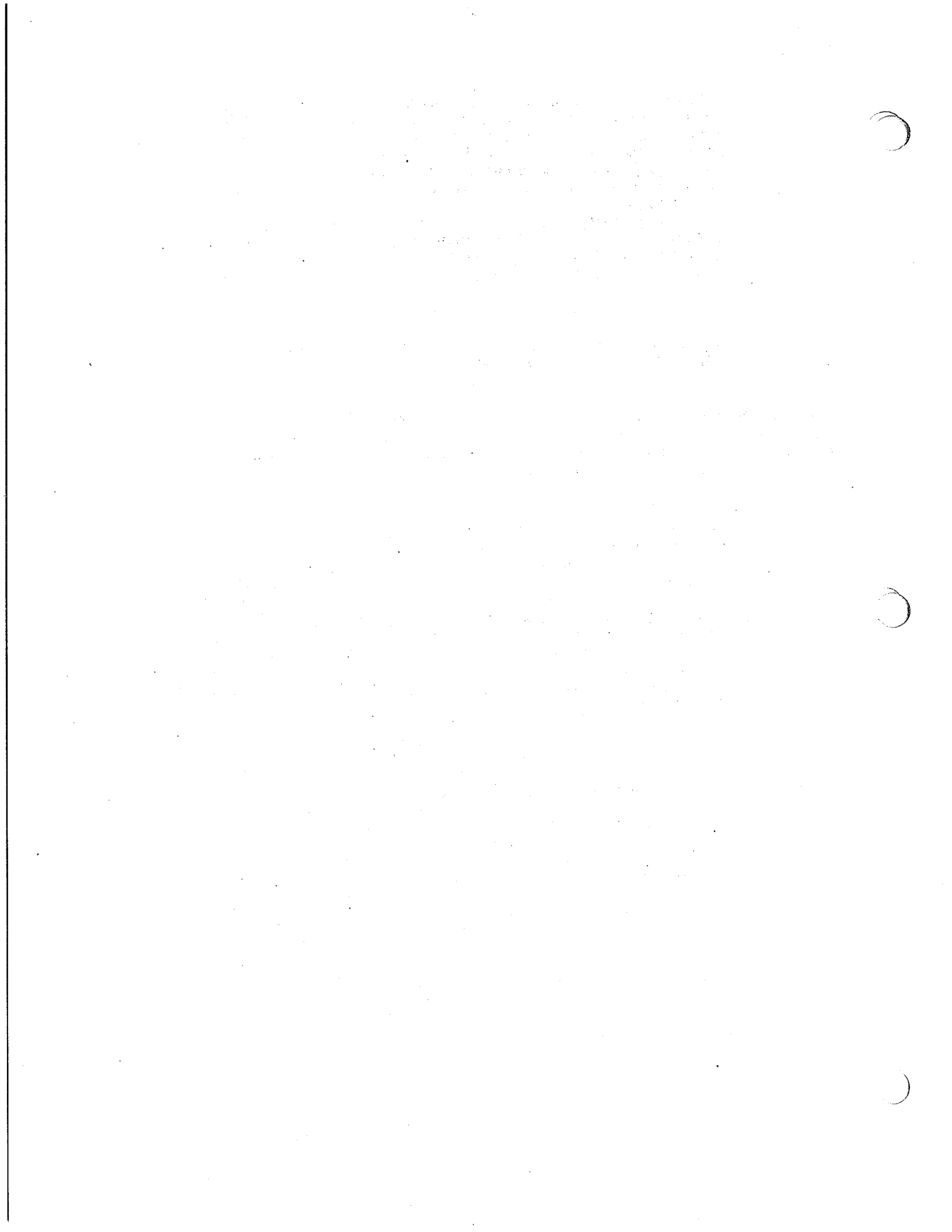
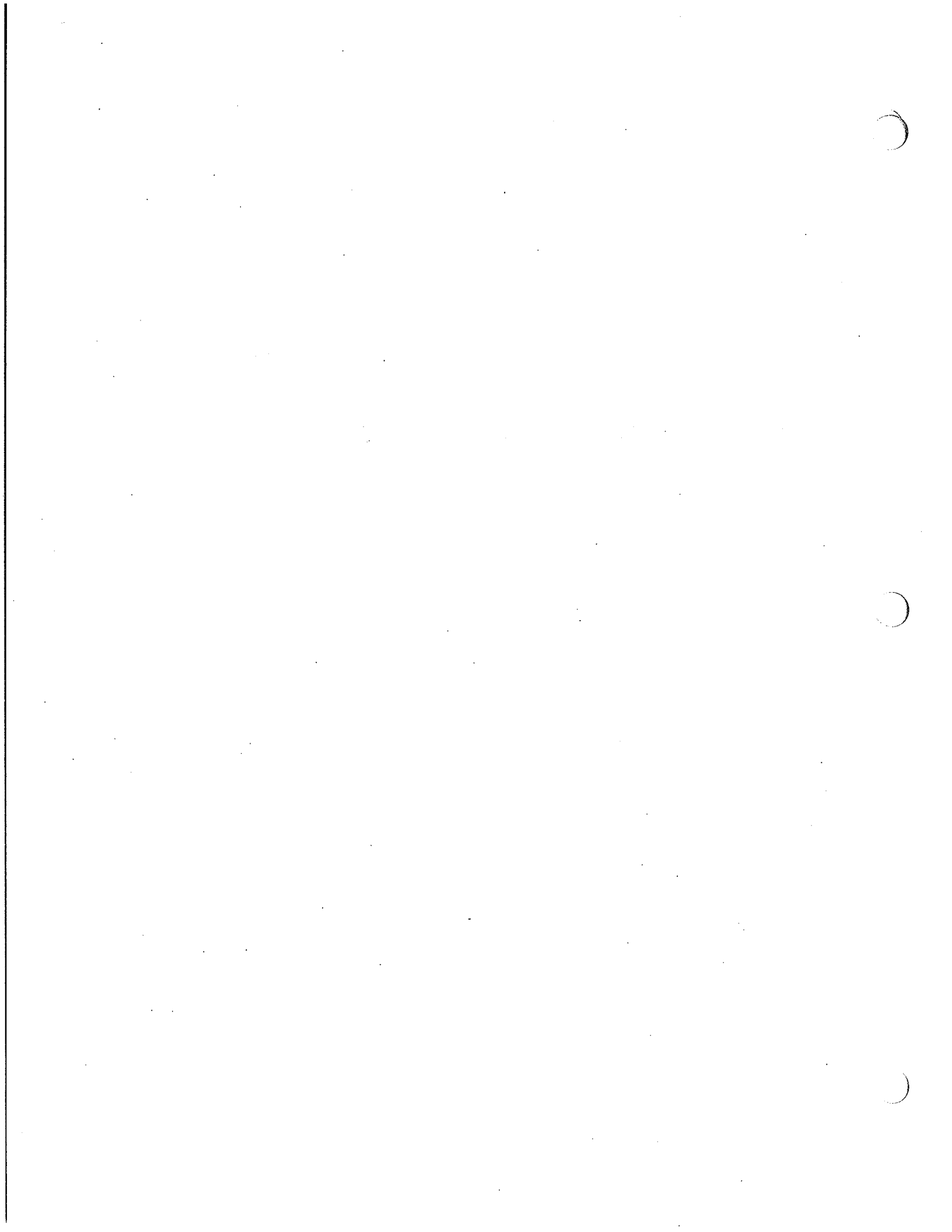


EXHIBIT NO. 14



neopost

1705370
Lease Agreement

10442278

Document #:

Date:

1/2008

P.O. Required: Yes No

P.O. #:

Equipment Address **100127872**

Invoice Address

1777970

Contact: Barbara
 Company: Rio Linda Elverta Community Water District
 Address: 730 L Street
 City: Rio Linda State: CA Zip: 95763
 Phone: 916-991-1000
 Email:

Contact:
 Company: Rio Linda Elverta Community Water District
 Address: P.O. Box 400
 City: Rio Linda State: CA Zip: 95763
 Phone:
 Tax Exempt: Yes Tax Exempt Certificate Attached Yes No

Meter Funding & Licensing Connect to Existing Reset Account Depositor Number:
 Post Office Name: State: Zip:

Equipment Needs

| Qty | Item | Equipment Description |
|--|-----------|---------------------------------|
| 1 | 1770-Wp10 | Mailing system and 10 lbs scale |
| 1 | DS-80 | Folder Inserter 4 station |
| 1 | S001 | Letter Protector |
| WSCA contract # E73-050070-A2-3 Five year free meter rental and M/A | | |

Your Suite Of Business Services

- Premium Maintenance
• 2 Hours Call Back & 4 Hours Response Time
- Standard Maintenance
• 4 Hours Call Back & 8 Hours Response Time
- NeoFunds -- Access to a line of credit to refill your postage
- Meter Rental
- Postage On Call Online Services Digital Meter
- Online Services SP10
• Automatic USPS Rate Downloads & Software Updates
• Ink Management E-Mail Alerts
• My Neopost Web Portal - Postage Usage & Contracts
- Online Services SP20
• Track Department Spending & Budgets
• 13 Month Historical Department Data
- Online Services SP30
• Electronic USPS Delivery Confirmation, Signature Confirmation & Certified
• Simplified, Consolidated Usage for USPS e-Confirmation Services
• Automatic E-Mail Status Alerts
- Rate Change Protection & Software Advantage
- Professional Installation & Training

Investment Plan

Initial Lease Term (In Months) **60**

| # of months | Monthly Amount | |
|--|----------------|----------|
| (Plus applicable tax & tax related fees) | | |
| First | 12 | \$644.19 |
| Next | 48 | \$940.61 |
| Next | | |
| Next | | |
| Next | | |

This Lease is Billed: Monthly Quarterly Semi-Annual Annual

Advance Check Required of \$
 Lease Trade-Up is Included
 Third Party Lease Settlement Included
 ACH Copy of Volded Check Required

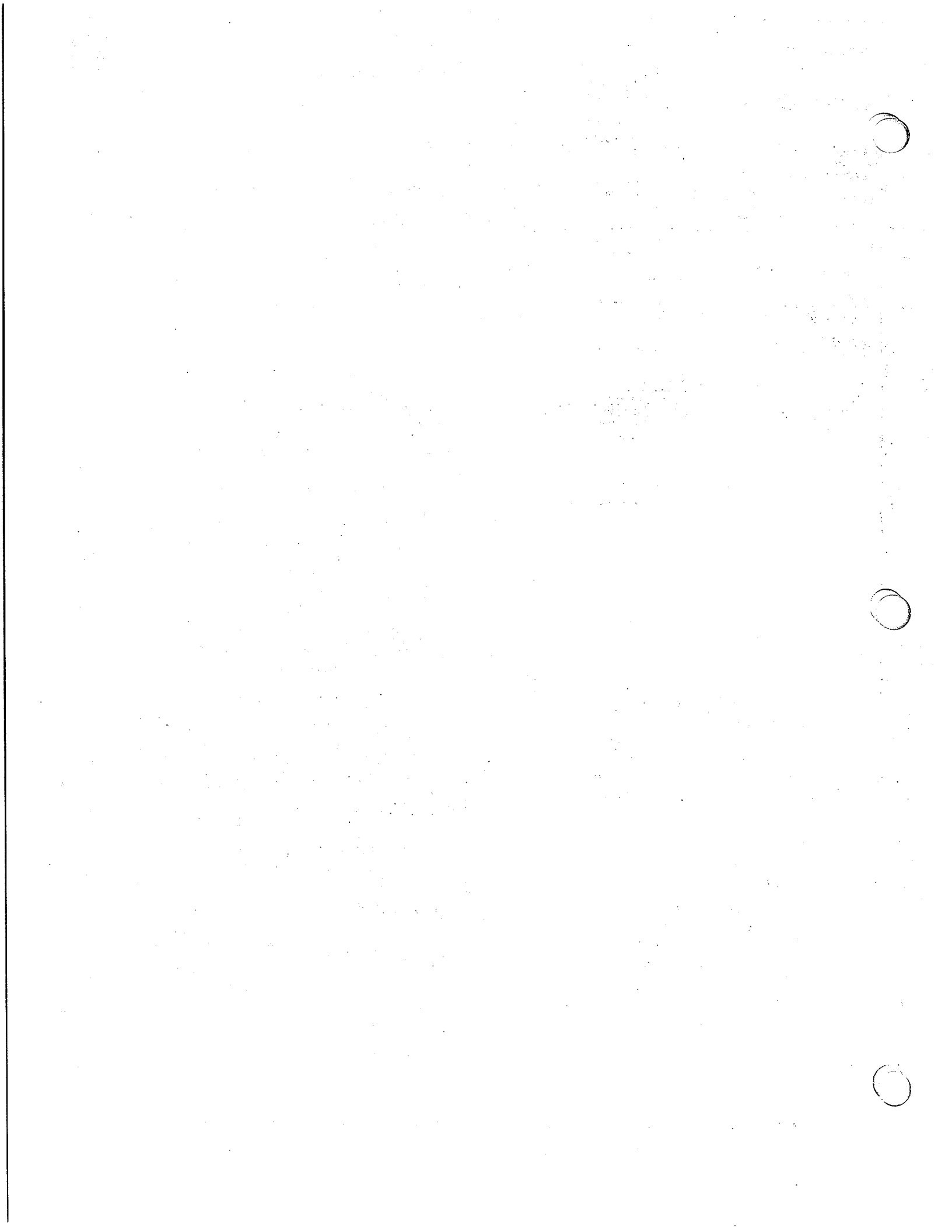
Your Acknowledgement

This document consists of an Equipment Lease ("Lease") with Neopost Leasing, Inc. ("Neopost Leasing") a Maintenance Agreement with Neopost Inc. ("Neopost"), a Postage Meter Rental Agreement with Neopost, an Online Services and Software Agreement with Neopost, and a Postage Finance Agreement with Mailroom Finance, Inc. Your signature constitutes an offer to enter into the Lease and, if applicable, the other agreements and acknowledges that you have received, read, and agree to all applicable terms and conditions (version L-9.07), which are also available at <http://www.neopostinc.com/terms/lease-09-07.html> and that you are authorized to sign the agreements on behalf of the customer identified above. The applicable agreements will become binding on the companies mentioned above only after an authorized individual accepts your offer by signing below, or when the equipment is delivered to you.

Cliff D. Dillon 3-31-2008
 Customer Signature Date
Clifford D. Dillon - General Manager
 Print Name & Title

Location: NEOPOST SACRAMENTO

For Neopost Use Only:



COMMUNICATION SITE LEASE AGREEMENT (WATER TANK)

THIS COMMUNICATION SITE LEASE AGREEMENT ("Agreement") dated and is effective as of Oct 2nd, 2009, is between CLEAR WIRELESS LLC, a Nevada limited liability company ("Clearwire" or "Tenant"), and RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT, a political subdivision of the State of California, which acquired title as Rio Linda Water District, a County Water district ("Owner" or "Landlord").

For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Premises.** Owner owns a parcel of land ("Land") and a water tank ("Water Tank") located in the unincorporated area of the County of Sacramento, State of California, commonly known as 730 L street, Rio Linda, CA 95673 (APN: 206-0253-030). The Water Tank and the Land are collectively referred to herein as the "Property." The Land is more particularly described in Exhibit A annexed hereto. Subject to the provisions of Paragraph 2 below ("Effective Date/Due Diligence Period"), Owner hereby leases to Clearwire and Clearwire leases from Owner approximately sixty-four square feet of Land and space adjacent to and/or on the Water Tank and all access and utility easements necessary or desirable therefore (collectively, "Premises") as may be described generally in Exhibit B annexed hereto.

2. **Effective Date/Due Diligence Period.** This Agreement shall be effective on the date of full execution hereof ("Effective Date"). Beginning on the Effective Date and continuing until the Term Commencement Date as defined in Paragraph 4 below ("Due Diligence Period"), Clearwire shall only be permitted to enter the Property for the limited purpose of making appropriate engineering and boundary surveys, inspections, and other reasonably necessary investigations and signal, topographical, geotechnical, structural and environmental tests (collectively, "Investigations and Tests") that Clearwire may deem necessary or desirable to determine the physical condition, feasibility and suitability of the Premises. In the event that Clearwire determines, during the Due Diligence Period, that the Premises are not appropriate for Clearwire's intended use, or if for any other reason, or no reason, Clearwire decides not to commence its tenancy of the Premises, then Clearwire shall have the right to terminate this Agreement without penalty upon written notice to Owner at any time during the Due Diligence Period and prior to the Term Commencement Date. Owner and Clearwire expressly acknowledge and agree that Clearwire's access to the Property during this Due Diligence Period shall be solely for the limited purpose of performing the Investigations and Tests, and that Clearwire shall not be considered an owner or operator of any portion of the Property, and shall have no ownership or control of any portion of the Property (except as expressly provided in this Paragraph 2), prior to the Term Commencement Date.

3. **Use.** The Premises may be used by Tenant for any lawful activity in connection with the provisions of wireless communications services, including without limitation, the transmission and the reception of radio communication signals and the construction, maintenance and operation of related communications facilities. Landlord agrees, at no expense to Landlord, to cooperate with Tenant, in making application for and obtaining all licenses, permits and any and all other necessary approvals that may be required for Tenant's intended use of the Premises.

4. **Term.** The term of this Agreement shall commence upon the date Tenant begins construction of the Tenant Facilities (as defined in Paragraph 6 below) or eighteen (18) months following the Effective Date, whichever first occurs ("Term Commencement Date") and shall terminate on the fifth anniversary of the Term Commencement Date ("Term") unless otherwise terminated as provided herein. Tenant shall have the right to extend the Term for five (5) successive five (5) year periods ("Renewal Terms") on the same terms and conditions as set forth herein. This Agreement shall automatically be extended for each successive Renewal Term unless Tenant notifies Landlord of its intention not to renew at least thirty (30) days prior to commencement of the succeeding Renewal Term.

5. **Rent.** Within fifteen (15) business days following the Term Commencement Date and on the first day of each month thereafter, Tenant shall pay to Landlord as rent One Thousand Five Hundred, twenty-three and 00/100 Dollars (\$1,523.00) per month ("Rent"). Rent for any fractional month at the beginning or at the end of the Term or Renewal Term shall be prorated. Rent shall be payable to Landlord at P. O. Box 400, Rio Linda, CA 95673-0400; Attention: Elizabeth Myers. All of Tenant's monetary obligations set forth in this Agreement are conditioned upon Tenant's receipt of an accurate and executed W-9 Form from Landlord.

Rent shall be increased on each anniversary of the Commencement Date by an amount equal to three percent (3%) of the Rent for the previous year.

As additional consideration, within fifteen (15) business days following the Term Commencement Date, Lessee shall pay to Lessor a one-time payment of an Administrative Lease Processing fee in the amount of Five Thousand and 00/100 Dollars (\$5,000.00).

6. Improvements.

6.1 Tenant has the right to construct, maintain, install, repair secure, replace, remove and operate on the Premises radio communications facilities, including but not limited to utility lines, transmission lines, an ice bridge(s), an air conditioned equipment shelter(s), electronic equipment, transmitting and receiving antennas, microwave dishes, antennas and equipment, a power generator and generator pad, and supporting equipment and structures therefore ("Tenant Facilities"). In connection therewith, Tenant has the right to do all work necessary to prepare, add, maintain and alter the Premises for Tenant's communications operations and to install utility lines and transmission lines connecting antennas to transmitters and receivers. All of Tenant's construction and installation work shall be performed at Tenant's sole cost and expense and in a good and workmanlike manner. Title to the Tenant Facilities and any equipment placed on the Premises by Tenant shall be held by Tenant or its lenders or assigns and are not fixtures. Tenant has the right to remove the Tenant Facilities at its sole expense on or before the expiration or earlier termination of this Agreement, and Tenant shall repair any damage to the Premises caused by such removal. Upon the expiration or earlier termination of this Agreement, Tenant shall remove the Tenant Facilities from the Property.

7. Access and Utilities.

7.1 Landlord shall provide Tenant, Tenant's employees, agents, contractors, subcontractors and assigns with access to the Premises twenty-four (24) hours a day, seven (7) days a week, at no charge to Tenant. Landlord grants to Tenant, and Tenant's agents, employees and contractors, a non-exclusive right and easement for pedestrian and vehicular ingress and egress across the Property, and such right and easement may be described generally in Exhibit B.

7.2 Landlord shall maintain all access roadways from the nearest public roadway to the Premises in a manner sufficient to allow pedestrian and vehicular access at all times under normal weather conditions. Landlord shall be responsible for maintaining and repairing such roadways, at its sole expense, except for any damage caused by Tenant's use of such roadways.

7.3 In consideration of the Rent, Landlord shall provide 40 amps of electrical service to Tenant at no charge to Tenant through Landlord owned facilities.

8. Interference. Tenant shall operate the Tenant Facilities in compliance with all Federal Communications Commission ("FCC") requirements including those prohibiting interference to communications facilities of Landlord or other lessees or licensees of the Property, provided that the installation and operation of any such facilities predate the installation of the Tenant Facilities. Subsequent to the installation of the Tenant Facilities, Landlord will not, and will not permit its lessees or licensees to, install new equipment on or make any alterations to the Property or property contiguous thereto owned or controlled by Landlord, if such modifications are likely to cause interference with Tenant's operations. In the event interference occurs, Landlord agrees to use best efforts to eliminate such interference in a reasonable time period. Landlord's failure to comply with this paragraph shall be a material breach of this Agreement.

9. Taxes. Tenant shall pay personal property taxes assessed against the Tenant Facilities and Landlord shall pay when due, all real property taxes and all other taxes, fees and assessments attributable to the Premises or this Agreement.

10. Termination.

10.1 This Agreement may be terminated without further liability on thirty (30) days prior written notice as follows: (i) by either party upon a default of any covenant or term hereof by the other party, which default is not cured within sixty (60) days of receipt of written notice of default, except that this Agreement shall not be terminated if the default cannot reasonably be cured within such sixty (60) day period and the defaulting party has commenced to cure the default within such sixty (60) day period and diligently pursues the cure to completion; provided that the grace period for any monetary default is ten (10) days from receipt of written notice. This Agreement may be terminated by Tenant without further liability for any reason or for no reason, provided Tenant delivers written notice of termination to Landlord prior to the Commencement Date.

10.2 This Agreement may also be terminated by Tenant without further liability on thirty (30) days prior written notice (i) if Tenant is unable to reasonably obtain or maintain any certificate, license, permit, authority or approval from any governmental authority, thus, restricting Tenant from installing, removing, replacing, maintaining or operating the Tenant Facilities or using the Premises in the manner intended by Tenant; (ii) if Tenant determines that the Premises are not appropriate for its operations for economic, environmental or technological reasons, including without limitation, signal strength, coverage or interference, or (iii) or Tenant otherwise determines, within its sole discretion, that it will be unable to use the Premises for Tenant's intended purpose.

11. Destruction or Condemnation. If the Premises or Tenant Facilities are damaged, destroyed, condemned or transferred in lieu of condemnation, Tenant may elect to terminate this Agreement as of the date of the damage, destruction, condemnation or transfer in lieu of condemnation by giving notice to Landlord no more than forty-five (45) days following the date of such damage, destruction, condemnation or transfer in lieu of condemnation. If Tenant chooses not to terminate this Agreement, Rent shall be reduced or abated in proportion to the actual reduction or abatement of use of the Premises.

12. Insurance; Subrogation; and Indemnity.

12.1 Tenant shall provide Commercial General Liability Insurance in an aggregate amount of One Million and No/100 Dollars (\$1,000,000.00). Tenant may satisfy this requirement by obtaining the appropriate endorsement to any master policy of liability insurance Tenant may maintain.

12.2 Landlord, at Landlord's sole cost and expense, shall procure and maintain CGL insurance covering bodily injury and property damage with a combined single limit of at least One Million and 00/100 Dollars (\$1,000,000.00) per occurrence. Such insurance shall insure, on an occurrence basis, against all liability of Landlord, its employees and agents arising out of or in connections with landlord's use, occupancy and maintenance of the Property. Within thirty (30) days following the Effective Date, Landlord shall provide Tenant with a COI evidencing the coverage required by this Section.

12.3 Landlord and Tenant hereby mutually release each other (and their successors or assigns) from liability and waive all right of recovery against the other for any loss or damage covered by their respective first-party property insurance policies for all perils insured thereunder. In the event of such insured loss, neither party's insurance company shall have a subrogated claim against the other.

12.4 Landlord and Tenant shall each indemnify, defend and hold the other harmless from and against all claims, losses, liabilities, damages, costs, and expenses (including reasonable attorneys' and consultants' fees, costs and expenses) (collectively "Losses") arising from the indemnifying party's breach of any term or condition of this Agreement or from the negligence or willful misconduct of the indemnifying party or its agents, employees or contractors in or about the Property. The duties described in this Paragraph 12.4 shall apply as of the Effective Date of this Agreement and survive the termination of this Agreement.

13. Assignment. Tenant may assign this Agreement at any time with notice to be provided to Landlord as soon thereafter as reasonably possible.

14. Title and Quiet Enjoyment.

14.1 Landlord represents and warrants that (i) it has full right, power, and authority to execute this Agreement, (ii) Tenant may peacefully and quietly enjoy the Premises and such access thereto, provided that Tenant is not in default hereunder after notice and expiration of all cure periods, (iii) it has obtained all necessary approvals and consents, and has taken all necessary action to enable Landlord to enter into this Agreement and allow Tenant to install and operate the Facility on the Premises, including without limitation, approvals and consents as may be necessary from other tenants, licensees and occupants of Landlord's Property, and (iv) the Property and access rights are free and clear of all liens, encumbrances and restrictions except those of record as of the Effective Date.

14.2 Tenant has the right to obtain a title report or commitment for a leasehold title policy from a title insurance company of its choice. If, in the opinion of Tenant, such title report shows any defects of title or any liens or encumbrances which may adversely affect Tenant's use of the Premises, Tenant shall have the right to terminate this Agreement immediately upon written notice to Landlord.

15. Environmental. As of the Effective Date of this Agreement: (1) Tenant hereby represents and warrants that it shall not use, generate, handle, store or dispose of any Hazardous Material in, on, under, upon or affecting the Property in violation of any applicable law or regulation, and (2) Landlord hereby represents and warrants that (i) it has no knowledge of the presence of any Hazardous Material located in, on, under, upon or affecting the Property in violation of any applicable law or regulation; (ii) no notice has been received by or on behalf of Landlord from any governmental entity or any person or entity claiming any violation of any applicable environmental law or regulation in, on, under, upon or affecting the Property; and (iii) it will not permit itself or any third party to use, generate, handle, store or dispose of any Hazardous Material in, on, under, upon, or affecting the Property in violation of any applicable law or regulation. Without limiting Paragraph 12.4, Landlord and Tenant shall each indemnify, defend and hold the other harmless from and against all Losses (specifically including, without limitation, attorneys', engineers', consultants' and experts' fees, costs and expenses) arising from (i) any breach of any representation or warranty made in this Paragraph 15 by such party; and/or (ii) environmental conditions or noncompliance with any applicable law or regulation that result, in the case of Tenant, from operations in or about the Property by Tenant or Tenant's agents, employees or contractors, and in the case of Landlord, from the ownership or control of, or operations in or about, the Property by Landlord or Landlord's predecessors in interest, and their respective agents, employees, contractors, tenants, guests or other parties. The provisions of this Paragraph 15 shall apply as of the Effective Date of this Agreement and survive termination of this Agreement. "Hazardous Material" means any solid, gaseous or liquid wastes (including hazardous wastes), regulated substances, pollutants or contaminants or terms of similar import, as such terms are defined in any applicable environmental law or regulation, and shall include, without limitation, any petroleum or petroleum products or by-products, flammable explosives, radioactive materials, asbestos in any form, polychlorinated biphenyls and any other substance or material which constitutes a threat to health, safety, property or the environment or which has been or is in the future determined by any governmental entity to be prohibited, limited or regulated by any applicable environmental law or regulation.

16. Waiver of Landlord's Lien. Landlord hereby waives any and all lien rights it may have, statutory or otherwise concerning the Tenant Facilities or any portion thereof which shall be deemed personal property for the purposes of this Agreement, whether or not the same is deemed real or personal property under applicable laws, and Landlord gives Tenant and Mortgagees the right to remove all or any portion of the same from time to time, whether before or after a default under this Agreement, in Tenant's and/or Mortgagee's sole discretion and without Landlord's consent.

17. **Notices.** All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested, or sent by for next-business-day delivery by a nationally recognized overnight carrier to the following addresses:

| If to Tenant, to: | With a copy to: | If to Landlord, to: |
|---|--|--|
| Clear Wireless LLC Attn: Site Leasing 4400 Carillon Point Kirkland, WA 98033 Telephone: 425-216-7600 Fax: 425-216-7900 Email: Siteleasing@clearwire.com | Clear Wireless LLC Attention: Legal Department 4400 Carillon Point Kirkland, WA 98033 Telephone: 425-216-7600 Fax: 425-216-7900 | Rio Linda/Elverta Community Water District Attn: Elizabeth Myers P. O. Box 400 Rio Linda, CA 95673 Telephone: (916) 991-1000 Fax: (916) 991-6616 E-Mail: lmyers@rlcawd.com |

Landlord or Tenant may from time to time designate any other address for this purpose by written notice to the other party. All notices hereunder shall be deemed received upon actual receipt or refusal to accept delivery.

18. **Marking and Lighting.** Landlord shall be responsible for compliance with all marking and lighting requirements of the Federal Aviation Administration ("FAA") and the FCC. Should Tenant be cited because the Property is not in compliance and should Landlord fail to cure the conditions of noncompliance, Tenant may either terminate this Agreement or proceed to cure the conditions of noncompliance at Landlord's expense, which amounts may be deducted from (and offset against) the Rent and any other charges or amounts due, or coming due, to Landlord.

19. **Miscellaneous.**

19.1 If Tenant is to pay Rent to a payee other than the Landlord, Landlord shall notify Tenant in advance in writing of the payee's name and address.

19.2 The substantially prevailing party in any legal claim arising hereunder shall be entitled to its reasonable attorney's fees and court costs, including appeals, if any.

19.3 If any provision of the Agreement is invalid or unenforceable with respect to any party, the remainder of this Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19.4 Terms and conditions of this Agreement which by their sense and context survive the termination, cancellation or expiration of this Agreement will so survive.

19.5 This Agreement shall be governed under law of the State in which the Premises are located, and be binding on and inure to the benefit of the successors and permitted assignees of the respective parties.

19.6 A Memorandum of Agreement in the form attached hereto as Exhibit C may be recorded by Tenant confirming the (i) effectiveness of this agreement, (ii) expiration date of the Term, (iii) the duration of any Renewal Terms, and/or other reasonable terms consistent with this Agreement.

19.7 All Exhibits referred herein are incorporated herein for all purposes.

19.8 Landlord shall make a diligent and good faith effort to obtain a Nondisturbance Agreement for the benefit of Tenant from each lender with a security interest recorded upon the title to the Site at the time of execution of this Agreement.

19.9 This Agreement constitutes the entire Agreement between the parties, and supersedes all understandings, offers, negotiations and other leases concerning the subject matter contained herein. There are no representations or understandings of any kind not set forth herein. Any amendments, modifications or waivers of any of the terms and conditions of this Agreement must be in writing and executed by both parties.

19.10 Landlord agrees not to disclose, without the written consent of Tenant, any of the terms of this Agreement or any other written agreement between the parties relating to the privileges granted herein, except as required by governmental authority, in which case Landlord shall inform Tenant prior to divulging such information.

IN WITNESS WHEREOF, the parties have entered into this Agreement effective as of the date first above written.

LANDLORD:

TENANT:

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT, a political subdivision of the State of California

CLEAR WIRELESS LLC,
a Nevada limited liability company

By: *Gilbert Taroja*
Name: GILBERT TAROJA
Title: INTERIM GENERAL MANAGER
Date: 09.28.09
Tax I.D.: 68-0107697

By: *[Signature]*
Name: John A. Storch
Title: VP, Network Deployment
Date: 10/2/2009

**ADDENDUM TO
"LEASE AND LICENSE ACCESS AGREEMENT"
CONTRACT**

This ADDENDUM TO LEASE AND LICENSE ACCESS AGREEMENT ("Lease"), made and entered into on this 22nd day of OCTOBER, 1991, by and between RIO LINDA WATER DISTRICT ("LESSOR") and SACRAMENTO CABLE TELEVISION ("LESSEE"),

WITNESSETH THAT:

WHEREAS, LESSOR is the owner of that certain real property commonly known as 730 L Street, Rio Linda, California ("LESSOR'S property"); and

WHEREAS, LESSEE desires to continue to lease a portion of LESSOR'S property, together with a right to use a certain portion of the water tower ("Tower") located on LESSOR'S property and a right of access;

NOW, THEREFORE, in consideration of the premises and of the mutual obligations and agreements herein contained, the parties hereby agree to the contract changes as restated in its entirety as follows:

4. TERM. This Lease shall be continued upon the same terms and conditions of the original contract (September 1991) with exceptions as noted below, otherwise, which are then in effect for successive five (5) year periods unless either party gives ninety (90) days advance notice of its intention not to extend the Agreement.

6. CONSIDERATION. In and for the lease and license rights granted herein, LESSEE shall provide LESSOR the following:

6.1 Rent in the sum of \$600.00 per month payable on the first day of each month during the term of this Lease.

6.2 The Rent shall be adjusted annually throughout the term of this Lease on each anniversary of the Commencement Date by the percentage change in the most recently published Consumer Price Index Urban Wage Earners and Clerical Workers - San Francisco, Oakland, San Jose ("Index") compared to the Index published twelve (12) months earlier. If the Index is discontinued or changed in such a way that is impossible to obtain a continuous measurement of price changes, the Index shall be replaced by a comparable governmental index.

7. ADDITIONAL TERMS AND CONDITIONS:

7.5 LESSEE shall paint or otherwise modify color appearance

of equipment which is placed upon Tower structures. Such modifications shall meet the requirements as specified by LESSOR in exhibit "A". LESSEE shall bear the cost for aforesaid modifications. LESSEE understands and agrees that the time limit for completion of said modifications will be within 60 days of the District's notice to proceed.

IN WITNESS WHEREOF, LESSOR and LESSEE have duly executed this Lease Addendum on the day and year first above written.

LESSOR: RIO LINDA WATER DISTRICT

By: 

Its: GENERAL MANAGER

LESSEE: SACRAMENTO CABLE TELEVISION

By: 

Its: C.M.

PCS SITE AGREEMENT

Site Name Rio Linda

Site I. D. No. SF-33-XC-208(C)

This PCS Site Agreement ("**Lease**" or "**Agreement**") dated as of _____, 2000, is made by and between SPRINT SPECTRUM L.P., a Delaware limited partnership ("**SSLP**"), and the RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT, Formerly Known As Rio Linda County Water District, a special district of the State of California, ("**Owner**"), who agree as follows:

1. Premises and Use.

(a) Premises. Owner owns the real property legally described on **Exhibit A**, commonly known as the Rio Linda Water District Water Tank, 724 L Street, Rio Linda, Sacramento County, California 95673 (Assessor's Parcel Number 206-0253-030) ("**Owner's Property**"). Subject to the terms and conditions of this Agreement, Owner leases to SSLP that portion of Owner's Property consisting of an area on the ground of approximately 2-20' by 30' or approximately 600 square feet and space anticipated to be between the 122-foot and 138-foot level on the water tower (the "**Tower**") located on Owner's Property and space required for cable runs to connect SSLP's equipment and antennas, all as depicted on **Exhibit B** (collectively, the "**Site**"), together with a nonexclusive easement over a 150' easement area for the term of this Agreement for reasonable access thereto and over a 14' easement area for the term of this Agreement for an appropriate source of electric and telephone facilities.

(b) Use. The Site will be used by SSLP for the purpose of installing, removing, replacing, modifying, maintaining and operating, at its expense, a personal communications service system facility ("**PCS**"), including, without limitation, antennas, equipment, cable wiring and related fixtures. Owner agrees to cooperate with SSLP, at no expense to Owner, with respect to obtaining any required zoning approvals for the Site and such improvements.

2. Term. The term of this Agreement (the "**Initial Term**") is 10 years, commencing on the date ("**Commencement Date**") both SSLP and Owner have executed this Agreement. This Agreement will be automatically renewed for three additional terms (each, a "**Renewal Term**") of five years each, unless SSLP provides Owner with notice of intention not to renew not less than 90 days prior to the expiration of the Initial Term or the Renewal Term.

3. Rent.

(a) Initial Rent. Until the earlier of (i) that date which is 60 days after the issuance of a building permit to SSLP for construction of the PCS on the Site, or (ii) the first day of the month following the commencement of the physical preparation of the Site (such date, hereinafter, the "**Full Rent Commencement Date**"), the rent shall be a one-time aggregate payment of \$1,200.00. Thereafter, rent shall be paid in equal monthly installments of \$1,200 (until increased as set forth herein), partial months to be prorated, in advance. Rent shall be paid to Owner at Owner's address specified in Section 1.6 below, without demand, notice, deduction or setoff in lawful United States funds.

(b) Adjustments to Rent. Rent shall be increased annually, including any Renewal Term, as of each anniversary of the Commencement Date by 4% of the rent paid during the previous year.

4. **Title and Quiet Possession.** Owner warrants that it has full right, power and authority to execute this Lease. Owner further warrants that, upon SSLP's paying the rent and observing and performing its obligations hereunder, SSLP shall have quiet enjoyment of the Site during the Term of this Lease or any Renewal Term, without disturbance by Owner or anyone claiming by, through or under Owner.

5. **Assignment/Subletting.** SSLP will not assign or transfer this Agreement or sublet all or any portion of the Site without the prior written consent of Owner, which consent will not be unreasonably withheld, delayed or conditioned; provided, however, SSLP shall have the right to sublease or assign its rights under this Agreement to any of its subsidiaries, affiliates or successor legal entities or to any entity acquiring substantially all of the assets of SSLP.

6. **Improvements; Access.**

(a) SSLP, at SSLP's sole cost, shall have the right (but not the obligation) at any time following the full execution of this Agreement and prior to the Full Rent Commencement Date, subject to the provisions of this Agreement, to enter the Site for the purpose of making such inspections and engineering surveys (and soil tests where applicable) and other similar tests (collectively, "Tests") as SSLP shall deem appropriate to determine the suitability of the Site for SSLP's Facilities (as defined herein) and for the purpose of preparing for the construction of SSLP's Facilities. During any Tests or pre-construction work, SSLP shall have insurance as set forth in Section 12 (Insurance). SSLP shall notify Owner of any proposed Tests or pre-construction work and will coordinate the scheduling of same with Owner. If SSLP determines, in SSLP's sole discretion, that the Site is unsuitable for SSLP's contemplated use, then SSLP shall notify Owner prior to the Full Rent Commencement Date and this Agreement shall terminate.

(b) SSLP has the right, subject to the provisions of this Agreement, to construct, maintain and operate on the Site radio communications facilities, including, but not limited to, radio frequency transmitting and receiving equipment, batteries, utility lines, transmission lines and radio frequency transmitting and receiving antennae and improvements ("SSLP's Facilities"), provided that Owner has previously approved drawings depicting the nature and location of such facilities. SSLP's Facilities on the Tower shall be located attached or adjacent to the catwalk railing with appropriate cabling from the antennae to the remainder of the Site, all pursuant to drawings approved in advance by Owner. In connection therewith, SSLP has the right to do all work necessary to prepare, maintain and alter the Site for SSLP's communications operations and to install utility lines and transmission lines connecting antennae to transmitters and receivers. All of SSLP's construction and installation work shall be performed at SSLP's sole cost and expense and in a good and workmanlike manner. Title to SSLP's Facilities and any equipment placed on the Site by SSLP shall be held by SSLP. All of SSLP's Facilities shall remain the property of SSLP and shall not be fixtures. SSLP has the right to remove all SSLP's Facilities at its sole expense on or before the expiration or termination of this Agreement, provided that SSLP repairs any damage to Owner's Property or the Site caused by a removal in order to surrender the Site to Owner pursuant to Section 6(f). For the purpose of this subsection, Owner hereby approves SSLP's plans to the extent shown on Exhibit B. If SSLP proposes new, different or additional facilities during the term of this Agreement, Owner may condition its approval of the plans or drawings upon additional compensation, and this Agreement shall be amended to provide for such compensation; provided, however, that SSLP shall have the right to exchange, substitute or replace its equipment, antennas and cables for equipment which is substantially similar in character (size, height and weight) without the approval of Owner and without providing additional compensation.

(c) SSLP shall install approximately 300 feet of fencing and a three-foot block wall with concrete base as shown on **Exhibit B**. SSLP shall also update the alarm system on Owner's Property, including the installation of a "keypad" access system with multiple codes for independent access.

(d) Owner shall provide access to SSLP, SSLP's employees, agents, contractors and subcontractors to the Site 24 hours a day, seven days a week, at no additional charge to SSLP, except as set forth below, subject to Owner's security procedures attached as Exhibit D, with which SSLP agrees to comply. SSLP shall give Owner telephonic notice of each access to the Site that SSLP intends to make, using Owner's emergency phone number after normal business hours. Owner represents and warrants that it has full rights of ingress to and egress from the Site, and hereby grants such rights to SSLP to the extent required to construct, maintain, install and operate SSLP's Facilities on the Site. SSLP's exercise of such rights shall not cause undue inconvenience to Owner or Owner's other lessees or licensees. If Owner's personnel are required to be present on Owner's Property at the request of SSLP at any time during the term of this Agreement, SSLP shall pay the labor costs for such personnel.

(e) Owner shall maintain all access roadways from the nearest public roadway to the Site in a manner sufficient to allow access. Owner shall be responsible for maintaining and repairing such roadways, at its sole expense, except for any damage caused by SSLP's use of such roadways and use by SSLP's agents, assigns, contractors and subcontractors. If SSLP or any of SSLP's agents, assigns, contractors or subcontractors cause any such damage, SSLP shall promptly repair same at SSLP's cost.

(f) SSLP shall remove all SSLP's Facilities, at its sole expense, on the expiration or earlier termination of the Term or any Renewal Term. SSLP shall repair any damage to the Site or Owner's Property caused by such removal and shall return the Site to its original condition, including removal of any foundation installed by SSLP unless Owner approves leaving such foundation, reasonable wear and tear excepted.

(g) On 90 days' written notice from Owner, SSLP shall temporarily remove or relocate (including installation of temporary facilities) so much of SSLP's Facilities as may be necessary for the repair, maintenance or painting of the Water Tower or the construction, repair, maintenance or installation of any improvement of Owner's Property.

Owner will use its best efforts to accomplish such activities in a manner to minimize any disruption to SSLP's operation.

(h) SLP shall operate SSLP's Facilities in a manner that will not unreasonably interfere with access to or the security of Owner's Property. SSLP shall reasonably cooperate with Owner and any other lessee or licensee of all or any portion of Owner's Property, including, without limitation, Air Touch ("**Air Touch**") and Comcast ("**Comcast**"), with regard to any security and/or access concerns identified by Owner.

7. **Compliance with Laws.** SSLP shall substantially comply with all applicable laws relating to its possession and use of the Site.

8. **Interference with Communications.**

(a) SSLP shall operate SSLP's Facilities in a manner that will not cause interference to communications operations or installations permitted under the existing Agreement between Owner and Air Touch (the "Air Touch Agreement"), the existing Agreement between Owner and Comcast (the "Comcast Agreement"), true and correct copies of which Owner will provide to SSLP concurrently with the execution of this Agreement, and Owner's use of the Owner's Property for a water storage facility and for its own communications antennae. All SSLP's Facilities and operations by SSLP shall be in compliance with all Federal Communications Commission ("FCC") and Federal Aviation Administration ("FAA") requirements. Owner shall reasonably cooperate with SSLP in order to avoid any interference described herein.

(b) After the installation of SSLP's Facilities, Owner shall not permit its employees, agents, lessees (except Air Touch and Comcast to the extent Air Touch and Comcast have right to do so under the Air Touch Agreement and the Comcast Agreement) or licensees to install new equipment on Owner's Property or the Site or otherwise use such property if such equipment or use would materially interfere with SSLP's use of the Site as described in Section 2 above. Owner expressly reserves the right to enter into leases, licenses and other agreements for the occupancy or use by third parties of Owner's Property or any part of Owner's Property other than the Site, including for activities related to the provision of mobile/wireless communications services, so long as SSLP reasonably determines that the activities contemplated by any such lease, license or other agreement will not materially interfere with SSLP's use of the Site in accordance with this Agreement. SSLP's determination will be made promptly following Owner's written request.

9. **Utilities.** SSLP shall have the right to install utilities, at SSLP's expense, and to improve the present utilities on the Site (including, but not limited to, the installation of emergency back-up power). Notwithstanding the foregoing, SSLP shall consider the possibility of obtaining back-up power through Owner's generator on Owner's Property on terms satisfactory to SSLP and Owner rather than installing another emergency back-up power source. Subject to Owner's approval of the location of said utilities, which approval shall not be unreasonably withheld or delayed, SSLP shall have the right to place utilities on (or to bring utilities across) Owner's Property in order to service the Site and SSLP's Facilities. Upon SSLP's request, Owner shall execute recordable easement(s) in form and substance reasonably satisfactory to Owner evidencing such rights. SSLP shall pay for all utilities used by it at the Site.

10. **Termination.** This Agreement may be terminated without further liability on 30 days' prior written notice as follows: (a) by either party upon a default of any covenant, condition or term hereof by the other party, which default is not cured within 30 days of receipt of written notice of default, provided that the cure period for a monetary default is 15 days after receipt of written notice of default; (b) by SSLP for any reason or for no reason, provided SSLP delivers written notice of termination to Owner prior to the Full Rent Commencement Date; (c) by either party if SSLP does not maintain licenses, permits or other approvals necessary to the construction or operation of SSLP's Facilities; (d) by SSLP if SSLP is unable to occupy or utilize the Site due to ruling or directive of the FCC or other governmental or regulatory agency, including, but not limited to, a take back of channels or change in frequencies; and (e) by SSLP if SSLP determines that the Site is not appropriate for its operations for economic, environmental or technological reasons, including, without limitation, signal strength or interference; or (f) by Owner after the initial Term of ten (10) years and upon one (1) year written notice to SSLP if for any reason Owner intends to remove the Tower from Owner's Property. Nothing in this agreement requires Owner to maintain the Tower if it is no longer useful for Owner's water district

purposes. In the event that Owner determines that the Tower is no longer useful for such purposes, the parties shall meet and negotiate in good faith regarding SSLP's ability to maintain the Tower itself, or to construct replacement facilities on Owner's Property.

11. Default. If either party is in default under this Agreement for a period of (a) 5 days following receipt of notice from the nondefaulting party with respect to a default which may be cured solely by the payment of money, or (b) 30 days following receipt of notice from the nondefaulting party with respect to a default which may not be cured solely by the payment of money, then, in either event, the nondefaulting party may pursue any remedies available to it against the defaulting party under applicable law, including, but not limited to, the right to terminate this Agreement. If the nonmonetary default may not reasonably be cured within a 30-day period, this Agreement may not be terminated if the defaulting party commences action to cure the default within such 30-day period and proceeds with due diligence to fully cure the default.

12. Indemnity and Insurance.

(a) SSLP shall maintain the following insurance: (i) Commercial General Liability with limits of \$5 million per occurrence insuring, on an occurrence basis, against all liability of SSLP, its employees and agents arising out of or in connection with SSLP's use of the Site and Owner's Property; (ii) Automobile Liability with a combined single limit of \$1 million per accident; (iii) Workers' Compensation as required by law; (iv) Employer's Liability with limits of \$1 million per occurrence; and (v) standard form property insurance (all-risk coverage) equal to 90% of replacement cost covering SSLP's Facilities. Each policy maintained by SSLP will provide that cancellation will not occur without at least 15 days' prior written notice to Owner.

(b) SSLP and Owner waive any rights of recovery against the other for injury or loss due to hazards covered by their respective insurance policies and shall require their insurance policies to reflect the foregoing waiver of claims. SSLP shall name Owner as an additional insured with respect to the above Commercial General Liability insurance and provide to Owner, upon request, satisfactory evidence of the coverages required by this Section 12.

(c) SSLP shall defend, indemnify, hold and save Owner harmless from and against any and all loss, costs, liability or damage (including reasonable attorneys' fees and court costs) to the extent arising by reason of the willful misconduct or negligence of SSLP, or its agents or employees in connection with its use of the Site, except to the extent of any willful misconduct or negligence of Owner, its agents or employees.

(d) Owner shall defend, indemnify, hold and save SSLP harmless from and against any and all loss, costs, liability or damage (including reasonable attorneys' fees or court costs) to the extent arising by reason of the willful misconduct or negligence of Owner, or Owner's agents or employees, except for any negligence or willful misconduct or omission of SSLP, its agents or employees.

(e) The foregoing indemnities in (c) and (d) will survive the termination, cancellation or expiration of this Agreement.

13. Environmental.

(a) Owner's Property. Owner routinely maintains certain Hazardous Materials, as defined below, on Owner's Property. However, Owner represents to SSLP that it has no knowledge of any such Hazardous Materials present on the Property in violation of an applicable federal, state or local law, rule, regulations or governmental directive.

(b) Definition of "Hazardous Materials". For purposes of this Agreement, the term "Hazardous Materials" shall include, but not be limited to, any flammable, corrosive or ignitable material, any explosives, or petroleum by-products, any radioactive materials, waste or substances or any toxic substances and other substances defined as "hazardous substances," "hazardous wastes," "extremely hazardous wastes," "hazardous materials" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 USC Sections 9601, et seq., the Toxic Substances Control Act, 15 USC Sections 2601, et seq., Hazardous Materials Transportation Act, 49 USC Sections 1801, et seq., the Resource Conservation and Recovery Act, 42 USC Sections 6901, et seq., and/or in the regulations, compliance and guidance documents promulgated pursuant to such laws and any similar federal, state or local law.

(c) SSLP's Warranty. SSLP shall not bring any Hazardous Materials onto the Site except for reasonable quantities of common materials used in telecommunications operations, e.g., cleaning solvents. SSLP will use, handle, store, dispose of and treat all Hazardous Materials brought onto the Site by it in accordance with all federal, state and local laws and regulations.

14. Taxes. SSLP shall pay personal property taxes assessed against SSLP's Facilities. SSLP acknowledges and agrees that (a) Owner, as a public agency, is generally exempt from real and personal property taxation, (b) SSLP's leasehold interest under this Agreement may be subject to property taxation, (c) SSLP may be subject to the payment of property taxes on such possessory leasehold interest, and (d) SSLP shall pay all such possessory interest taxes prior to delinquency.

15. Maintenance.

(a) By SSLP. SSLP will be responsible for repairing and maintaining the PCS and any other improvements installed by SSLP at the Site in a proper operating and reasonably safe condition.

(b) By Owner. Owner will maintain and repair all other portions of the Property of which the Site is a part in a proper operating and reasonably safe condition, including, but not limited to, the Tower.

(c) Cooperation by SSLP. Notwithstanding any other provision of this Agreement, Owner reserves the right to maintain the Tower for its primary purpose as a water tower. Owner will attempt to immediately notify SSLP and take reasonable care not to damage SSLP's Facilities in case of emergency maintenance by Owner, but Owner shall not be responsible for damage to SSLP's Facilities in such event. As provided in Section 6(g), SSLP will relocate or remove SSLP's Facilities if required for the maintenance of the Tower.

17. Notices. Any notice or demand required to be given herein shall be made by certified or registered mail, return receipt requested, confirmed fax or reliable overnight mail to the address of the respective parties set forth below:

Owner: Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, CA 95673
Attn: Michael Phelan, General Manager
Fax: (916) 991-6616

Phone for Access Notice: 916/991-1000

SSLP: Sprint Spectrum
4683 Chabot Drive, Suite 100 Pleasanton, CA 94588
Attn: Property Specialist
SF-33-XC-208(C) (Rio Linda Water Tower)
Fax: (____) _____

With a copy to: Sprint Spectrum
4900 Main St., 12th Floor
Kansas City, MO 64112
Attn: SF-33-XC-208(C) (Rio Linda Water Tower)
Fax: (____) _____

18. Miscellaneous.

(a) This Agreement applies to and binds the heirs, successors, executors, administrators and assigns of the parties to this Agreement.

(b) This Agreement is governed by the laws of the State of California.

(c) Upon request either party may require that a Memorandum of Agreement be recorded in the Official Records of Sacramento County in the form of **Exhibit C**. The cost of recording shall be paid by the party requesting that the Memorandum of Agreement be recorded.

(d) This Agreement (including the Exhibits) constitutes the entire agreement between the parties and supersedes all prior written and verbal agreements, representations, promises or understandings between the parties. Any amendments to this Agreement must be in writing and executed by both parties.

(e) If any provision of this Agreement is invalid or unenforceable with respect to any party, the remainder of this Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, will not be affected and each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law.

(f) The prevailing party in any action or proceeding in court or mutually agreed upon arbitration proceeding to enforce the terms of this Agreement is entitled to receive its reasonable attorneys' fees and other reasonable enforcement costs and expenses from the nonprevailing party.

(g) Terms and conditions of this Agreement which, by their sense and context, survive the termination, cancellation or expiration of this Agreement will so survive.

(h) All exhibits attached to this Agreement are incorporated herein by this reference.

(i) This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute an original agreement.

The following Exhibits are attached to and made a part of this Agreement:
Exhibits A, B and C.

Date 4/26/00

OWNER

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT,
Formerly Known As Rio Linda County Water
District, a California County Water District

By Jay O'Brien
Jay O'Brien, President

Date 4/28/00

SSLP

SPRINT SPECTRUM L.P.,
a Delaware limited partnership

By Lawrence Doherty
Lawrence Doherty, Regional Director of Site
Development

GROUND AND TOWER LEASE AGREEMENT

THIS GROUND AND TOWER LEASE AGREEMENT ("Lease"), made and entered into on this 15th day of August, 1991, by and between RLD LINDA WATER DISTRICT ("LESSOR") and SACRAMENTO-VALLEY LIMITED PARTNERSHIP, a California limited partnership ("LESSEE"), of which Pacel Cellular, a California corporation, with offices at 2150 River Plaza Drive, Suite 400, Sacramento, California 95833, is the General Partner,

WITNESSETH THAT:

WHEREAS, LESSOR is the owner of that certain real property commonly known as 730 L Street, Rio Linda, California ("LESSOR's property"); and

WHEREAS, LESSEE desires to lease a portion of LESSOR's property, together with a right to use a certain portion of the water tower ("Tower") located on LESSOR's Property and a right of access and a right to install utilities ("Property");

NOW, THEREFORE, in consideration of the premises and of the mutual obligations and agreements herein contained, the parties hereby agree as follows:

1. THE PROPERTY

A. The legal description of LESSOR's property is contained in Exhibit "A1" attached hereto and by this reference incorporated herein.

B. The Property, which is the subject of this Lease is contained within LESSOR's property, is approximately eight hundred (800) square feet, is more specifically described as a twenty (20) foot by forty (40) foot parcel of land and is situated as shown on Exhibit "A2" attached hereto and made a part hereof and, with respect to the space on the Tower, its location and orientation are set forth on Exhibit "A3" attached hereto and made a part hereof. In addition, LESSEE shall have the right to run cables and wires under, over and across LESSOR's Property to connect LESSEE's equipment on the Tower to its equipment on the Property.

C. LESSOR and LESSEE hereby agree that the Property shall be delineated on plans prepared at the sole cost of LESSEE and approved for accuracy by LESSOR, and such plans shall then replace Exhibit "A2" and become a part hereof and shall control to describe the Property in the event of any discrepancy between such delineation and the description contained in Paragraph 1.B. above.

2. LEASE AND IRREVOCABLE RIGHT

In consideration of the lease payments by LESSEE to LESSOR as agreed to herein, LESSOR hereby leases the Property to LESSEE and grants to LESSEE an irrevocable, non-exclusive easement (during the term of this Lease) for ingress and egress to and from the Property (seven (7) days a week, twenty-four (24) hours a day) and the irrevocable, non-exclusive right to install and maintain utility wires, cables, conduits and pipes from the Property to the nearest public right-of-way. Should LESSEE be unable to secure utility services via the right-of-way described herein, or should ingress and egress be limited for any reason as determined by LESSEE, LESSOR agrees to grant to LESSEE additional utility and/or access rights-of-way as required to make the Property usable for the lease purposes described herein. Notwithstanding the foregoing provisions of this Paragraph 2, to obtain access to the Property when LESSOR's office on LESSOR's property is closed, LESSEE shall call LESSOR's emergency service telephone number, as provided to LESSEE by LESSOR, to arrange for immediate access to the Property. LESSEE shall reimburse LESSOR for the actual costs and expenses, including the salary and wages of LESSOR's employees, incurred by LESSOR in providing LESSEE access to the Property at such times.

3. TERM AND RENT

A. This Lease shall be for an initial term of ten (10) years beginning on September 1, 1991 ("Commencement Date") at an Annual Rent of Seven Thousand Two Hundred Dollars (\$7,200.00), which rent shall be paid in equal monthly installments, in advance, on the first day of each calendar month to LESSOR or to such other person, firm or entity as LESSOR may, from time to time, designate in writing at least thirty (30) days in advance of any rent payment date. Notwithstanding the preceding, however, the parties have agreed that, prior to and until LESSEE commences construction on the Property, the Annual Rent shall only be One Thousand Two Hundred Dollars (\$1,200.00), which rent shall be paid in the same manner on the first day of each calendar month.

B. The parties agree that Annual Rent shall be adjusted annually throughout the term of this Lease on each anniversary of the Commencement Date by the percentage change in the most recently published Consumer Price Index (1982-84 = 100) Urban Wage Earners and Clerical Workers - San Francisco, Oakland, San Jose ("Index") compared to the Index published twelve (12) months earlier. If the Index is discontinued or changed in such a way that it is impossible to obtain a continuous measurement of price changes, the Index shall be replaced by a comparable governmental index.

C. Should this Lease still be in effect at the conclusion of the initial term provided for herein, this Lease shall continue in force upon the same terms and conditions for a further period of one (1) year, and for like annual periods thereafter, until and unless terminated by either party by giving to the other written notice of its intention to so terminate at least ninety (90) days prior to the date of lease expiration. Annual rental adjustments shall be made during any such additional period (s), as if the initial term of this Lease were still in effect.

4. USE OF THE PROPERTY

A. LESSEE may use the Property for the purpose of constructing, maintaining, securing and operating a communications facility, and for any other uses which are incidental thereto. The rehabilitation of the Property to meet LESSEE'S needs shall be at LESSEE'S sole expense, and LESSEE shall maintain the Property in a reasonable condition throughout the term. LESSEE shall also repair and restore any damage to the newly painted surface of the Tower caused by LESSEE'S installation of its antenna on the Tower. Except as otherwise allowed hereunder, LESSEE shall not do or permit anything to be done in or about the Property or bring or keep anything on the Property that will in any way increase the fire, liability, and other insurance rates, including the cost of self-insurance if LESSOR is self-insured, on the Property for which premiums or costs are paid by LESSOR, or that will cause a cancellation of any insurance policy carried by LESSOR covering the Property.

B. It is understood and agreed that LESSEE'S ability to use the Property is dependent upon LESSEE'S obtaining all of the certificates, permits, and other approvals which may be required from any federal, state or local authority and/or any easements which are required from any third parties. LESSOR shall cooperate with LESSEE, but at no expense to LESSOR, in its efforts to obtain such approvals and/or easements, and LESSOR shall take no action which will adversely affect the status of the Property with respect to LESSEE'S proposed uses thereof. If any application by LESSEE for any such certificate, permit, license, easement or approval is finally denied or rejected, or if any such certificate, permit, license, easement or approval is canceled, or expires, or lapses or is otherwise withdrawn or terminated, or if, due to technological changes

or for any other reason, LESSEE, in its reasonable and good faith discretion, determines that it will be unable to use the Property for LESSEE'S intended purposes, then LESSEE shall have the right to terminate this Lease as set forth below.

C. LESSOR and LESSEE acknowledge that LESSOR's Property will also be used by the LESSOR for the performance of its governmental functions during the term of the Lease and that LESSOR's Property, including the Tower, is currently subject to a "Lease and License Access Agreement" between Sacramento Cable Television and the LESSOR. LESSEE agrees that its use of the Property will not interfere with the LESSOR's use of the LESSOR's Property or with the use of LESSOR's Property and Tower by Sacramento Cable Television as provided in said agreement. If LESSEE's use of the Property interferes with LESSOR's use of LESSOR's property and LESSOR, in its reasonable and good faith discretion, determines that it will be unable to use LESSOR's property for its intended purposes, then LESSOR shall have the right to terminate this Lease as set forth below.

5. TERMINATION

A. LESSEE or LESSOR shall notify the other party of its exercise of its right to terminate this Lease, and this Lease shall terminate six (6) months after the other receipt of such notice. Such termination shall relieve both parties of any further obligations under this Lease, although each shall continue to have any and all remedies for any breach of a lease obligation which occurred prior to the date of termination.

B. Within thirty (30) days following the expiration or termination of the Lease, LESSEE shall remove its personal property and fixtures and restore the Property to its original condition, reasonable wear and tear excepted. At LESSOR'S option, when this Lease expires or is terminated and upon advance written notice to LESSEE, LESSEE shall leave LESSEE'S improvements, other than its personal property and fixtures, to become the property of LESSOR. The parties agree that, notwithstanding any provision to the contrary contained in this Lease, all of the provisions of Paragraphs 7, 8, 9 and 11 below shall continue to apply until LESSEE has completed the removal of its personal property and fixtures and restoration of the Property in accordance with this Paragraph 5.B.

6. ASSIGNMENT AND SUBLETTING

LESSEE shall not voluntarily assign or encumber its interest in this Lease or in the Property, or sublease all or any part of the Property, without LESSOR'S prior written consent, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, however, LESSEE shall not require LESSOR'S consent in order to assign this Lease, or to sublease all or any portion of the Property, to LESSEE'S general partner, PacTel Cellular, or to any "affiliate" of PacTel Cellular, or to any partnership in which PacTel Cellular or any "affiliate" of PacTel Cellular participates. As used herein, an "affiliate" of PacTel Cellular shall mean any entity which controls, is controlled by, or is under common control with PacTel Cellular.

7. FIRE OR OTHER CASUALTY

A. LESSOR shall maintain in full force and effect throughout the term of the Lease fire and extended coverage, vandalism and malicious mischief insurance in an amount equal to the full replacement cost of all improvements now or hereafter located on LESSOR'S Property by LESSOR. The LESSOR shall have no duty to insure, repair or restore any of LESSEE'S Property, including personal property and improvements to real property. If the Tower or any improvements owned by LESSOR which are essential to LESSEE'S use of the Property is damaged or destroyed during the term of the Lease or any renewal or extension thereof, the damage shall be repaired as follows:

1. If the damage or destruction is caused by a peril against which fire and extended coverage insurance is carried by LESSOR or by a peril against which insurance is not carried by LESSOR, LESSOR shall repair that damage as soon as reasonably possible and restore the Tower and/or related improvements of LESSOR (collectively hereinafter the "Tower") to a condition that will allow LESSEE'S use to continue; provided that the governing body of LESSOR has decided that repair and restoration of the Tower is in the best interests of the LESSOR.

2. If the damage or destruction is caused either by a peril against which fire and extended coverage insurance is carried by LESSOR or by a peril against which insurance is not carried by LESSOR and LESSOR elects to repair and restore the Tower, LESSEE expressly waives any right under Civil Code sections 1931-1933 to terminate the Lease for damage or destruction to the Tower unless such repairs shall take longer than forty-five (45) days from the occurrence of such destruction, in which case LESSEE may elect to terminate this Lease.

B. At the next regular or special board meeting of the governing body of LESSOR (the "Board") after the damage or destruction, the Board shall determine whether or not it is in the best interests of the LESSOR to repair and restore the Tower. The meeting may be continued from time to time as is reasonably necessary to allow the Board to make a decision, but in no event later than twenty (20) days after the occurrence of such destruction unless LESSOR provides LESSEE with an alternate location, and shall inform LESSEE of such decision the first business day after such decision is made. LESSOR may terminate the Lease by giving written notice of termination to LESSEE not later than 10 days after the Board of LESSOR has decided that repair and restoration of the Tower is not in the best interest of the LESSOR, and termination shall be effective as of the date of the damage or destruction (the "Termination Date"). In the event of termination due to damage or destruction of the Tower, LESSEE shall not be entitled to collect any insurance proceeds attributable to insurance policies covering the Tower, except those proceeds attributable to LESSEE'S improvements and personal property.

C. If the Lease is terminated pursuant to Paragraph 7.B above, rent, taxes, assessments, and other sums payable by the LESSEE to the LESSOR under this Lease shall be prorated as of the Termination Date. If any taxes, assessments, or rent has been paid in advance by LESSEE, LESSOR shall refund it to LESSEE for the unexpired period for which the payment has been made.

D. Any and all repairs and restoration of the Tower required by this section shall be commenced and completed by the Lessor within a reasonable time after occurrence of the damage or destruction requiring the repairs or restoration.

E. The rent shall be abated only for the time and to the extent LESSEE is prevented from occupying the Property for the uses authorized in this Lease.

8. LESSEE'S INSURANCE

A. LESSEE shall provide LESSOR satisfactory evidence of personal property insurance in an amount sufficient to fully protect all personal property and improvements to real property owned or controlled by LESSEE from theft, fire or other loss or damage while upon the Property and the LESSOR'S property.

B. LESSEE shall, at LESSEE'S own cost and expense, secure and maintain during the entire term of this Lease and any extended term of this Lease, public liability, property damage, and products liability insurance, insuring LESSEE and LESSEE'S employees against all bodily injury, property damage, personal injury, and other loss or liability caused by or connected with LESSEE'S occupation and use of the Property under this Lease in amounts not less than:

1. \$500,000.00 for injury to or death of one person and, subject to the limitation for the injury to or death of one person, of not less than \$1,000,000.00 for injury to or death of two or more persons as a result of any one accident or incident; and

2. \$500,000.00 for property damage.

LESSOR shall be named as an additional insured and the policy or policies shall contain cross-liability endorsements.

In the event that LESSOR determines, in LESSOR'S reasonable judgment, that the limits of the fire, public liability, property damage, or products liability insurance then carried by LESSEE are materially less than the amount or type of insurance typically carried by owners or lessees of properties located in the same county in which the Property is located, which are similar to and operated for similar business purposes as the Property, LESSOR may elect to require LESSEE to increase the amount of specific coverage, change the type of policy carried, or both. If LESSOR so elects, LESSEE shall be notified in writing of the specific change in policy amount or type required and shall have 30 days after the date of LESSOR'S notice to effect the change in amount or type of policy. Unless otherwise agreed by LESSOR and LESSEE, any adjustment under this section may be made not more often than every year.

C. LESSOR shall maintain, and cause all contractors and subcontractors coming onto the Property on behalf of LESSEE to maintain, in effect through the term of this Lease, at LESSEE'S sole expense, Workers' Compensation insurance in accordance with the laws of California.

D. Any policy of insurance required under this section shall be written by insurance companies authorized to do business in California. Each policy of insurance procured by LESSEE pursuant to this section shall expressly provide that it cannot be canceled for any reason or altered in any manner unless at least 30 days' prior written notice has been given by the insurance company issuing the policy to LESSOR in the manner specified in their Lease for service of notices on LESSOR by LESSEE.

E. Promptly on the issuance, reissuance, or renewal of any insurance policy required by this Lease, including fire and liability insurance policies, LESSEE shall cause a duplicate copy of the policy or a certificate evidencing the policy and executed by the insurance company issuing the policy or its authorized agent to be given to the LESSOR.

F. In order to satisfy its obligations under this section, LESSEE may at any time during the term of this Lease, have in full force and effect a "blanket" policy of insurance insuring the improvements, fixtures and personal property brought onto the Property by LESSEE as well as other property owned or occupied by LESSEE, provided the blanket policy does not in any way diminish the amount or coverage of the insurance required under this section, and further provided that the blanket policy otherwise meets all requirements of this section.

G. If at any time LESSEE fails to procure or maintain the insurance required by this section, LESSOR may obtain that insurance and pay the premiums on it for the benefit of LESSEE. Any amounts paid by LESSOR to procure or maintain insurance pursuant to this section shall be immediately due and repayable to LESSOR by LESSEE with the next then due installment of rent under this Lease; failure to repay at that time any amount expended by LESSOR shall be considered the same as a failure to pay rent and a default by LESSEE under this Lease.

9. MUTUAL RELEASE; WAIVERS OF SUBROGATION

A. Each party hereby releases the other and the other's partners, affiliates, agents and employees from liability or responsibility for any loss or damage resulting from any cause or hazard with respect to which insurance is required to be carried pursuant to Paragraphs 7.A or 8.A of this Lease, including any loss or damage resulting from any loss of the use of any property. These releases shall apply between the parties, and they shall also apply to any claims under or through either party as a result of any asserted right of subrogation.

B. All policies of insurance obtained by either party pursuant to Paragraphs 7 or 8 of this Lease shall include a clause or endorsement waiving the insurer's rights of subrogation against the other party.

10. UTILITIES AND TAXES

LESSEE shall pay, and hold LESSOR and the property of LESSOR free and harmless from, all charges for the furnishing of gas, water, sewer, electricity, telephone service, garbage pickup and disposal and other public utilities to the LESSEE'S improvements during the term of this Lease. All such charges shall be paid by LESSEE directly to the provider of the service and shall be paid as they become due and payable but in any event before delinquency. LESSEE shall be responsible for installing an electric meter for all electric power used by LESSEE on the Property and LESSEE shall install any other separate hookups, meters, and similar devices for utilities as LESSOR shall request in writing.

11. INDEMNITIES

Subject to Paragraph 9 above, and unless otherwise due to the negligence or misconduct of LESSOR, LESSEE agrees to protect, indemnify, and save LESSOR harmless from and against any and all costs, claims, loss and liability (including reasonable attorneys' fees and costs incurred in defending claims and lawsuits) to any person resulting from LESSEE'S occupation and use of the Property, specifically including, without limitation, any claim, liability, loss, or damage arising by reason of:

A. The death or injury of any person or persons, including LESSEE or any person who is an employee or agent of LESSEE, or by reason of the damage to or destruction of any property, including property owned by LESSEE or any person who is an employee or agent of LESSEE, and caused or allegedly caused by either the condition of LESSEE'S improvements or some act or omission of LESSEE or of some agent, contractor, subcontractor, employee, servant, sublessee, or affiliate of LESSEE on the Property;

B. Any work performed on the Property or materials furnished to the Property at the instance or request of LESSEE or any agent, employee or contractor of LESSEE; and

C. LESSEE'S failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on LESSEE, LESSOR, the Property, and/or LESSEE'S improvements by any duly authorized governmental agency or political subdivision.

12. LESSEE DEFAULTS

A. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder by LESSEE:

1. The failure by LESSEE to make any payment of rent or any other payment required to be made by LESSEE hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof is received by LESSOR from LESSEE.

2. The failure by LESSEE to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by LESSEE, other than as specified in Paragraph 12.A.(1) above, where such failure shall continue for a period of thirty (30) days after written notice thereof is received by LESSOR from LESSEE; provided, however, that it shall not be deemed an Event of Default by LESSEE if LESSEE shall commence to cure such failure within said thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

B. If there occurs an Event of Default by LESSEE, in addition to any other remedies available to LESSOR at law or in equity, LESSOR shall have the option to terminate this Lease and all rights of LESSEE hereunder.

13. NOTICES

All notices hereunder must be in writing and, unless otherwise provided herein, shall be deemed validly given if sent by certified mail, return receipt requested, addressed as follows (or to any other mailing address which the party to be notified may designate to the other party by such notice). Should LESSOR or LESSEE have a change of address, the other party shall immediately be notified as provided in this paragraph of such change.

LESSEE: c/o PacTel Cellular
2150 River Plaza Drive, Suite 400
Sacramento, CA 95833
Attn: Real Estate Department

LESSOR: Rio Linda Water District
730 L Street
Rio Linda, CA 95673

with a copy to: PacTel Cellular
2999 Oak Road, MS 800
Walnut Creek, CA 94596
Attn: Legal Department

14. SALE OR TRANSFER BY LESSOR

Should LESSOR, at any time during the term of this Lease, sell, lease, transfer or otherwise convey all or any part of LESSOR's property to any transferee other than LESSEE, then such transfer shall be under and subject to this Lease and all of LESSEE'S rights hereunder.

15. HAZARDOUS SUBSTANCES

A. LESSOR represents, warrants and agrees (1) that neither LESSOR nor, to LESSOR'S knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any Hazardous Material (as defined in Paragraph 15.B. below) on, under, about or within the Property in violation of any law or regulation, and (2) that LESSOR will not, and will not permit any third party to, use, generate, store or dispose of any Hazardous Material on, under, about or within the Property in violation of any law or regulation. LESSEE agrees that it will not and will not permit any third party to, use, generate, store or dispose of any Hazardous Material on, under, about or within the Property in violation of any law or regulation.

B. LESSOR and LESSEE each agree to defend, indemnify and hold harmless the other and the other's partners, affiliates, agents and employees against any and all losses, liabilities, claims and/or costs (including LESSOR'S reasonable attorneys' fees and costs but not those of LESSEE) arising from any breach of any representation, warranty or agreement contained in Paragraph 15.A. above. As used in Paragraph 15.A. above, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation.

16. CONSTRUCTION OF STORAGE SHED FOR LESSOR. This Lease will cause LESSOR to lose approximately 200 square feet of storage. LESSEE shall construct or have constructed on LESSOR'S Property a storage shed (the "building") in accordance with the Final Plans defined in this section.

A. LESSEE shall cause preliminary plans and specifications in accordance with LESSOR'S instructions and preliminary cost estimates for the construction to be prepared, at LESSEE'S sole expense, within 60 days of the date of this Lease and shall promptly deliver them to LESSOR. LESSOR shall approve or disapprove the preliminary plans and specifications and preliminary cost estimates within 10 days after their delivery to LESSOR by LESSEE. On approval of the preliminary plans and specifications, each party to the Lease shall sign them, and they shall, as of the date of signing, be deemed incorporated in and made a material part of this Lease.

B. Within 30 days after the date that both parties have approved and signed the preliminary plans and specifications and preliminary cost estimates, LESSEE shall cause final plans and specifications (including working drawings) and final cost estimates ("the Final Plans"), to be prepared, at LESSEE'S sole expense, and delivered to LESSOR. The Final Plans shall be based on preliminary plans and specifications and preliminary cost estimates previously approved by the parties and shall be deemed to be a part of this Lease.

C. LESSEE shall be responsible for obtaining approval for the Final Plans from all necessary government agencies. The parties agree that they shall be bound by any change in the final Plans ordered as a condition of government approval, except for the following:

1. An increase in the cost to LESSEE to construct the building that is equal to or greater than ten percent (10%) of the preliminary cost estimates agreed on by the parties shall give LESSEE the right to terminate this Lease.

2. A change that will result in the building being completed 60 days or more after the Completion Date required under this Paragraph 16 shall give LESSOR the right to terminate this Lease.

3. A change that will result in a reduction in the total square footage of the building equal to or greater than ten percent (10%) of the total square footage of the building as set forth in the Final Plans shall give LESSOR the right to terminate this Lease.

D. Final Approval Date. Termination of this Lease by either party for a required governmental change set forth above shall be by written notice to the other, given not later than 10 days after notice of the required governmental change is given to the terminating party either by the governmental authority or the other party, whichever is earlier. If this Lease is not terminated pursuant to this section, the parties agree to confirm and memorialize in writing the date on which the last required governmental approval is obtained (the "Final Approval Date"). If LESSEE is unable to obtain all required governmental approvals for the construction within one hundred eighty (180) days of the date the Final Plans are approved by both LESSOR and LESSEE (the "Approval Period"), the LESSOR shall have the right to terminate the Lease by written notice to the LESSEE given within thirty (30) days after the expiration of said one hundred eighty (180) day period.

E. LESSEE shall cause construction of the building to be commenced by a general contractor licensed to do business in California and selected by LESSEE (the "Contractor") within 10 days of the Final Approval Date set forth in subsection D above. The Contractor shall be required by its contract with LESSEE to construct the building in accordance with the Final Plans and to complete construction not later than one hundred eighty (180) days after the Final Approval Date (the "Completion Date"), subject only to delays permitted by this section.

F. The construction period provided for in subsection E above shall be extended by a number of days equal to the number of days during which construction is delayed by any of the following:

1. Material shortages, labor shortages, strikes, lockouts, boycotts, other labor disruptions, governmental actions, war, riot, insurrection, rebellion, act of God, fire, flood, storm, earthquake, or any and all causes beyond the reasonable control of LESSEE and LESSOR; or

2. Any change in the Final Plans requested by LESSOR.

3. Any extension approved by LESSOR in writing.

G. LESSOR shall be required to provide or pay for any construction in addition to that set forth in the Final Plans, and LESSOR shall be allowed to make changes or alterations in the Final Plans. Any additional time for construction required by LESSOR'S changes in the Final Plans shall be added to the time permitted for LESSEE'S completion of the building.

H. When construction for the building is substantially complete, LESSEE shall notify LESSOR in writing. Within 10 days after the date of LESSEE'S written notice, LESSOR shall inspect the building and shall prepare a "punchlist" of all items LESSOR considers either defective or not completed. Within 10 days after LESSOR delivers the punchlist to LESSEE, LESSEE shall cause all corrective work identified on the punchlist to be performed that, in the opinion of an architect selected by both parties in the event there is a disagreement, is necessary to bring the construction in substantial conformance with the Final Plans. If LESSOR fails to deliver a punchlist to LESSEE within the time period required by this subsection, LESSOR shall be deemed to have inspected the building and accepted substantial completion of construction. The fee of the architect, if any, shall be paid for by the party who does not prevail under the architect's decision.

I. The building shall be deemed completed and ready for occupancy by LESSOR when a Certificate of Occupancy for the building has been issued by the applicable building department has been obtained by LESSEE and LESSEE has given LESSOR written notice of the issuance of such a certificate.

J. If LESSEE'S actual cost of construction for the building exceeds the total cost of construction set forth in the preliminary cost estimates referred to in subsection A above, LESSEE is solely responsible for payment of the excess construction cost unless such is due to changes or alterations in the Final Plans made by LESSOR which costs shall be borne by LESSOR.

K. LESSEE hereby makes the following warranties with respect to construction of the building:

1. The construction shall substantially comply with the Final Plans, subject to insubstantial deviations that do not interfere with LESSOR'S use of the building, changes requested by LESSOR, and changes requested by governmental authority and approved by the parties.

2. The construction shall comply with all building codes and other applicable laws, regulations, and rules of governmental authorities having jurisdiction over the construction and all requirements of insurers of both LESSEE and LESSOR.

3. As between LESSEE and LESSOR, LESSEE shall be responsible for compliance with the Mechanic's Lien Law of California. If any claims are filed against LESSOR'S Property as a result of the construction of the building, LESSEE shall promptly pay the claims except for any claims that the LESSEE is contesting in good faith. In any event, LESSEE shall indemnify the LESSOR for any damages suffered by LESSOR as a result of such mechanics' lien.

17. MISCELLANEOUS PROVISIONS

A. LESSOR represents, covenants and warrants that LESSEE, upon paying the rent and performing the covenants herein provided, shall peaceably and quietly have, hold and enjoy the Property. LESSOR agrees that no other commercial or government antenna structure (s) will be erected upon any portion of LESSOR'S property without LESSEE'S prior written consent, which consent shall not be unreasonably withheld or delayed.

B. LESSOR represents, covenants and warrants that LESSOR is seized of good and sufficient title to and interest in the Property and has full authority to enter into and execute this Lease. LESSOR further covenants that there are no undisclosed liens, judgments or impediments of title on the Property that would affect this Lease.

C. It is agreed and understood that this Lease contains all agreements, promises and understandings between LESSOR and LESSEE, and no verbal or oral agreements, promises or understandings shall or will be binding upon either LESSOR or LESSEE, and any addition, variation or modification to this Lease shall be ineffective unless made in writing and signed by the parties hereto.

D. This Lease and the performance hereof shall be governed, interpreted, construed and regulated by the laws of the State of California.

E. This Lease, and each and every covenant and condition herein, is intended to benefit the Property and shall extend to and bind the heirs, personal representatives, successors and assigns of the parties hereto.

F. The parties agree that all of the provisions hereof shall be construed as both covenants and conditions, the same as if the words importing such covenants and conditions had been used in each separate paragraph.

G. The . . . of each part of this Lease shall be . . . simply and according to its fair meaning, and this Lease shall never be construed either for or against either party.

H. If LESSOR breaches this Lease in any manner or substantially breaches any material covenant, agreement or promise contained in any mortgage or deed of trust superior to LESSEE'S estate hereunder (other than any mortgage or deed of trust as to which LESSEE has obtained a non-disturbance agreement in accordance with Paragraph 16.H. above) or contained in any lease under which LESSOR holds title to any portion of LESSOR's property, and if LESSOR fails to commence to cure such breach within thirty (30) days after receiving written notice from LESSEE exactly specifying the violation (or if LESSOR fails thereafter to diligently prosecute the cure to completion), then LESSEE may enforce any and all of its rights and/or remedies hereunder or by law provided.

I. If any portion of this Lease is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion shall be deemed modified to the extent necessary in such court's opinion to render such portion enforceable and, as so modified, such portion and the balance of this Lease shall continue in full force and effect.

J. If either party institutes any action or proceeding in court to enforce any provision hereof, or any action for damages by reason of any alleged breach of any of the provisions hereof, then the prevailing party in any such action or proceeding shall be entitled to receive from the losing party such amount as the court may adjudge to be reasonable attorneys' fees for the services rendered to the prevailing party, together with its other reasonable litigation costs and expenses.

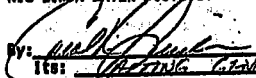
K. In addition to the other remedies provided for in this Lease, LESSOR and LESSEE shall be entitled to immediate restraint by injunction of any violation of any of the covenants, conditions or provisions herein contained.

L. The captions of the paragraphs of this Lease are for convenience of reference only and shall not affect the interpretation of this Lease or limit or amplify any of its terms or provisions.

M. Concurrently with the execution of this Lease, LESSOR shall execute before a notary and deliver to LESSEE for recording a "Memorandum of Lease Agreement" in the form of Exhibit "B" attached hereto and by this reference incorporated herein.

IN WITNESS WHEREOF, LESSOR and LESSEE have duly executed this Lease on the day and year first above written.

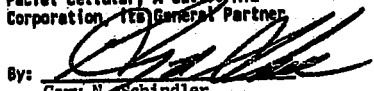
LESSOR: RIO LINDA WATER DISTRICT

By: 
Its: TRACY GENERAL MANAGER

By: _____
Its: _____

LESSEE: SACRAMENTO-VALLEY LIMITED PARTNERSHIP,
a California limited partnership

By: PacTel Cellular, A California Corporation, ITS General Partner

By: 
Gary N. Schindler
Vice President and General Manager

(EAST-30866)

Handwritten notes:
1/18/91
Gary N. Schindler
1/18/91

Exhibit "A1"

DESCRIPTION

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHERLY 330 FEET OF LOT 68, RIO LINDA SUBDIVISION NO. 2, RECORDED IN BOOK 14 OF MAPS, MAP NO. 47, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE CENTER OF A COUNTY ROAD ON THE NORTHERLY BOUNDARY LINE OF SAID LOT 68 RUNNING NORTH $89^{\circ} 1 \frac{1}{2}'$ EAST 150 FEET FROM THE NORTHWEST CORNER OF SAID LOT 68; THENCE SOUTH $1^{\circ} 46 \frac{1}{2}'$ EAST 200 FEET; THENCE EASTERLY NORTH $89^{\circ} 1 \frac{1}{2}'$ EAST ON A LINE TO THE POINT OF INTERSECTION WITH THE WEST LINE OF THE RIGHT OF WAY OF THE SACRAMENTO NORTHERN RAILROAD AS SHOWN ON THE PLAT OF RIO LINDA SUBDIVISION NO. 2; THENCE NORTHERLY ON A CURVE TO THE LEFT ALONG THE EASTERLY BOUNDARY LINE OF SAID LOT 68 TO THE NORTH EAST CORNER OF SAID LOT 68; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 68, 223.58 FEET TO THE POINT OF BEGINNING.

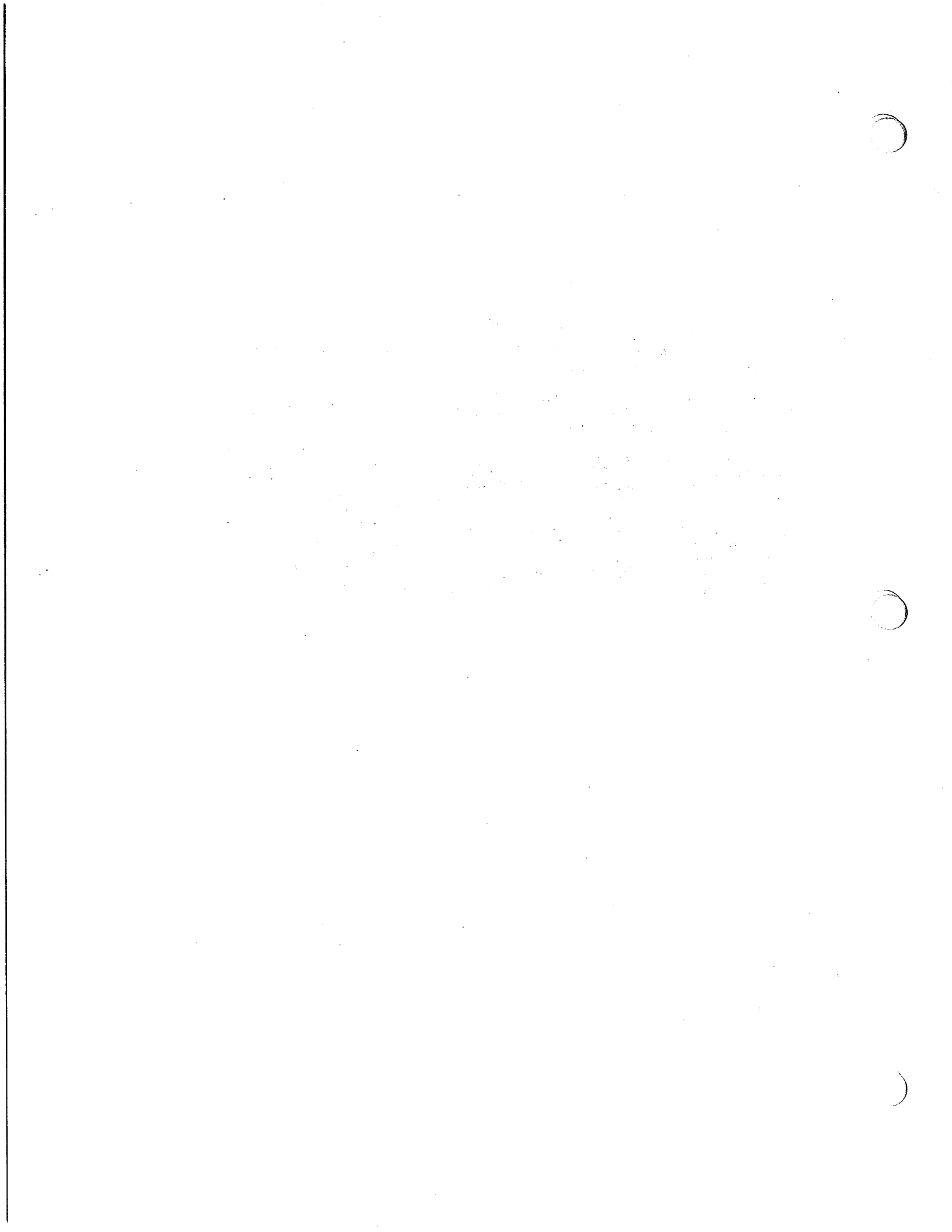
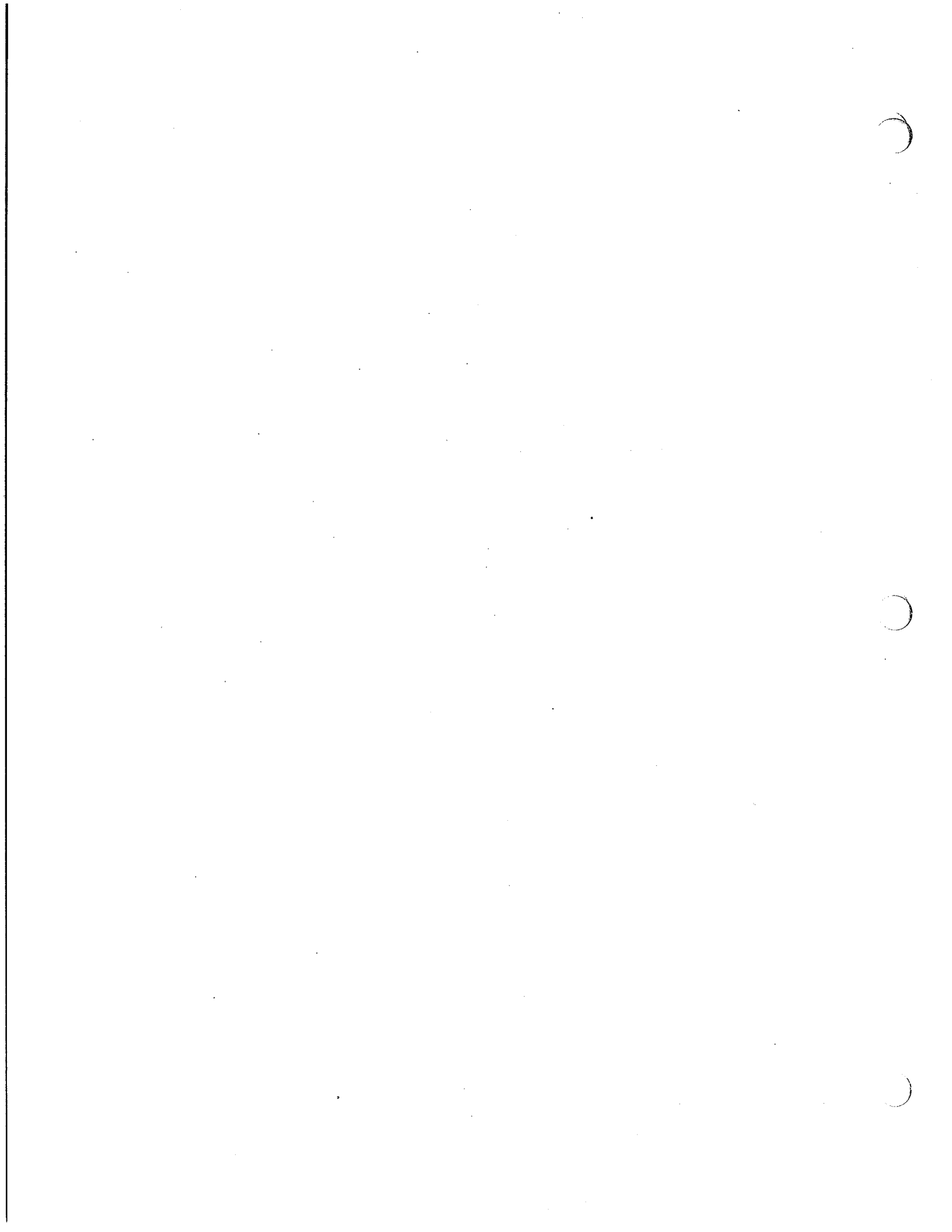


EXHIBIT NO. 15



RLECWD did not provide a description of the procedures for hiring a new General Manager.

On November 7, 2010, the District hired a new General Manager. The appointment was confirmed by the RLECWD on November 12, 2010.

A copy of this contract is included in Attachment No. 17.

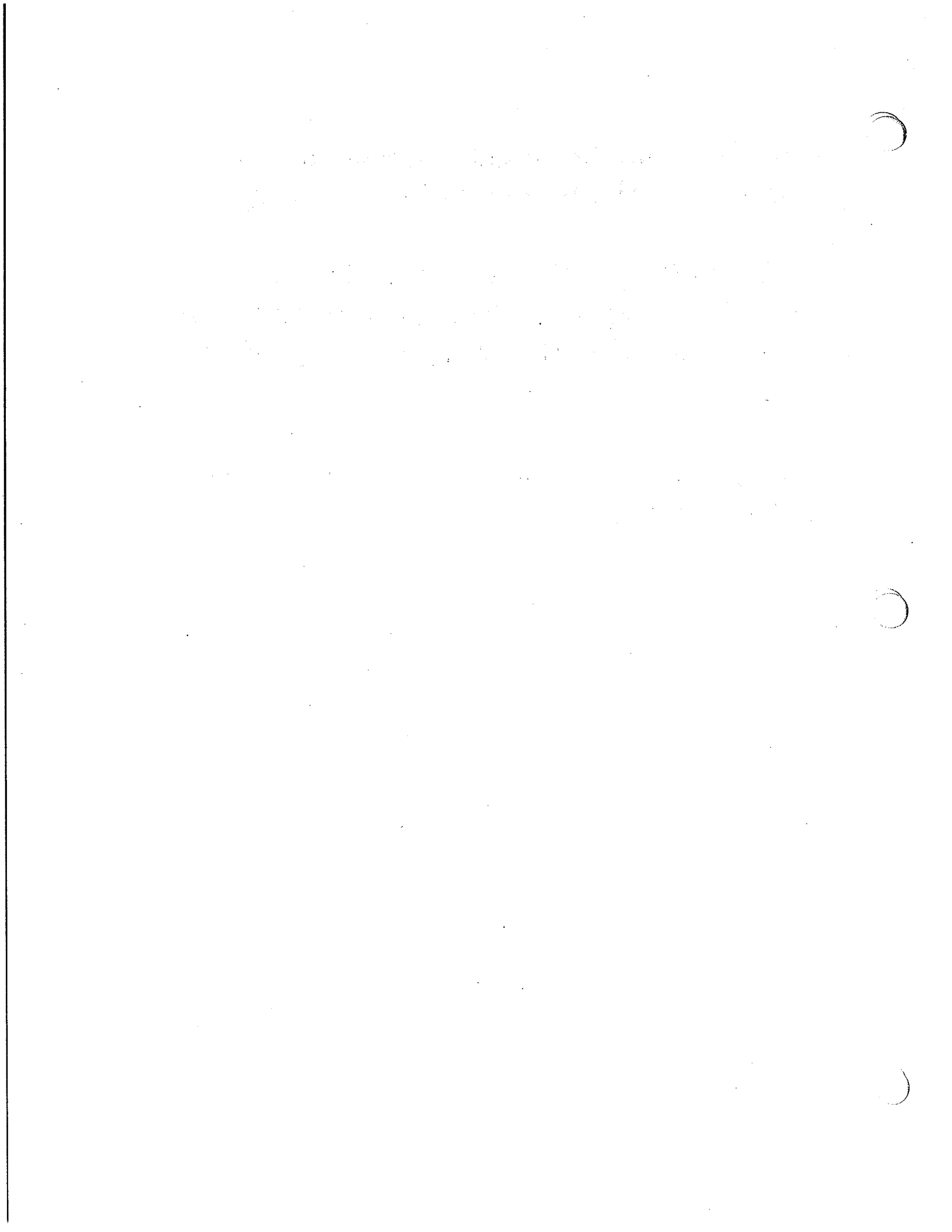
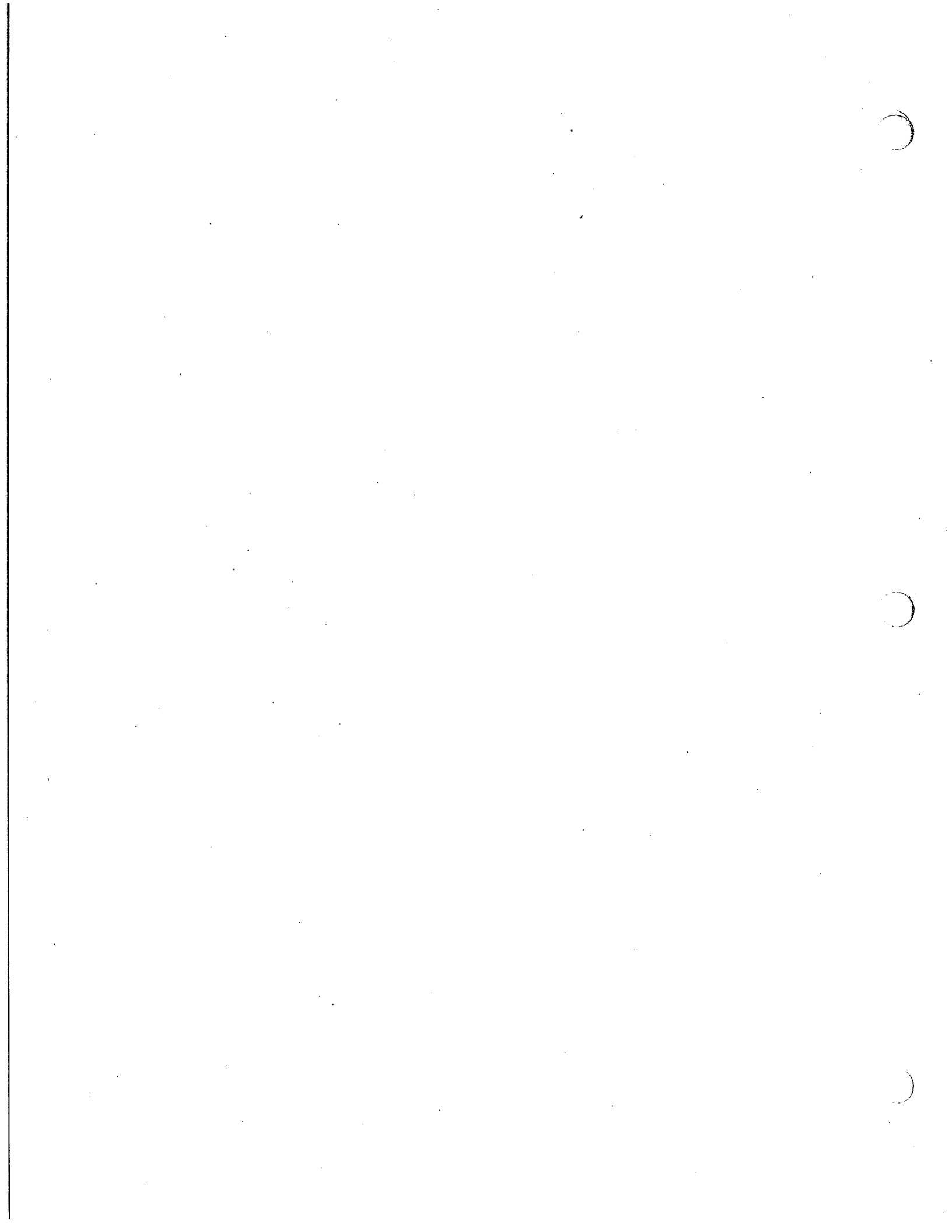


EXHIBIT NO. 16



PERB V. Rio Linda/Elverta Community Water District

Summary: Union filed PERB matter grieving labor negotiation, matter still pending and District hopes to resolve this matter very soon after new Board is in place.

Dillon V. Rio Linda/Elverta Community Water District

Summary: Former General Manager sued District for various causes of action. Rio Linda prevailed in arbitration and received an attorney fee award of approximately \$40,000. District is currently seeking to collect on the award.

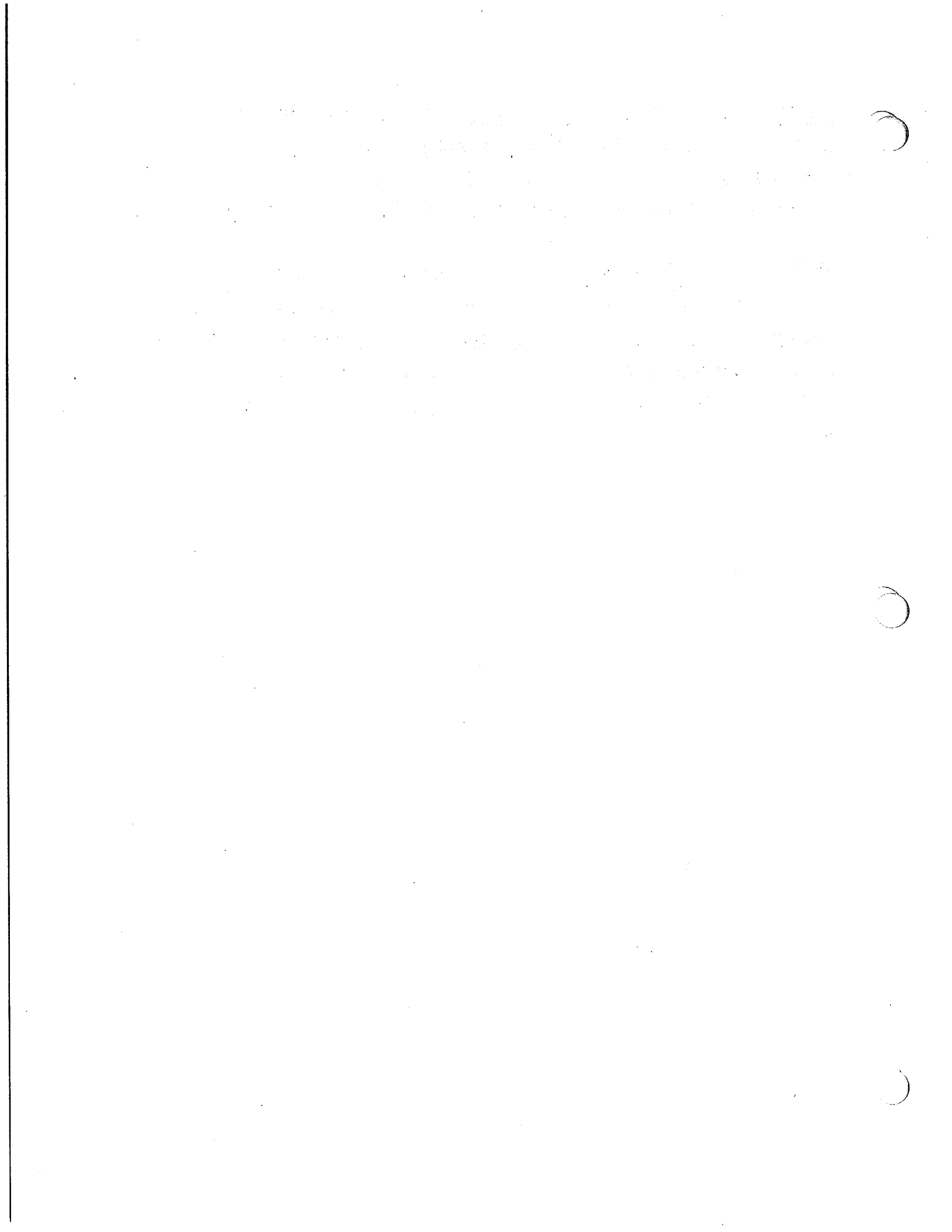
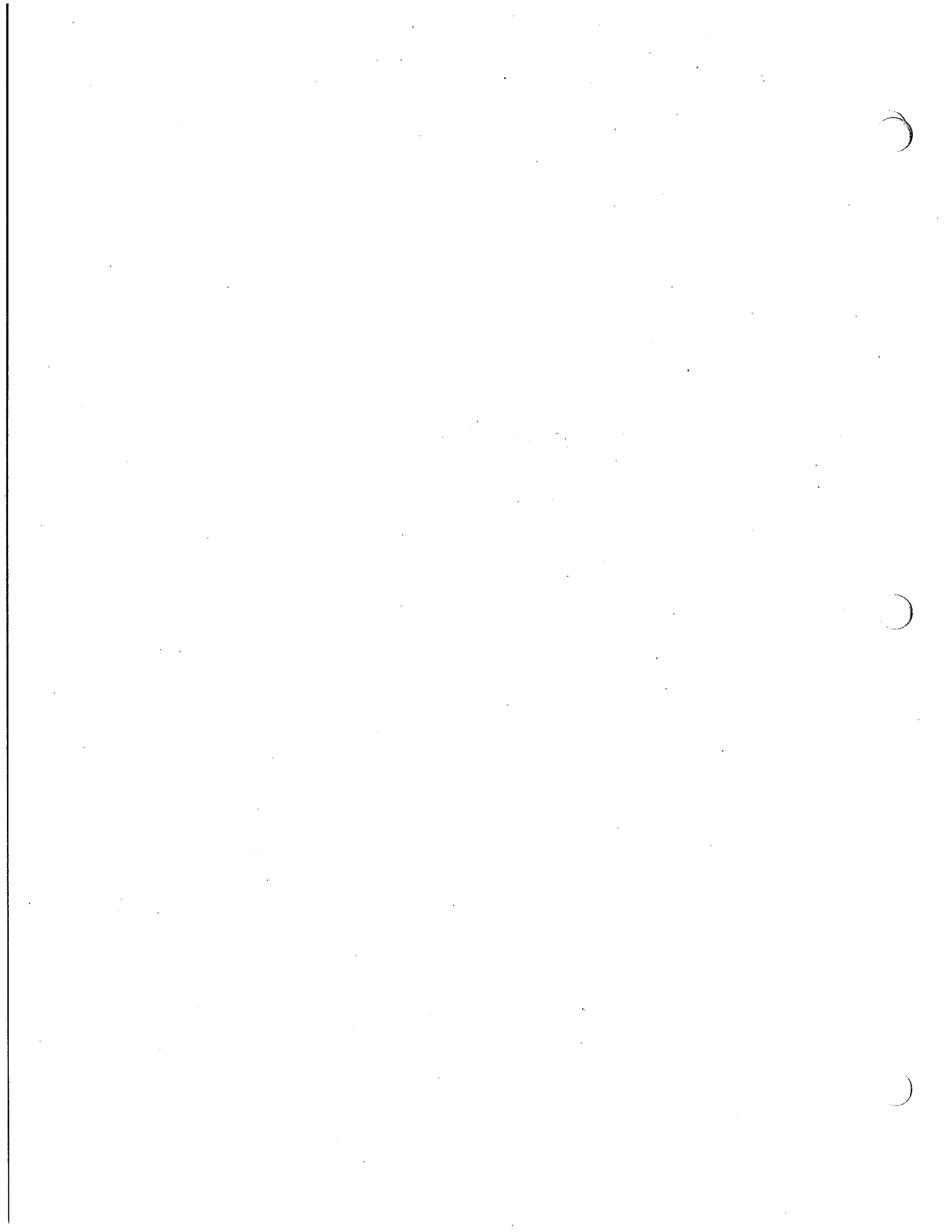


EXHIBIT NO. 17



AGREEMENT FOR CONSULTING ENGINEERING SERVICES

The following is an Agreement, dated as of June 22, 2009, by and between the Rio Linda / Elverta Community Water District, hereinafter referred to as "DISTRICT," and Domenichelli & Associates, Inc., Civil Engineers, hereinafter referred to as "CONSULTANT."

RECITALS

WHEREAS, CONSULTANT represents to DISTRICT that it is a duly qualified firm experienced in the design and construction of wells, pipelines, pump stations and related facilities; and

WHEREAS, the Board of Directors of the DISTRICT wishes to retain CONSULTANT to perform engineering work associated with the design and construction of a pump station.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

AGREEMENT

1. Scope of Services. This Agreement is consummated for the purposes of retaining a qualified firm for the design of "Well #15" on existing DISTRICT property, hereinafter called "Project".

1.1 Specified Services.

a. Services to be Provided by CONSULTANT

Task 1: CONSULTANT shall perform a limited site assessment of the proposed property. Specific work is identified under EXHIBIT A, Task 1 of the "Scope of Services."

Task 2: CONSULTANT shall meet with the DISTRICT for a kickoff meeting to discuss the project and gather additional information. This task shall also include site surveys and site geotechnical investigations. Such work shall be conducted in accordance with the attached "EXHIBIT A", which by reference hereto is incorporated herein as part of this agreement. Specific work is identified under EXHIBIT A, Task 2 of the "Scope of Services."

Task 3: CONSULTANT shall provide a qualified engineer to manage the project, design the production well facilities. Such work shall be conducted in accordance with the attached "EXHIBIT A", which by reference hereto is incorporated herein as part of this agreement. Specific work is identified under EXHIBIT A, Task 3 of the "Scope of Services."

Task 4: CONSULTANT shall prepare a technical memorandum detailing the project design criteria, access road and site layout and other project components associated with the design. Such work shall be conducted in accordance with the attached "EXHIBIT A", which by reference hereto is incorporated herein as part of this agreement. Specific work is identified under EXHIBIT A, Task 4 of the "Scope of Services."

Task 5: CONSULTANT shall provide a qualified engineer to manage the project, design the facilities and prepare bid documents. Such work shall be conducted in accordance with the attached "EXHIBIT A", which by reference hereto is incorporated herein as part of this agreement. Specific work is identified under EXHIBIT A, Task 5 of the "Scope of Services."

Task 6: CONSULTANT shall prepare CEQA environmental documentation for the project. Such work shall be conducted in accordance with the attached "EXHIBIT A", which by reference hereto is incorporated herein as part of this agreement. Specific work is identified under EXHIBIT A, Task 6 of the "Scope of Services."

Task 7: CONSULTANT shall perform bidding services for the project. Such work shall be conducted in accordance with the attached "EXHIBIT A", which by reference hereto is incorporated herein as part of this agreement. Specific work is identified under EXHIBIT A, Task 7 of the "Scope of Services."

(b) Materials to be furnished to CONSULTANT by DISTRICT

- 1) As-built Plans for existing structures, if available.
- 2) Copies of environmental mitigation monitoring plans, permits, licenses and other project Data.

(c) Services to be provided by DISTRICT

- 1) Construction administration by District's General Manager, including, but not limited to, approval of change orders, construction claim review, pay estimate approval and payment to contractor.
- 2) Site access.

1.2 Performance Standard. CONSULTANT shall perform all work hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in CONSULTANT's profession. If DISTRICT determines that any of CONSULTANT's work is not in accordance with such level of competency and standard of care, DISTRICT, in its sole discretion and in addition to any other remedies provided herein or by law, shall have the right to do any or all of the following:

- (a) Require CONSULTANT to meet with DISTRICT to review the quality of the work and resolve matters of concern;
- (b) Require CONSULTANT to repeat the work at no additional charge until it is satisfactory to the DISTRICT; or
- (c) Terminate this Agreement in accordance with the provisions of Section 4 herein.

1.3 Key Personnel. Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder are deemed by DISTRICT to be key personnel whose services were a material inducement to DISTRICT to enter into this Agreement and without whose services DISTRICT would not have entered into this Agreement. CONSULTANT shall not remove, replace, substitute, or otherwise change any key personnel without the prior written consent of DISTRICT. With respect to performance of work under this Agreement, CONSULTANT shall employ the following key personnel:

Joseph Domenichelli - Project Manager
Sara Rogers - Project Engineer

1.4 Assigned Personnel. CONSULTANT shall assign only competent personnel to perform the work hereunder. In the event that at any time DISTRICT, in its sole discretion, desires the removal of any person or persons assigned by CONSULTANT to perform work hereunder, CONSULTANT shall remove such person or persons immediately upon receiving notice from DISTRICT.

2. Payment.

2.1 Notwithstanding anything stated to the contrary herein, for all the services described in Section 1.1(a)

above, and as specified in CONSULTANT's Proposal, Well #15, Exhibit "A," which are to be performed by CONSULTANT (including, without limitation, all tools, equipment, labor, supplies, supervision and materials), DISTRICT agrees to pay, and CONSULTANT agrees to accept compensation for salary expenses in accordance with the Schedule of Rates specified in Exhibit "A" attached hereto and incorporated herein, and for non-salary expenses in accordance with Section 2.2, provided, however that the total sum of all such costs shall not exceed \$147,152. Billing rates for labor categories in Exhibit "A" cover all salary-related costs including, without limitation, salary, fringe benefits, overhead, and profit.

2.2 Subject to Section 2.1 above, actual cost of non-salary expenses provided by CONSULTANT, incurred directly for the project, will be reimbursed in accordance with rate schedules based upon normal charges of commercial sources. Such expenses are limited to the following:

- (a) Services directly applicable to the project such as computer rental and programming costs, special consultants, borings, laboratory analysis, commercial printing and binding.
- (b) Identifiable reproduction services applicable to the project such as printing of drawings, Photostatting, multilithing, printing, and similar services.
- (c) Identifiable communication services such as long-distance telephone, telegraph, cable, express services and postage other than for general correspondence.
- (d) Living and traveling expenses of employees when away from home office on business directly connected with the project.
- (e) Automobile expenses at the current Internal Revenue Service (IRS) rates for business travel.

2.3 CONSULTANT shall be paid for services on a time and material basis subject to the following distribution and limits:

- (a) For Task 1, CONSULTANT shall be paid an amount not to exceed \$1,600.
 - (b) For Task 2, CONSULTANT shall be paid an amount not to exceed \$22,670.
 - (c) For Task 3, CONSULTANT shall be paid an amount not to exceed \$19,686.
 - (d) For Task 4, CONSULTANT shall be paid an amount not to exceed \$8,424.
 - (e) For Task 5, CONSULTANT shall be paid an amount not to exceed \$70,174.
 - (f) For Task 6, CONSULTANT shall be paid an amount not to exceed \$19,616.
 - (g) For Task 7, CONSULTANT shall be paid an amount not to exceed \$4,982.
- TOTAL FOR TASKS 1 THROUGH 7 \$147,152.

CONSULTANT may request remaining funds from completed tasks to be redistributed to incomplete tasks. The General Manager may approve redistribution of funds between tasks upon written request by CONSULTANT.

2.4 Progress reports shall be submitted by CONSULTANT on a periodic basis, or at the request of the General Manager. They shall identify the basis for determination of the percentage of completion, the number of hours for the month, by job classification, spent on each task, the percent of each task completed during the month, and total percent of each task completed.

2.5 All payments will be made within thirty (30) days of receipt of CONSULTANT'S invoice, unless notified by the General Manager that supporting documentation or work progress is insufficient to justify the payment request. In the event payment is withheld, CONSULTANT may request a partial payment for the work completed up to the date of the original request.

3. Term of Agreement. The term of this Agreement shall commence in accordance with Section 7.1 below and CONSULTANT shall complete Tasks 1 through 7 as directed by District. Provide, however, this agreement, unless extended by the parties, shall terminate on completion of the work, but no later than December 31, 2009. Termination of the agreement shall not eliminate the CONSULTANT'S obligations under Sections 5 and 6, which shall a continued obligation.

4. Termination. At any time and without cause, DISTRICT shall have the right in its sole discretion, to terminate this Agreement by giving ten (10) days prior written notice to CONSULTANT. In the event of such termination, DISTRICT shall pay CONSULTANT for services satisfactorily rendered to such date. If CONSULTANT should fail to perform any of

its obligations hereunder, within the time and in the manner herein provided, or otherwise violates any of the terms of this Agreement, DISTRICT may immediately terminate this Agreement by giving CONSULTANT written notice of such termination, stating the reason for such termination. In such event, CONSULTANT shall be entitled to receive payment for all services satisfactorily rendered, provided, however, that there shall be deducted from such amount the amount of damage, if any, sustained by DISTRICT by virtue of the breach of the Agreement by CONSULTANT. For agreements where payment is based upon a lump sum in total or by individual task, payment for services satisfactorily rendered shall be an amount which bears the same ratio to the total fees specified in the Agreement as the services satisfactorily rendered hereunder by CONSULTANT bear to the total services otherwise required to be performed for such total fee, provided, however, that there shall be deducted from such amount the amount of damage, if any, sustained by DISTRICT by virtue of the breach of the Agreement by CONSULTANT.

5. **Indemnification.** CONSULTANT agrees to accept all responsibility for loss or damage to any person or entity, and to defend, indemnify, hold harmless and release DISTRICT, its officers, and employees, from and against any and all actions, claims, damages, disabilities or expenses to the extent caused by the negligent performance or willful misconduct in the performance by CONSULTANT hereunder. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for CONSULTANT or its agents under Workers' Compensation acts, disability benefits acts or other employee benefit acts. CONSULTANT shall be liable to DISTRICT for any loss or damage to DISTRICT property to the extent caused by CONSULTANT's negligent performance hereunder.

6. **Insurance.** With respect to performance of work under this Agreement, CONSULTANT shall maintain and shall require all its subcontractors to maintain insurance as described below:

6.1 **Worker's Compensation Insurance.** Worker's compensation insurance with statutory limits as required by the Labor Code of the State of California. Said policy shall be endorsed with the following specific language:

"This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to the Rio Linda / Elverta Community Water District."

6.2 **General Liability Insurance.** Commercial general liability insurance covering bodily injury and property damage utilizing an occurrence policy form, in an amount no less than \$1,000,000 combined single limit for each occurrence. Said commercial general liability insurance policy shall either be endorsed with the following specific language or contain equivalent language in the policy:

- (a) "The Rio Linda / Elverta Community Water District, its officers and employees, is named as additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement."
- (b) "The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability."
- (c) "The insurance provided herein is primary coverage to the Rio Linda / Elverta Community Water District with respect to any insurance or self-insurance programs maintained by DISTRICT."
- (d) "This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to the Rio Linda / Elverta Community Water District."

6.3 **Automobile Liability Insurance.** Automobile liability insurance covering bodily injury and property damage in an amount no less than \$1,000,000 combined single limit for each occurrence. Said insurance shall include coverage for owned, hired, and non-owned vehicles. Said policy shall be endorsed with the following language:

"This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to the Rio Linda / Elverta Community Water District."

6.4 **Professional Liability Insurance.** Professional liability insurance for all activities of CONSULTANT arising out of or in connection with this Agreement in an amount no less than \$1,000,000 combined single limit and \$1,000,000 annual aggregate for claims made. Said policy shall be endorsed with the following specific language:

"This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to the Rio Linda / Elverta Community Water District."

CONSULTANT shall provide insurance covering claims made as a result of negligent performance of this Agreement and shall maintain such insurance in effect for not less than two (2) years following completion of performance of this Agreement.

6.5 Documentation. The following documentation shall be submitted to the DISTRICT:

- (a) Properly executed Certificates of Insurance clearly evidencing all coverage's, limits, and endorsements required above. Said Certificates shall be submitted prior to the execution of this Agreement.
- (b) Signed copies of the specified endorsements for each policy. Said endorsement copies shall be submitted within thirty (30) days of execution of this Agreement.
- (c) Upon District's written request, certified copies of insurance policies. Said policy copies shall be submitted within thirty (30) days of District's request.
- (d) After the Agreement has been signed, signed Certificates of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.

6.6 Policy Obligations. CONSULTANT's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

6.7 Material Breach. If CONSULTANT, for any reason, fails to maintain insurance coverage which is required pursuant to this Agreement, the same shall be deemed a material breach of contract. DISTRICT, at its sole option, may terminate this Agreement and obtain damages from CONSULTANT resulting from said breach. Alternatively, DISTRICT may purchase such required insurance coverage, and without further notice to CONSULTANT, DISTRICT may deduct from sums due to CONSULTANT any premium costs advanced by DISTRICT for such insurance. These remedies shall be in addition to any other remedies available to the DISTRICT.

7. Prosecution of Work.

7.1 Commencement of Work. CONSULTANT is authorized to proceed with the performance of this Agreement upon date of issuance, by the General Manager, of written notice to proceed with the work, and shall complete said performance in accordance with the time specified in this Agreement, provided, however, that if the scheduled performance is delayed by earthquake, flood, high water or other Act of God or by strike, lockout or similar labor disturbances, the time for CONSULTANT's scheduled performance of this Agreement shall be extended by a number of days equal to the number of days the schedule has been delayed.

8. Extra or Changed Work. Only the DISTRICTS' General Manager may authorize extra or changed work. Failure of CONSULTANT to secure such a written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the Agreement price or Agreement time due to such unauthorized work and thereafter CONSULTANT shall be entitled to no compensation whatsoever for the performance of such work. CONSULTANT further waives any and all right or remedy by way of restitution or quantum meruit for any and all extra work performed without such express and prior written authorization of the DISTRICTS' General Manager.

9. Representations and Warranties of CONSULTANT.

9.1 Standard of Care. DISTRICT has relied upon the professional ability and training of CONSULTANT as a material inducement to enter into this Agreement. CONSULTANT hereby warrants that all its work will be performed in accordance with generally accepted professional practices and standards as well as the requirements of applicable federal, state, and local laws, it being understood that acceptance of CONSULTANT's work by DISTRICT shall not operate as a waiver or release.

9.2 Status of CONSULTANT. The parties intend that CONSULTANT, in performing the services hereinafter specified, shall act as an independent CONSULTANT and shall have control of the work and the manner in which it is performed. CONSULTANT is not to be considered an agent or employee of DISTRICT and is not entitled to participate in any pension plan, insurance, bonus, or similar benefits DISTRICT provides its employees. In the event DISTRICT exercises its right to terminate this Agreement pursuant to Section 4 above, CONSULTANT expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees.

9.3 Taxes. CONSULTANT agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. CONSULTANT agrees to indemnify and hold DISTRICT harmless from any liability which it may incur to the United States or to the State of California as a consequence of CONSULTANT's failure to pay, when due, all such taxes and obligations. In case DISTRICT is audited for compliance regarding any withholding or other applicable taxes, CONSULTANT agrees to furnish DISTRICT with proof of payment of taxes on these earnings.

9.4 Cost Disclosure. In accordance with Government Code §7550, CONSULTANT agrees to state in a separate portion of its filed report, the numbers and amounts of all contracts and subcontracts relating to the preparation of the report.

9.5 Records Maintenance. CONSULTANT shall keep and maintain full and complete documentation and accounting records concerning all services performed that are compensable under this Agreement and shall make such documents and records available to DISTRICT for inspection at any reasonable time. CONSULTANT shall maintain such records for a period of not less than five (5) years following completion of work hereunder.

9.6 Conflict of Interest. CONSULTANT acknowledges that to the best of its knowledge it presently has no interest which would conflict in any manner or degree with the performance of services hereunder. CONSULTANT further promises that in the performance of this Agreement, no person having such interest will be knowingly employed. If requested to do so by DISTRICT, CONSULTANT shall complete and file, and shall cause any person doing work under this Agreement to complete and file, a "Statement of Economic Interest" with the DISTRICT and the Sacramento County Clerk disclosing their financial interests.

9.7 Nondiscrimination. CONSULTANT shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, creed, color, sex, age, marital status, sexual orientation, physical or mental disability or national origin.

10. Demand for Assurance. Each party to this Agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arises with respect to the performance of either party, the other may in writing demand adequate assurance of due performance and, until he receives such assurance may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of a party with respect to performance under this Agreement, but also conduct with respect to other agreements with parties to this Agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, but not exceeding thirty (30) days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this Agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance.

11. Assignment. Neither party hereto shall assign, delegate, sublet or transfer any interest in or duty under this Agreement without written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented. CONSULTANT hereunder offers and agrees to assign to DISTRICT, and agrees to require its subcontractors to offer and agree to assign to DISTRICT, all rights, title, and interest in and to all causes of actions it may have under Section 4 of the Clayton Act (15 USC Section 15) or under the Cartwright Act (Chapter 2 [commencing with Section 16700] of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to this contract or any subcontracts entered into hereunder. This assignment shall be made and become effective at the time DISTRICT tenders final payment to CONSULTANT, without further acknowledgment of the parties.

12. Method and Place of Giving Notice, Submitting Bills, and Making Payments. All notices, bills, and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills, and payments sent by mail should be addressed as follows:

| | | |
|-------------|--|--|
| DISTRICT: | Rio Linda / Elverta Community Water District Attention: General Manager 730 L Street Rio Linda, CA 95673 | Phone: (916) 991-1000 FAX: (916) 991-6616 |
| CONSULTANT: | Domenichelli & Associates Attention: Joseph Domenichelli 1107 Investment Blvd., Suite 145 El Dorado Hills, CA 95762 | Phone: (916) 933-1997 FAX: (916) 933-4778 |

and when so addressed, shall be deemed given upon deposit in the United States mail, postage prepaid. In all other instances, notices, bills, and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills, and payments are to be made by giving notice pursuant to this paragraph.

13. Ownership and Disclosure of Work Product. DISTRICT shall be the owner of and shall be entitled to immediate possession of accurate reproducible copies of any design computations, plans, specifications, copies of correspondence, maps, or other pertinent data and information gathered or computed by CONSULTANT in the performance of and prior to termination of this Agreement by DISTRICT or upon completion of the work pursuant to this Agreement. CONSULTANT may retain copies of the above-described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of DISTRICT, during the term of this Agreement and for a period of one hundred eighty (180) days following expiration of the term of the Agreement.

Miscellaneous Provisions.

14.1 No Waiver of Breach. The waiver by DISTRICT of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

14.2 Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated. Thereby, CONSULTANT and DISTRICT acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. CONSULTANT and DISTRICT acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

14.3 No Third Party Beneficiaries. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

14.4 Applicable Law and Forum. This Agreement shall be construed and interpreted according to the substantive law of California excluding the law of conflicts. Any action to enforce the terms of this Agreement or for breach thereof shall be brought and tried in Sacramento County, California

14.5 Captions. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

14.6 Merger. This writing is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to California Code of Civil Procedure §1856. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

14.7 Time of Essence. Time is and shall be of the essence in this Agreement and of each and every provision contained in this Agreement.

14.8 Arbitration. CONSULTANT understands that DISTRICT intends to include the standard Caltrans dispute arbitration clause in any construction contract for this project pursuant to Public Contract Code §22200 et seq. So that all claims, disputes, or controversies that may arise can be resolved by arbitration, once DISTRICT has awarded a construction contract for the Project, CONSULTANT and DISTRICT agree that all claims, disputes, or controversies arising out of, or in relation to, the interpretation, application, or enforcement of this Agreement or any breach thereof shall be decided by a final and binding arbitration in an arbitration proceeding pursuant to Article 7.1 (commencing with §10240) of Chapter 1 of Part 2 of the California Public Contract Code. It is the intent of CONSULTANT and DISTRICT that, once construction contract for the project is awarded, this arbitration procedure is the only and final procedure for resolving all such claims, disputes, or controversies including, but not limited to, disputes which may arise out of the design, engineering, or construction of the project, or the arbitrability of such disputes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

**CONSULTANT: DOMENICHELLI
& ASSOCIATES, INC.**

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

By: _____
Joseph Domenicelli, President

By: Mary R. Harris
Mary R. Harris, President of the Board

Date: _____

Date: 6-30-09

By: Gilbert Tafoya
Gilbert Tafoya, General Manager

Date: JUNE 30, 2009

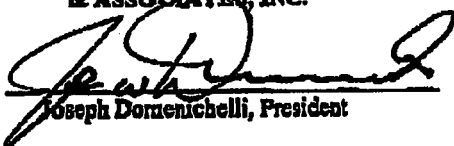
14.7 Time of Essence. Time is and shall be of the essence in this Agreement and of each and every provision contained in this Agreement.

14.8 Arbitration. CONSULTANT understands that DISTRICT intends to include the standard Caltrans dispute arbitration clause in any construction contract for this project pursuant to Public Contract Code §22200 et seq. So that all claims, disputes, or controversies that may arise can be resolved by arbitration, once DISTRICT has awarded a construction contract for the Project, CONSULTANT and DISTRICT agree that all claims, disputes, or controversies arising out of, or in relation to, the interpretation, application, or enforcement of this Agreement or any breach thereof shall be decided by a final and binding arbitration in an arbitration proceeding pursuant to Article 7.1 (commencing with §10240) of Chapter 1 of Part 2 of the California Public Contract Code. It is the intent of CONSULTANT and DISTRICT that, once construction contract for the project is awarded, this arbitration procedure is the only and final procedure for resolving all such claims, disputes, or controversies including, but not limited to, disputes which may arise out of the design, engineering, or construction of the project, or the arbitrability of such disputes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

CONSULTANT: DOMENICHELLI
& ASSOCIATES, INC.

DISTRICT: RIO LINDA / ELVERTA
COMMUNITY WATER DISTRICT

By: 
Joseph Domenicelli, President

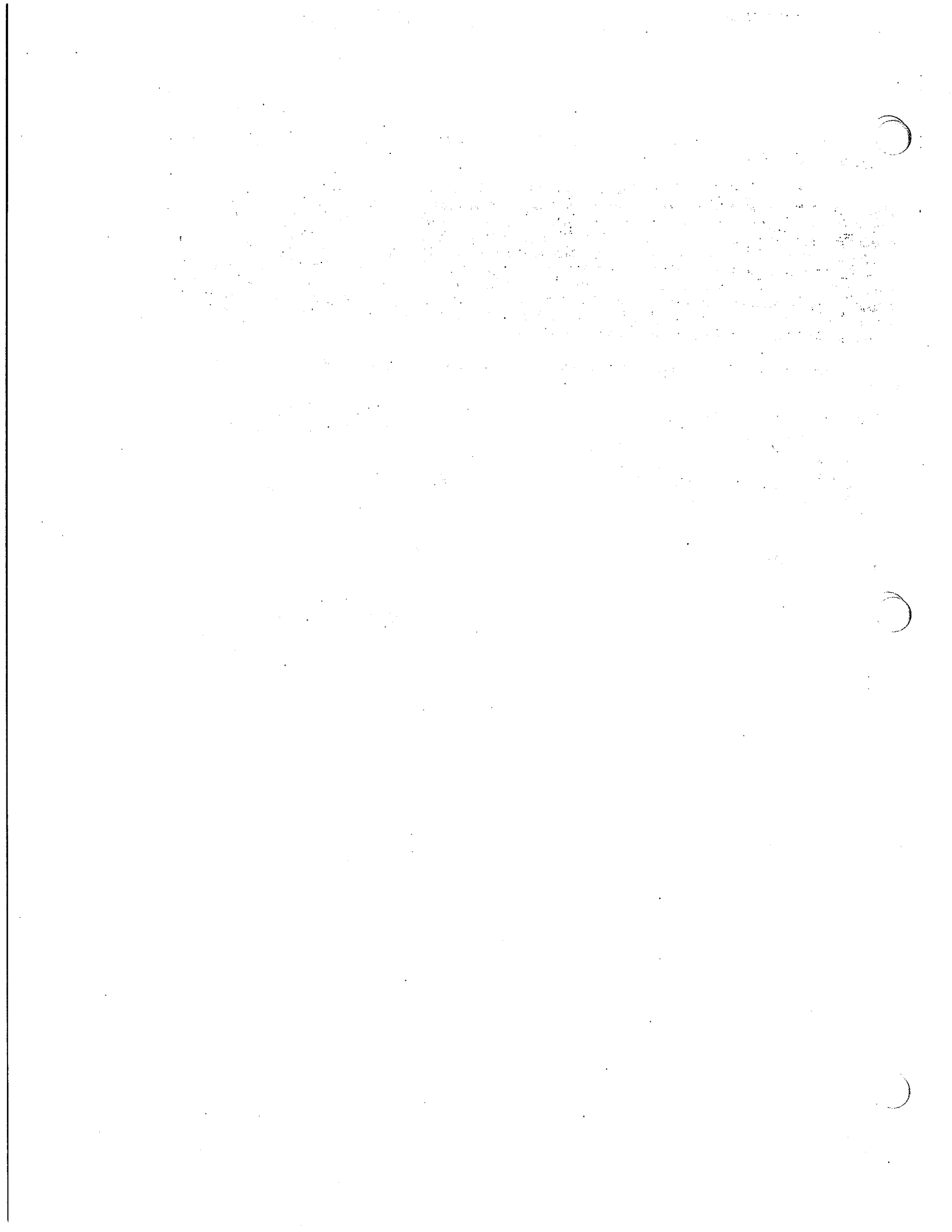
By: 
Mary R. Harris, President of the Board

Date: 6-30-09

Date: 6-30-09

By: 
Gilbert Tafoya, General Manager

Date: JUNE 30, 2009



PUBLIC EMPLOYMENT AGREEMENT

GENERAL MANAGER

THIS AGREEMENT is between the Rio Linda/Elyria Community Water District ("District") and Joseph Sherrill ("Employee") and is effective November 7, 2010.

RECITALS

WHEREAS, District Board of Directors ("Board") desires to employ Employee as General Manager of District and

WHEREAS, Employee desires to serve as General Manager of District pursuant to Section 30540 of the California Water Code of the State of California ("Water Code"); and

WHEREAS, the Board, as the appointing authority, and Employee desire to set forth the terms and conditions of employment in writing;

AGREEMENT

NOW THEREFORE, DISTRICT AND EMPLOYEE AGREE AS FOLLOWS:

I. DUTIES

A. District hereby appoints Employee to render services in the position of General Manager of District. Employee shall perform the functions and duties specified in Water Code section 30580 and Chapter 2.10 of the District Policy Manual. Employee shall also perform such other legally permissible and proper duties and functions as the District Board may from time to time assign.

B. Employee shall perform his duties to the best of his ability in accordance with the highest professional and ethical standards of the profession and shall comply with all general rules and regulations established by the District Board; provided, however, that if should such rules or regulations conflict with the specific terms of this Agreement, this Agreement shall prevail.

C. Employee shall not engage in any activity that is a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. Employee shall not engage in any employment, consulting service, or other business enterprise, for compensation or otherwise, without prior express written permission of the District Board.

D. Employee shall establish regular working hours during District office hours and shall devote full energy, skill, ability, and productive time to the performance of his duties. The parties recognize that the position is a full-time executive-level position requiring work outside normal office hours in order to conduct the affairs of the District. It is recognized that Employee may occasionally take time off because of such extended work in accordance with Sections 6 (D) below;



2. TERM

A. The term of Employee's employment shall commence on November 7, 2010 and shall continue for three (3) years unless terminated by either party in accordance with the provisions set forth in Section 4, or until terminated by the event of the death or permanent disability of Employee.

3. PERFORMANCE REVIEW

A. The District Board of Directors will meet with Employee on or before July 1 of each year for purposes of evaluating and establishing goals. The Board shall define or reconfirm a mission statement for the District and establish related goals, performance objectives and priorities that it determines necessary for the proper operation of the District. The Board shall evaluate Employee based on the previous years' goals and priorities, as well as other job performance criteria. A written evaluation shall be prepared that reflects the consensus of the Board and the effectiveness of Employee.

B. At the same time as the annual performance evaluation, the District Board shall consider salary adjustments for Employee. In determining whether to increase Employee's base salary, the District Board shall consider his overall performance (including, but not limited to, the attainment of Board-directed goals and objectives, interaction with the Board, District staff, and members of the public, and timely completion of projects specified by the Board.) Any increase in compensation shall be based on Employee's performance, District's current and anticipated fiscal position, and other relevant criteria. Employee shall not be automatically entitled to any compensation increase merely because of a positive performance evaluation.

4. REIGNATION AND TERMINATION; SEVERANCE

A. Employee understands and expressly agrees that he has no constitutionally protected property or other interest in his employment as General Manager. Employee also understands and expressly agrees that he serves at the will and pleasure of the District Board and that he may be terminated or asked to resign in writing at any time, with or without cause.

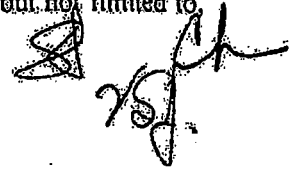
B. Subject to Section 4 (C) below, if Employee is asked to resign or is terminated as General Manager, other than for cause as described below in paragraph 4 (C), Employee may elect to receive, and the District agrees to pay, a cash severance equal to, as follows:

1. During the first eighteen (18) months of employment, Employee shall receive cash payment equal to eighteen (18) months of salary and benefits (subject to required withholdings);

2. After the first eighteen (18) months of employment, Employee shall receive cash payment equal to twelve (12) months of salary and benefits (subject to withholdings), but in no case shall the cash payment exceed an amount equal to the monthly salary of the Employee multiplied by the number of months left on the unexpired term of the Agreement.

District shall also pay Employee for his accrued vacation time. The District shall deduct all withholding required by law with respect to any amounts paid under this Section.

C. If Employee is terminated or asked to resign at any time for "cause", resulting from willful gross mismanagement and/or acts of moral turpitude (including, but not limited to



conviction of any felony; conviction of a misdemeanor arising out of the General Manager's duties pursuant to this Agreement; willful abandonment of duties; unlawful harassment; or a pattern of repeated, willful, and intentional failure to carry out the clear, unambiguous, lawful, and materially significant policy directions of the District Board, the District shall have no duty to pay severance pay as provided in this Section.

D. Notwithstanding any other provisions herein, should the Employer or its successor terminate this Agreement within twelve (12) months previous to, or subsequent to, dissolution or consolidation of the District, Employee shall receive the maximum severance pay permitted pursuant to Section 53260 of the Government Code.

E. Employee may resign at any time with or without cause. Employee agrees to give District at least sixty (60) days advance notice of the effective date of his resignation, unless the parties mutually agree otherwise.

5. SALARY

A. District agrees to pay Employee the salary of seventy-eight thousand dollars (\$78,000) per year for his services. Such salary shall be payable in equal installments at the same time as other employees of the District are paid and subject to customary withholding. Employee's salary shall be reviewed and considered by the District Board as provided in Section (3) above.

B. Notwithstanding any other provision herein, the District Board may increase said salary or other benefits of Employee in such amounts and to such extent as the Board may determine.

6. SUPPLEMENTAL BENEFITS

A. Medical Coverage. Employee and his eligible dependents may participate in the District's health, dental, and vision in accordance with the terms and conditions of participation established for said programs. In lieu of participation in the District's health insurance program, Employee may elect to receive an allowance of one thousand and ninety dollars (\$1,090) per month to apply toward Employee's own medical coverage.

B. Retirement Plan. District shall maintain its retirement program agreement with the California State Public Employees Retirement System (CalPERS). The District shall make the same amount of contribution for Employee as made for other District employees, and Employee shall be responsible for his proportionate share of the contribution. Both parties acknowledge the obligation to make certain payments for Federal Social Security and Medicare.

C. Vacation. Employee shall accrue six and 67/100 (6.67) hours of vacation leave per pay period up to a maximum accrual of 240 hours. When employee has reached the vacation accrual cap, Employee may elect (once per fiscal year) to receive, at his normal rate of pay, up to eighty (80) hours of vacation pay in lieu of vacation time off. Employee is expected to consult with the Board prior to any use of vacation leave in excess of three (3) working days within two (2) consecutive weeks. Employee shall be paid per current District policy for unused accrued vacation upon termination of his employment.

Handwritten signature and initials, possibly "SFC" and "28/2", in black ink.

D. Holidays. The District shall provide Employee such Holidays as provided to other District employees, provided, however, this amount shall not exceed fourteen Holidays and one floating Holiday.

E. Travel Reimbursement. District shall reimburse Employee for all actual and necessary expenses incurred in the performance of his official duties as General Manager, including those incurred when traveling on business pertaining to District. Any travel outside the Sacramento region must be pre-approved by the President of the District Board of Directors. Unless otherwise agreed upon, the provisions of Section 2.20.410 of the District Policy manual shall govern reimbursements.

F. Vehicle Allowance. Employee shall not be entitled to a vehicle allowance, but shall be entitled to the use of a District pick-up truck during his employment with the District. Employee shall maintain a valid California Driver's License at all times. Employee shall maintain and provide proof to District of automobile liability insurance which shall include, but shall not be limited to, protection against claims arising from death, bodily or personal injury, or damage to property resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall be \$300,000, or greater, per occurrence.

G. Educational/Professional Development. The District will pay for attendance at approved seminars, conferences, meetings and workshops for Employee as approved by the Board of Directors.

H. Sick Leave. Employee shall accrue four (4) hours of sick leave per pay period. Employee shall follow current district policy applicable to all other District employees with respect to sick leave accrual and payoff of unused sick leave upon termination.

I. Fidelity Bond. District shall bear the cost of any fidelity or other bonds required by the District under law, ordinance or policy. Employee shall furnish such information as may be necessary to secure such bonds.

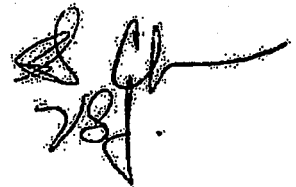
7. NOTICES

Any notices required by this Agreement shall be in writing and either given in person or by first class mail with the postage prepaid and addressed as follows:

TO DISTRICT: Rio Linda/Eliverta Community Water District
P.O. Box 400
Rio Linda, California

TO EMPLOYEE: Joseph Sherrill
449 G Street
Rio Linda, California 95673

Either of the above addresses may be changed as necessary without formal action or approval of the District Board.



8. ENTIRE AGREEMENT

This Agreement is the final expression of the complete agreement of the parties with respect to matters specified herein and supersedes all prior oral or written understandings. Except as prescribed herein, this Agreement cannot be modified except by written mutual agreement signed by the parties.

9. ASSIGNMENT

This Agreement is not assignable by either District or Employee without the prior written consent of the other party. Any purported assignment without such prior written consent shall be null and void.

10. SEVERABILITY

In the event that any provision of this Agreement is finally held or determined to be illegal or void by a court having jurisdiction over the parties, the remainder of this Agreement shall remain in full force and effect unless the parts found to be void are wholly inseparable from the remaining portion of this Agreement. The invalidity or unenforceability of any provision or portion of this Agreement will not affect the validity or enforceability of the other provisions or portions of this Agreement.

11. COUNTERPARTS

This Agreement shall be executed simultaneously in two counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

12. GOVERNING LAW; VENUE; PREVAILING PARTY

This Agreement will be governed by and construed in accordance with the laws of the State of California. Any action or proceeding to enforce or interpret this Agreement shall be brought in the Sacramento County Superior Court. If any legal action or proceeding is brought to enforce or interpret this Agreement, the prevailing party, as determined by the court, shall be entitled to recover from the other party all reasonable costs and attorney's fees, including such fees and costs as may be incurred in enforcing any judgment or order entered in any such action.

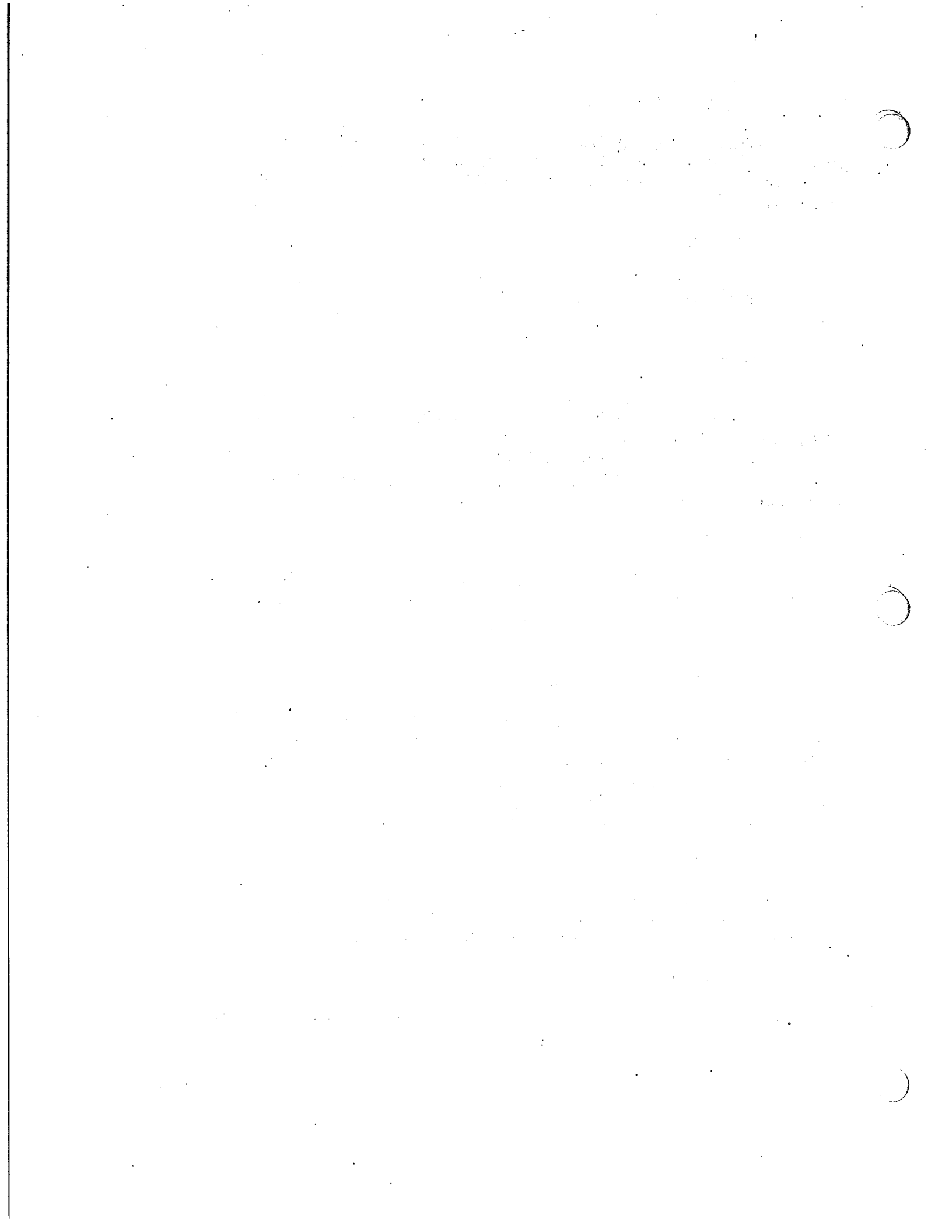
13. NO WAIVER

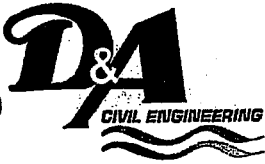
No party's failure to enforce any provision or provisions of this Agreement will be construed in any way as a waiver of any such provision or provisions, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

14. INTERPRETATION

This Agreement shall be interpreted and construed as having been drafted jointly by both parties.

Handwritten signature and initials, possibly "J. Ch" and "28/1".





DOMENICHELLI AND ASSOCIATES, INC.
CIVIL ENGINEERING

June 19, 2009

Mr. Gilbert Tafoya
Rio Linda/Elverta Community Water District
730 L Street
PO Box 400
Rio Linda, CA 95673

Subject: Well 15

Dear Gilbert,

We are pleased to submit the following design services proposal for the Rio Linda Well 15 Pump Station Project. In addition to the pump station (above grade) facilities, the District has requested that Domenichelli & Associates (D&A) coordinate and provide design documents for the production well and development.

The well and pump station will be modeled after the Well 14 design. In addition to the pump station, we have provided a cost for the design of a new 12" pipeline (approximately 2500 LF) to connect the system to Well 15.

Using Well 14 as a guide, the pump station design will include a masonry building housing the well pump, motor control center (MCC), chlorination system and the standby generator. Conduit and building space will be included for future fluoridation facilities. Anticipating that the station will be in close proximity to local residences, sound attenuating louvers and wall paneling will be included with the standby generator. This scope assumes that there are no specific design sound attenuating limits that must be achieved.

The station will ride on system pressures as determined by the District. A variable frequency drive will be incorporated into the design allowing the station to provide flow based on system needs. Other appurtenances include a Mag flow meter, flow control and pump to waste valves, chlorine analyzer system, and pressure transmitters. This scope assumes no additional treatment facilities will be designed under this contract.

For the production well development, D&A will provide preliminary site assessment, coordinate with drilling contractor and provide necessary "down hole" design to complete the final production well. The District will contract directly with the well drilling contractor.

Our detailed scope and fee for these efforts are enclosed for your review. Thank you for considering our proposal.

Sincerely,

Joe Domenichelli, P.E.
Domenichelli & Associates, Inc.



DOMENICHELLI AND ASSOCIATES, INC.
CIVIL ENGINEERING

Scope of Services for:
Rio Linda/ Elverta Community Water District
Well 15 Pump Station

The following scope assumes there will be minimal differences between the existing Well 14 design and the proposed Well 15 design. If significant changes occur during the design phase, additional scope items will be negotiated at that time.

Task - 1 Gather information and Well 15 Site Assessment

D&A will perform a limited site assessment of the proposed property to establish the property is outside the 100-year floodplain, has neighboring drainage improvements to convey pumped to waste flow and to determine the location for the production well.

Task 1 Deliverables: A short memorandum stating the results of the Well Site Assessment

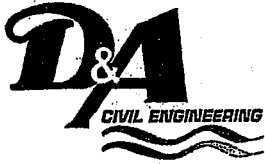
Task - 2 Site Surveys and Site Geotechnical Investigations

D&A will meet onsite with the District to determine the exact project limits for the well site and to discuss the horizontal layout of the site and access road. D&A will gather any available information on existing utilities in the area. This task assumes one kickoff meeting and site visit.

AR Divers, Professional Land Surveyor, will be tasked with surveying the project site. AR Divers will establish control on site based on NAD 83 state plane coordinates for horizontal and NGVD 29 vertical from county benchmarks. Divers will prepare a topographic base map over the project area at 1"=20', with 1' contour intervals for the pump station and 1"=30' for the pipeline. Divers will locate visible utilities, trees over 4" in diameter, ground shots, fences, top and bottom of bank. This scope assumes that the parcel already has a defined and mapped boundary and that Divers is not establishing a boundary that requires a Record of Survey or doing any type of subdivision of a larger parcel to create the site parcel.

Paragon Geotechnical will provide site geotechnical services for the projects. Paragon will drill one boring to a depth of about 10 feet with a truck-mounted drill rig (ground must be stable), provide a report with geotech recommendations for foundation/pad design/support, grading/earthwork, geotech drainage (excluded: pavement design), and provide surface soil infiltration rate information from published U.S.D.A. site-specific soil data (excluded: infiltration testing).

Task 2 Deliverables: Electronic base mapping and one copy of the geotechnical results as specified above.



DOMENICHELLI AND ASSOCIATES, INC.
CIVIL ENGINEERING

Task 3 – Production Well 15 Design & Drilling Oversight

Based on the test hole results, D&A with assistance from Pat Dunn a local hydrogeologist will complete design plans and specifications for the final production well at Well 15. This task assumes the District will contract directly with the well driller for the construction of the production well. This task also includes providing up to 5 copies of the plans and specifications to interested drilling contractors. Dunn Environmental as a sub-consultant to D&A will provide oversight at the well during drilling and well development.

Task 4 – Pump Station Pre-Design Memorandum

This effort includes preparing a technical memorandum detailing the project design criteria, access road and site layout and other project components associated with the design. This report will identify system characteristics including system operating pressures, pump selection and piping. D&A will coordinate with the hydrogeologist to lay out the station and the water well.

We have included time for a review meeting with the District to discuss the contents of the memorandum.

Task 4 Deliverables: Three (3) copies of the Pre-Design Technical Memoranda.

Task 5 – Pump Station Final Design

Task 5a - 50% Design

Based on comments received from the Pre-Design Memorandum, the 50% design will include all of the major components for the project. This will include but is not limited to:

- Access road and site layout
- Pump station location and layout
- Onsite Piping and valving configuration (Plan and Profile)
- Chemical room layout and feed system
- Typical details of the perimeter walls and other site improvements
- Electrical one-line diagrams
- Pipeline plan and profile

Structural and electrical details will be limited at the 50% design stage.

We have allotted time for one (1) meeting with the District's Project Manager and key O&M personnel to discuss the 50% Design and to review and discuss any comments.

Deliverables: Three (3) ½ size plan sets and a list of project specifications sections.

Task 5b - 90% Design

D&A will provide a 90% set of plans and technical specifications for the new water well pump station and appurtenances. The 90% design plans and specifications will be considered a

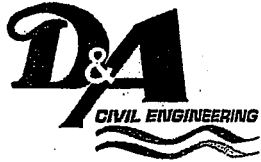


EXHIBIT A

DOMENICHELLI AND ASSOCIATES, INC.
CIVIL ENGINEERING

complete bid set with only minor adjustments required by the District. After submittal of the 90% plans, we anticipate one round of District comments before submitting the Final (100%) documents. One (1) review meeting is included for this task.

Deliverable: Three (3) sets of half-sized 90% plans and specifications. Five sets of 90% cost estimates.

The following table shows the anticipated sheet count for the final design. Our scope has also provided time required to break out some of the bid items into separate bid packages (up to 4).

| Anticipated Sheet Count for Final Design | |
|---|---------------------------|
| Description of Plans | No. of Sheets Anticipated |
| Cover and Abbreviations | 2 |
| Site Plan Sheet | 1 |
| Grading & Paving Plan | 1 |
| Site Piping Plan | 1 |
| Pipeline Alignments and Profiles | 3 |
| Piping and Miscellaneous Details | 2 |
| Chemical Feed System and Piping Details | 1 |
| Generator System and Fuel Cell Details | 1 |
| Site & System Details | 5 |
| Building Architectural Elevations and Details | 3 |
| Building Structural Plan and Details | 7 |
| Electrical | 15 |
| Total Sheets | 42 |

Task 5c - Final (100%) Design

The final design submittals will address comments received on the 90% design and will include all components of the design plans and specifications. It is anticipated that there will only be minor comments between the 90% and the final submittal and that no concept changes will be required. It is assumed that D&A will produce the bid packages and deliver them to the District.

Deliverable: One reproducible full size plan set, one reproducible set of half-sized plan set and one set of specifications. Complete plan and specification sets for distribution to Contractors. Three (3) sets of the Final cost estimates. Also included is budget for breaking the project into up to 4 bid packages to allow for local contractor participation.

Task 6 – Preparation of CEQA Documents

Task 6.1 – Biological and Cultural Resources Constraint Evaluations

After preliminary assessment of the new well site in Task 1 EN2 will perform reconnaissance level site surveys in conjunction with biological and cultural resource database and literature reviews to provide information needed for the IS. If protocol level field surveys or other additional studies are required on biological resources, cultural resources, or other CEQA topics,



DOMENICHELLI AND ASSOCIATES, INC. CIVIL ENGINEERING

an additional scope of services would be prepared and submitted to D&A for approval prior to the completion of the additional work.

Cultural Resources Evaluation

Perform a Phase I Cultural Resources investigation for the project site in compliance with the National Historic Preservation Act and CEQA. A records search for archaeological resources at the North Central Information Center (NCIC) will be requested and EN2 will coordinate with NCIC on the results. The records search will identify any areas previously surveyed for cultural resources within the area of potential effect (APE) and whether a new Cultural Resources Survey, to be performed by qualified archaeologists, is required.

Reconnaissance-Level Biological Resources Evaluation

Search the California Natural Diversity Database (CNDDB) and the U.S. Fish and Wildlife Service database to identify recorded occurrences of terrestrial special-status species and sensitive vegetation communities. This search information will allow EN2 to identify the potential for special-status species and sensitive habitats to occur within the project area.

Reconnaissance-level biological surveys, including botanical, terrestrial and aquatic species, and wetlands, will be conducted by qualified EN2 biological personnel. These surveys will not be protocol level, but will identify potential constraints associated with the proposed project; if the surveys so indicate, protocol level surveys and more detailed assessments can be conducted as necessary under a modified scope of work and budget.

Deliverable:

Prepare a summary report on Cultural and Biological Resources Constraints based on information gathered during field surveys and database searches. A summary report will be prepared for the proposed new well site. This report will describe the following:

- Findings of the reconnaissance-level cultural evaluations and biological surveys,
- Potential constraints (spatial and temporal) within the proposed project area,
- Potential permitting needs/issues associated with the proposed project area, and
- Potential avoidance or mitigation of impacts for area identified as biologically or culturally sensitive.

Task 6.2 – CEQA Documentation

In order to prepare complete and defensible CEQA documents, the following tasks have been developed.

Prepare Project Description

Prepare Draft Project Description for Wells 15, which will be based on information provided by D&A. The Draft Project Description must be reviewed and approved by D&A and the District prior to work beginning on the anticipated IS/ Proposed ND or MND as the Project Description serves as the basis for the CEQA impact analyses.

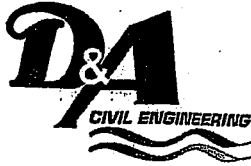


EXHIBIT A

DOMENICHELLI AND ASSOCIATES, INC. **CIVIL ENGINEERING**

Information Needs from D&A/the District:

- Proposed 50% design of Project features/facilities
- Review of and concurrence with Draft Project Descriptions within 5 days of receipt from EN2

Deliverable:

- Two (2) copies of the Draft Project Description for D&A and the District's review/comment

Prepare Administrative Draft IS/Proposed ND or MND

Prepare Administrative Draft IS/Proposed ND or MND for D&A and the District's review, pursuant to CEQA and CEQA Guidelines (Sections 15070-15071) requirements. These documents will:

- Utilize the approved Project Description to evaluate and document the environmental conditions; and,
- Determine the level of impacts and identify mitigation measures for the environmental resources affected by the Project.

Needs from D&A/the District:

- Any additional technical reports or plans not readily available via the internet to assist in completing the Draft IS/Proposed ND or MND
- Review/comment on Administrative Draft IS/Proposed ND or MND within 10 days

Deliverable:

- Two (2) copies of Administrative Draft IS/Proposed ND or MND for D&A and the District's review/comment

Prepare IS/Proposed ND or MND for Public and Agency Review

Prepare the IS/Proposed ND or MND and the supporting public notice (Notice of Intent) for public and agency review once comments from D&A and the District staff have been received and addressed on the Administrative Draft IS/ND or MND.

EN2 assumes that D&A/the District will perform the following and other CEQA-related matters:

- Advance planning and scheduling of the District's internal review processes,
- Scheduling of and briefing packages for District Board meetings,
- District Board agenda staff reports, and
- Processing checks for payment of agency filing fees for the CEQA documents and public notices.

Needs from the District:

EXHIBIT A



DOMENICHELLI AND ASSOCIATES, INC. **CIVIL ENGINEERING**

- Review/comment on proposed releases of Public and Agency Review Draft IS/Proposed ND or MND within 10 days of receipt from EN2

Deliverables:

- Two (2) copies of the IS/Proposed ND or MND for D&A and the District's review/comment
- Four (4) copies each of the Project Notice of Intent to the District for publication at the local newspaper, other media, and others as necessary

Respond to Public/Agency Comments on IS/Proposed ND or MND and Prepare Final IS/ND or MND

Assist the District with reviewing the contents of and responding to comments on the proposed adoption of the ND or MND, following the 30-day public and agency review on the IS/Proposed ND. If necessary, a meeting will be held at the District offices with EN2, D&A, and the District staff to review comments and discuss how to respond to those comments. All comments received will be forwarded to EN2 to consider for potential responses, which could range from no action to preparing suggested response letters for the District's consideration, to identifying revisions needed for the IS/ND or MND. In addition to the Response to Comments, this task also includes the preparation of the Final IS/ND or MND, which will include any substantive changes to the document.

Within five (5) days of the District's Board approval of the CEQA documents, a Notice of Determination (NOD) for the Project must be filed with the SCH and County Clerk's Office. EN2 will prepare the Notice of Determination (NOD) for the District's signature and file it with the SCH and the County Clerk's Office.

Needs from the District:

- If necessary, participate in one (1) meeting with EN2 to discuss public/agency comments on the Project
- Review of recommended Responses to Comments and Final IS/ND or MND within five (5) days

Deliverables:

- Two (2) copies of the Draft Responses to Comments and Final IS/ND or MND for D&A/the District's review/comment
- Two (2) copies of the Final Responses to Comments and Final IS/ND or MND to D&A/the District
- NOD to be filed with SCH and the County Clerk's Office within five (5) days of District Board approval of the CEQA document

Uncertainties of Scope

There are several uncertainties regarding the scope of the project that could affect CEQA and subsequent permitting requirements for the project. These include:



EXHIBIT A

DOMENICHELLI AND ASSOCIATES, INC.
CIVIL ENGINEERING

- The defined Project purpose and objectives.
- Type of chemical treatment required to meet state standards for drinking water.
- Potential cumulative effects on groundwater levels.
- "Growth inducing" effects to be analyzed per CEQA requirements (dependent of the extent to which the District water supply plans and local General Plans address growth).

If the IS identifies significant environmental impacts which cannot be mitigated, then EN2 will prepare and submit a separate scope and budget to complete additional EIR compliance tasks of preparation, distribution, and public and agency review and comment through finalization and District approval.

Task 7 –Bidding Services

Task 7.1 - Bid Assistance

D&A will coordinate a pre-bid meeting during the bidding phase. D&A engineers will answer contractor questions during the bid process and prepare and issue addenda to the bid documents as necessary.

Bid Assistance Deliverables:

- Attend pre-bid meeting and prepare minutes
- Addenda submittals (assume 2 addenda).

Items not included:

- Directly contracting with drilling contractors
- Treatment system design, such as for Arsenic & Ferric systems.
- Fees associated with parcel split.
- Services during construction.
- Acquisition of preliminary title reports
- Right-of-way or permits for borrow sites or access routes
- Negotiation of Rights-of-entry
- Staking services for construction
- Environmental delineation or surveys (e.g. wetlands surveys, etc.)

FEE ESTIMATES

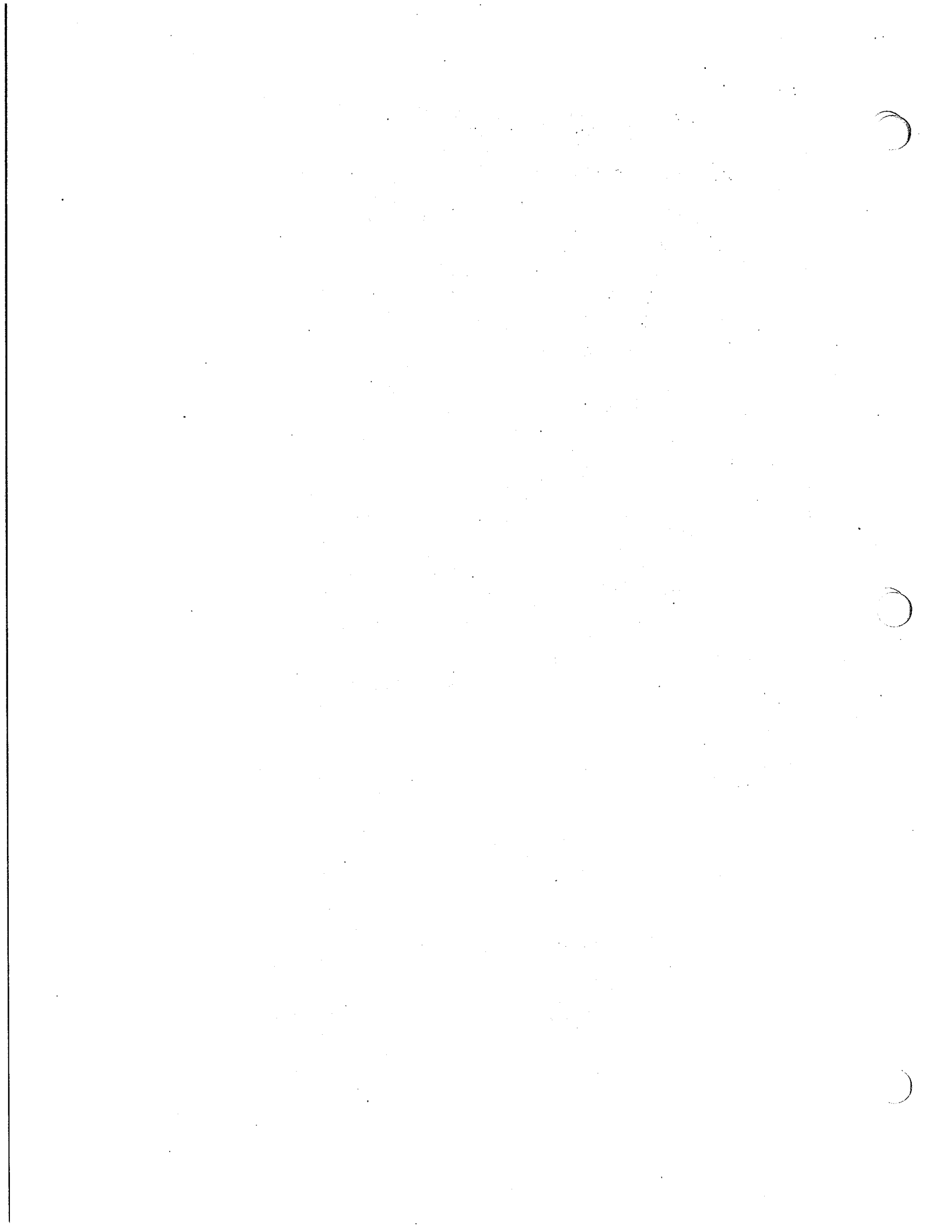
The following estimates of fees are based on the design scope of work provided. We are available to negotiate the level of project scope relative to our fee estimate in order to meet your expectations.

EXHIBIT A

Rio Linda Water Wells 15 Project
Rio Linda/Eiverta Community Water District
Manpower Estimate

| Task Description | Domenichelli & Associates | | | | Total | | Frisch Engineering | Wood Rodgers | EN2 | Geotechnical & Hydrogeologist Services | AR Divers | Expenses | Total |
|--|---------------------------|---------------|---------------|---------------|-----------------------|-------|--------------------|--------------|-----------|--|-----------|----------|------------|
| | JWD (PM) \$/hr | SR (PE) \$/hr | KC (E1) \$/hr | MH (T1) \$/hr | Repro/ Clerical \$/hr | Hours | | | | | | | |
| Task 1 - Well Site Assessment | | 8 | 8 | | | 16 | \$ 1,600 | | | | | | \$ 1,600 |
| SUBTOTAL | | | | | | 16 | \$ 1,600 | | | | | | \$ 1,600 |
| Task 2 - Site Survey and Site Geotechnical Investigation | 4 | 12 | 16 | | | 32 | \$ 3,200 | | | \$ 4,510 | \$ 14,500 | \$ 400 | \$ 22,570 |
| SUBTOTAL | | | | | | 32 | \$ 3,200 | | | \$ 4,510 | \$ 14,500 | \$ 400 | \$ 22,570 |
| Task 3 - Production Well Design & Drilling Oversight | 8 | 24 | 12 | | | 52 | \$ 5,200 | | | | | \$ 100 | \$ 19,688 |
| SUBTOTAL | | | | | | 52 | \$ 5,200 | | | | | \$ 100 | \$ 19,688 |
| Task 4 - Pump Station Pre-Design Memorandum | 4 | 12 | 30 | | | 58 | \$ 5,800 | \$ 2,574 | | | | \$ 500 | \$ 8,424 |
| SUBTOTAL | | | | | | 58 | \$ 5,800 | \$ 2,574 | | | | \$ 500 | \$ 8,424 |
| Task 5 - Pump Station Final Design | 12 | 27 | 41 | | | 103 | \$ 9,875 | | | | | \$ 500 | \$ 10,375 |
| 50% Design P&S | 8 | 19 | 29 | | | 79 | \$ 7,240 | \$ 15,048 | \$ 10,450 | | | \$ 500 | \$ 33,238 |
| 90% Design PS&E | 3 | 8 | 12 | | | 33 | \$ 3,035 | \$ 5,016 | \$ 2,750 | | | \$ 2,000 | \$ 12,771 |
| Final Design | 5 | 20 | 15 | | | 40 | \$ 4,225 | \$ 1,485 | | | | \$ 100 | \$ 5,810 |
| Review Meetings | | | | | | 266 | \$ 24,345 | \$ 21,545 | \$ 13,200 | | | \$ 3,100 | \$ 82,194 |
| SUBTOTAL | | | | | | 266 | \$ 24,345 | \$ 21,545 | \$ 13,200 | | | \$ 3,100 | \$ 82,194 |
| Task 6a - Well 15 Pipeline | 8 | 24 | 28 | | | 80 | \$ 7,880 | | | | | \$ 300 | \$ 7,980 |
| SUBTOTAL | | | | | | 80 | \$ 7,880 | | | | | \$ 300 | \$ 7,980 |
| Task 6 - Preparation of CEQA Documents Evaluations and Reports CEQA Initial Study/ Neg Dec | | | | | | 4 | \$ 400 | | | \$ 1,591 | | \$ 200 | \$ 2,191 |
| SUBTOTAL | | | | | | 4 | \$ 400 | | | \$ 1,591 | | \$ 200 | \$ 2,191 |
| Task 7 - Bidding Services | 4 | 12 | 8 | | | 24 | \$ 3,330 | \$ 1,452 | | | | \$ 200 | \$ 4,982 |
| SUBTOTAL | | | | | | 24 | \$ 3,330 | \$ 1,452 | | | | \$ 200 | \$ 4,982 |
| Totals | 56 | 172 | 209 | 100 | | 547 | \$ 52,825 | \$ 25,575 | \$ 13,200 | \$ 17,375 | \$ 14,500 | \$ 5,000 | \$ 147,152 |

* Sub-consultant costs marked-up 10%



ATTORNEY-CLIENT PRIVILEGED DOCUMENT
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
LAW OFFICES OF RAVI MEHTA

This Agreement is made and entered into as of SEPTEMBER 1, 2010 by and between the Rio Linda/Elverta Community Water District, a public agency ("District") and Law Offices of Ravi Mehta ("Attorneys").

1. Scope of Agreement

District hires Attorneys to serve as its General Counsel and to provide legal services to District in connection with any and all matters that affect District, including, but not limited to providing general legal advice, litigation, regulatory issues, legislative issues, compliance, attending meetings as required, be available whenever required, and other matters to further and protect the interests of the District.

2. Duties of Attorneys and Client

Attorneys shall provide those legal services reasonably required to represent District in the matters described in paragraph 1 of this Agreement. Attorneys shall also take reasonable steps to keep District informed of significant developments and to respond to District's inquiries.

District shall be truthful with Attorneys, cooperate with Attorneys, keep them informed of developments, and perform the obligations it has agreed to perform under this Agreement, and pay Attorneys' bills in a timely manner.

3. Periodic Statements and Billing Terms

Attorneys shall send periodic statements for services rendered during the previous months or months and for disbursements incurred for District's account. Attorney shall be entitled to charge interest at the maximum rate allowed by law for any invoice not paid within 30 days of the date of the invoice. Any waiver of such right shall not be deemed a waiver of any future interest. If District objects only to a portion of a statement, District shall pay the remainder, which will not constitute a waiver of District's objections. If District does not meet its obligation of timely payments under this Agreement, Attorneys reserve the right to withdraw from this representation on that basis alone.

4. Services and Compensation.

Attorneys shall render and bill for legal services in the following categories. The District shall pay for such services based on the following rates, or as they are adjusted from time to time by mutual consent.

The rate(s) set forth herein may be adjusted annually on July 1 of each fiscal year, or as mutually agreed to by the Parties.

5. General Legal Services.

For all matters, including preparation for, attendance at and participation in meetings of the Board of Directors and other meetings as requested, and for the drafting, reviewing and counseling work arising therefrom and for day to day public law and District matters, the District shall pay Attorneys the reduced hourly billing rate of: Three Hundred Five Dollars (\$305) for services performed.

It is further specifically understood by both parties that contingency fee agreements are prohibited by law for any lobbying activities, as described in the California Government Code. Any fees paid for services related to lobbying activities shall be established in advance by separate Agreement and paid regardless of the result.

6. Increase in Compensation.

Notwithstanding anything herein to the contrary, Attorneys or the District's Board of Directors may initiate consideration of a rate increase. Such rate increase may be approved or denied by the Board of Directors in its sole and absolute discretion.

7. Annual Reviews & Retention of Other Firms

The District and Attorneys agree that a review of performance and the compensation amounts referenced herein may occur on or about June of each year. District acknowledges and agrees in advance that as an integral part of this Agreement, Attorneys can and will, at the Attorney's sole discretion, be affiliating and working with various other Attorneys and law firms ("Other Firms") who may work independently or as sub-contractors of Attorneys to assist with various matters, and said Other Firms will be compensated at the rate negotiated between Attorney and Other Firms not to exceed Three Hundred fifty Dollars (\$350), unless a higher rate is authorized by the District. District also acknowledges and specifically agrees in advance that Attorneys may associate/sub-contract with Other Firms directly through Attorneys' Firm, in which case the Other Firms will bill and be paid directly by Attorneys, and Attorneys will bill District at a rate of Three Hundred fifty Dollars \$350/hour for services provided by Other Firms. The maximum fee paid to Attorneys or Other Firms, when Other Firms are associated/sub-contracted shall not exceed Three Hundred fifty Dollars \$350/hour, unless a higher rate is authorized by the District.

Where Attorney deems it necessary to affiliate and work with Other Firms or attorneys who are not partners, associates or shareholders with Attorney, then Attorney will advise District in writing of Attorney's decision, a description of the work that will be done by Other Firms or attorneys, and will advise District of the actual hourly rate to be charged (not to exceed \$350 per hour).

Attorneys bill in minimum units of .25 hours for any task, including but not limited to telephone calls, emails correspondence, and travel.

8. Costs and Expenses

District shall reimburse Attorneys for all costs and expenses incurred by Attorneys, including, but not limited to, the following: Sheriffs', marshals', and process servers' fees, filing fees and other charges assessed by courts and other public agencies, court reporters' fees, jury fees, witness fees, long distance telephone calls, electronic mail, messenger and other delivery fees, postage, photocopying at \$.50 per page, parking, mileage at \$.55 per mile, pre-approved travel expenses (including air fare at coach rates, lodging, meals, and ground transportation), charges for outside assisted legal research, electronic research, clerical staff overtime, investigation expenses, consultants' fees, expert witness fees.

9. Disclaimer of Guarantee

Attorneys have made no promises or guarantees to District about the outcome of Client's matter, and nothing in this Agreement shall be construed as such a promise or guarantee of success on any matter.

10. Term of Agreement, Legal Services, and Termination.

(a) The District, which has had to endure a history of ever-changing Attorney's and General Managers, desires to ensure that it has stability and continuity of legal services, as this also promotes, among other things, trust, confidence, dependability, and loyalty, between the Attorneys and District, as well as long-term savings by not having to pay unnecessary legal fees to new Counsel to become knowledgeable of District issues and pending legal matters. District also wishes to ensure that its Attorneys provide legal advice and services that serves the District's interests, as opposed to the individual interests of Board members. The District recognizes that from time to time, Attorneys may face pressure, including threats of termination and non-payment of earned fees, from individual Board members to handle legal matters in a manner inconsistent with the directives of the Board of Director's, or in a manner that could compromise the Attorneys' ability to effectively and ethically represent the District. District wishes to ensure that its interests are protected and never compromised, Attorneys' independence to provide sound legal advice is always maintained, and the potential for conflicts is eliminated.

(b) District has requested Attorneys to assume greater legal responsibilities than previously contemplated and agreed upon, and has asked Attorneys to devote a significant portion of Attorneys' practice to District's issues. District acknowledges the benefits derived from Attorneys' significant experience, reputation, ability, and unique business and government sector relationships. District also acknowledges that by entering into this Agreement, Attorneys will: (1) forego other significant employment opportunities; (2) limit Attorneys' ability to market Attorneys' services to other potential

clients; (3) not have a client base and corresponding income for an extended period of time if the Agreement is terminated by District prior to its expiration; (4) expend financial capital and other resources in furtherance of this Agreement, (5) become, through the term of this Agreement, subject to significant legal obligations and restrictions imposed on government officials by the California Political Reform Act, which will affect Attorneys' income and personal rights, and; (6) agree to provide legal services at a significantly reduced hourly rate, as described herein, as opposed to Attorneys standard hourly rate of Five Hundred Seventy Five dollars (\$575).

(c) In furtherance of the District's above-stated objectives and in consideration of the recitals, mutual covenants, terms, and conditions stated herein, District wishes to enter into this Agreement, which shall be for the period September 1, 2010 through June 30, 2014, and shall automatically renew under the same terms and conditions unless terminated with a minimum of 60 days written notice from either party. District and Attorneys acknowledge that District has the right to terminate Attorneys at will, but District shall be obligated by the terms and conditions of the Agreement, which District specifically finds and declares is reasonable, fair, just, and conscionable given Attorney's above-stated consideration.

(d) In consideration of Attorneys agreeing to act as General Counsel for District, reserving future availability, and devoting substantial time to the affairs of the District, and in consideration of foregoing a true retainer payment, District agrees that should Attorneys be discharged from their employment at any time prior to the expiration of the first 180 days under this Agreement (for reasons other than Attorneys' intentional misconduct in violation of law), then Attorneys shall receive additional compensation for legal services previously rendered in a sum equal to the cumulative total hours billed District since September 1, 2010, multiplied by the difference between the hourly rate charged to District (\$305 per hour) and Attorneys' standard hourly rate of \$575 per hour, and in addition, to compensate attorney for having reserved future time for District as General Counsel and for lost economic opportunity, District shall pay Attorney an additional sum calculated as follows: the average hours billed by Attorney to District during the six months prior to termination, multiplied by Attorney's standard hourly rate of \$575 per hour, multiplied by two.

Initial AK

(e) In the event this Agreement is terminated (for reasons other than Attorney's intentional misconduct in violation of law), including constructive termination by the District, at any time after the first six months but prior to the expiration of the full term of the Agreement, in consideration of the aforementioned desires and objectives of the District, and Attorneys' agreements and commitments as set forth above, then District shall pay and Attorneys shall receive additional compensation for legal services previously rendered, the sum equal to the cumulative total hours billed District since September 1, 2010, multiplied by the difference between the hourly rate charged to District (\$305 per hour from September 1, 2010 until modified, if ever, in the future) and Attorneys' standard hourly rate of \$575 per hour. In the

event the District terminates Attorneys during the last 180 days of the term of the Agreement, District shall only be obligated to pay Attorneys the sum equal to the cumulative total hours billed for the previous 12 months multiplied by the difference between the hourly rate charged to District and Attorneys' standard hourly rate.

Initial CH

11. Termination or Conclusion

Upon the termination or conclusion of Attorneys' services, in addition to any other provision of this Agreement, all unpaid charges for services rendered, early termination payments, and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable. Attorneys acknowledge their obligation, upon District's demand, to deliver District's file to District at or after the termination or conclusion of Attorneys' services.

12. Dispute Resolution and Attorney Fees

In any dispute between Attorneys and District, each party will be initially responsible for their own attorney fees and costs. Both parties may agree to arbitrate any disputes related to this Agreement. In any action to enforce the terms, or any dispute arising from or related to this Agreement, the prevailing party shall be entitled to attorney fees and costs. In any inquiry or action against either Party related to or arising from this Agreement by a third party or private/public entity, the District shall defend and indemnify Attorneys and bear all fees and costs associated therewith.

13. Commencement of Services

Attorneys' and District's obligation under the terms of this Agreement shall commence on September 1, 2010.

14. Advice to Seek Counsel

The District has been advised by Law Offices of Ravi Mehta to seek independent counsel before signing this Agreement. If District has failed to seek the advice of counsel independently in regard to this Agreement, it is because District has waived its right to seek counsel in regard to same.

Initial CH

15. Malpractice Insurance

District is hereby informed that Attorneys is insured for the services to be rendered under this Agreement.

16. Maintenance of District Files

Attorneys will maintain District's files for four (4) years following the file closing date. The file closing date is the date of written correspondence from Attorneys to District advising that they are closing the file, or the date on which legal services were last performed, whichever is earlier. Thereafter, Attorneys may, at their option, continue to maintain District's records, or in the alternative, may advise District at District's last known address, as it appears from the records of Attorneys, of their intention to destroy the file if not picked up by District within ninety (90) days.

17. Privacy Policy

California Business and Professions Code Section 6068(e) requires an attorney "[t]o maintain inviolate the confidence, and at every peril to himself or herself to preserve the secrets, of his or her client." Attorneys have always protected its clients' right to privacy and will continue to do so for District. Attorneys retain records relating to professional services provided so that Attorneys' are better able to assist District with its professional needs and, in some cases, to comply with professional guidelines. To guard your nonpublic confidential information, Attorneys maintain physical, electronic, and procedural safeguards that comply with professional standards.

18. Multiple Clients. Confidentiality

If a matter involves Attorneys representation of more than one client, any communications and information Attorneys receive may be fully disclosed by us to all other joint clients. District expressly consents to disclosures to any other joint clients. Except as provided by law, nothing in this provision is intended to authorize Attorneys' disclosure of confidential communications of any joint client to any individual or entity other than the other joint clients.

19. Severability in the event of Partial Invalidity

If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire Agreement will be severable and remain in effect.

20. Modification in Writing Only

No variance, change, modification or augmentation of this Agreement shall be effective unless and until confirmed in a writing signed by District and Attorneys making express reference to this Agreement. This document embodies the whole Agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations, or other agreements, either verbal or written, between the District and Attorneys.

21. This Agreement may be signed in Counterparts and Facsimiles

This Agreement may be signed in counterparts. Facsimile signatures of Attorneys and the District shall be effective as original signatures.

IN WITNESS WHEREOF, the District and Law Offices of Ravi Mehta have executed this Agreement as of the date first written above.

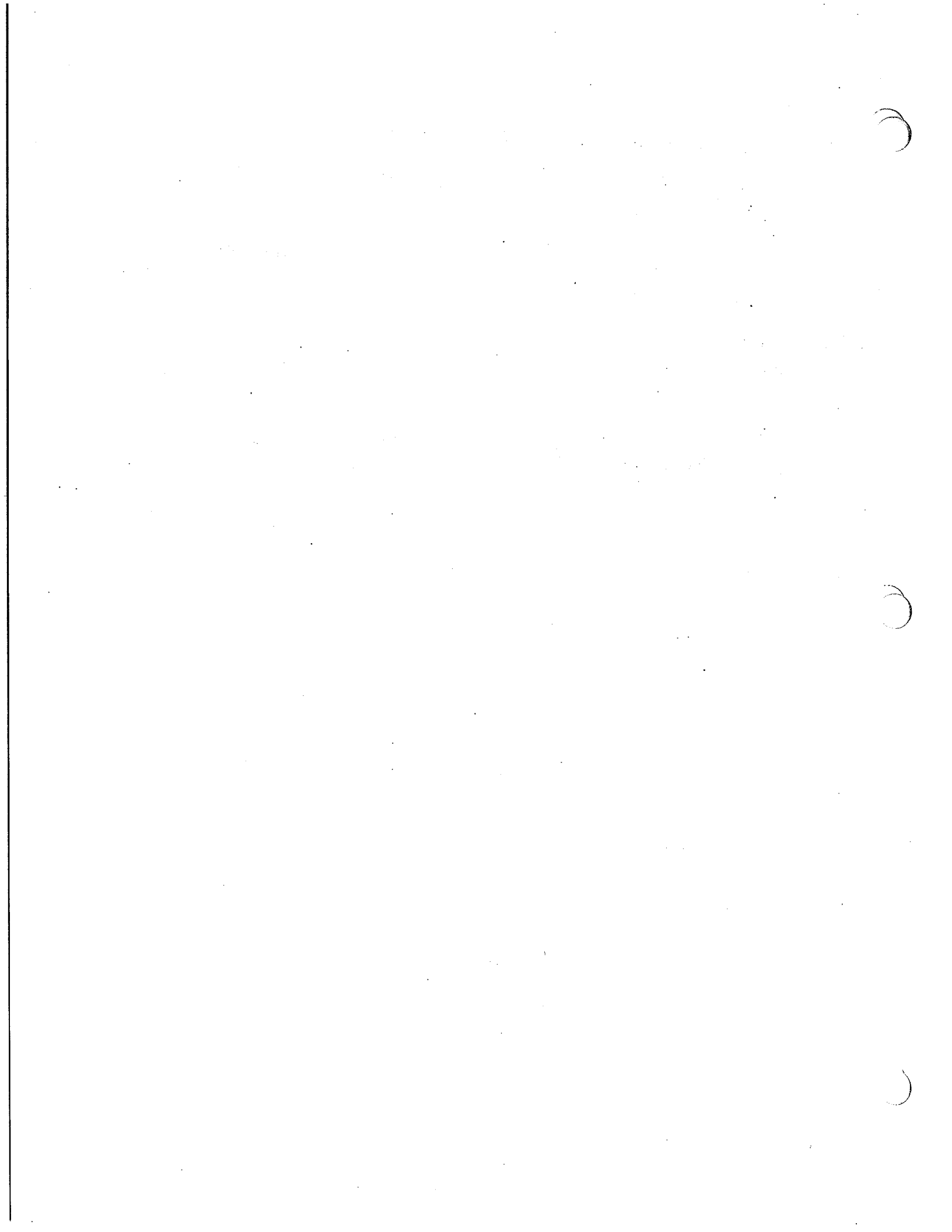
ACCEPTED AND AGREED:

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

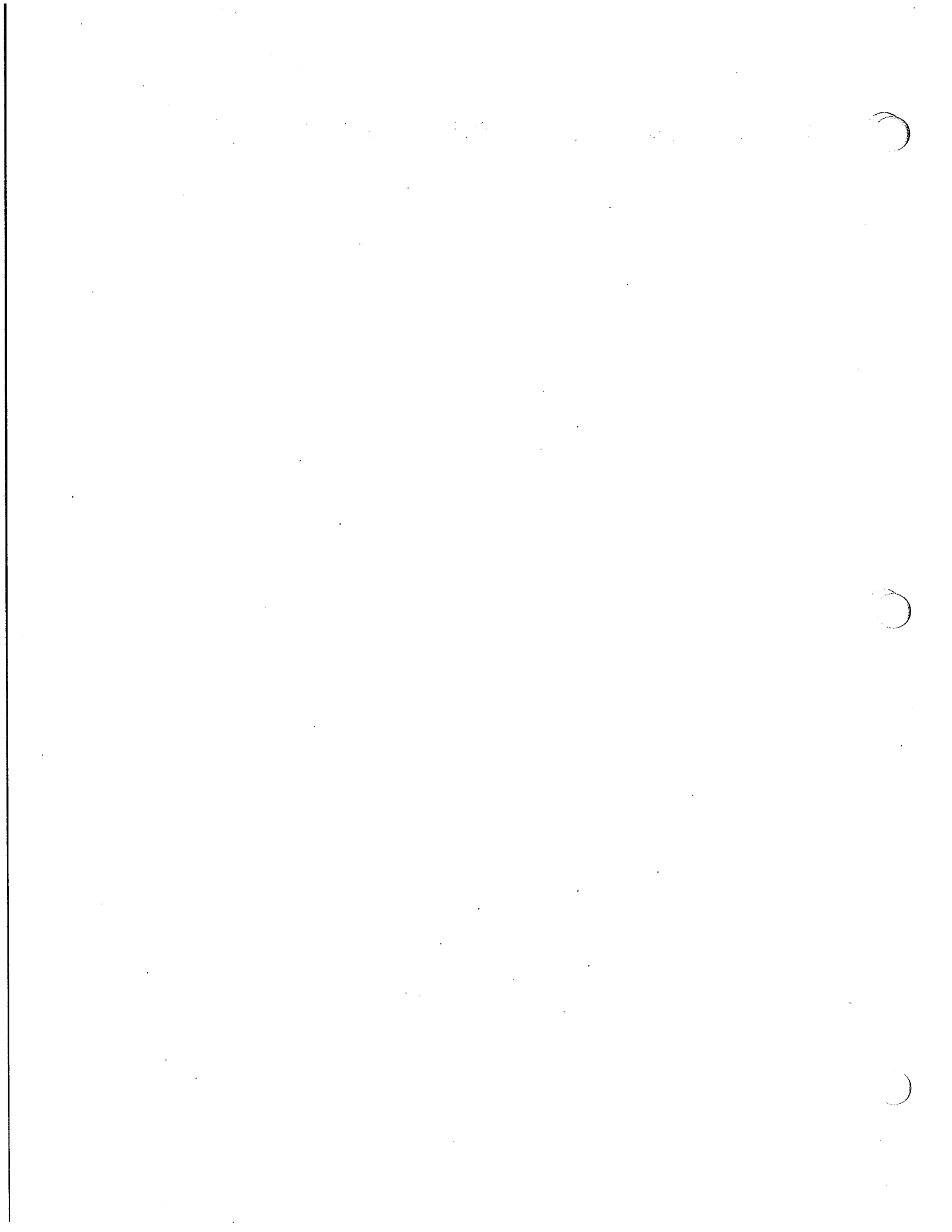
By: Cathy Nelson-Hood Sept. 28, 2010
Cathy Nelson-Hood, President of the Board of Directors Date

LAW OFFICES OF RAVI MEHTA

By: Ravi Mehta 9-28-2010
Ravi Mehta Date



Sentinel contract will be provided separately.





Aronow Consulting

ECONOMICS & PUBLIC FINANCE

November 10, 2010

Mr. Ravi Mehta
Legal Counsel
Rio Linda/Elverta Community Water District
1215 K Street, 17th Floor
Sacramento, CA 95814

Re: Proposal to Provide Professional Services – Water Rate Study/Model

Dear Mr. Mehta:

G Aronow Consulting is pleased to provide this proposal to prepare a Water Rate Study/Model for the Rio Linda/Elverta Community Water District. It is understood that District wishes to move forward with a water capital improvement project and in order to do that the District must raise rates to support a low-interest loan offered by the State. G Aronow Consulting has significant experience in assisting public agencies in updating their utility rate structures in a manner that enhances rate equity and provides for the long term financial health of the agency.

G Aronow Consulting will work closely with the District in crafting a water rate model that meets the overall goals and priorities of the District. In general, the goal of the analysis will be to ensure that the Water Enterprise Fund is able to meet its financial obligations in terms of on-going operations and maintenance, debt service and capital improvements while maintaining prudent reserves.

Georgette Aronow, owner and Principal of G Aronow Consulting will be the project manager and lead consultant for Water Rate Study/Model. Ms. Aronow has a broad background in public finance, with experience in the areas of revenue bond issuance, establishment of credit ratings for public entities, urban economics, land use planning and the financing mechanisms used to fund public infrastructure. Ms. Aronow was most recently Sr. Finance Director at ECO:LOGIC Engineering before leaving to start her own consulting business. Ms. Aronow brings over 17 years experience in public finance, and has specialized in preparing utility rate studies and nexus studies for the last 12 years.

Exhibit A, attached, provides the proposed scope of work for this project. This project is focused on returning the District to solid financial health and does not anticipate major changes to the current rate structure.

Proposed Budget and Schedule

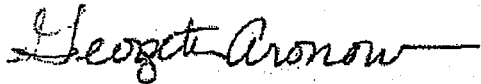
G Aronow Consulting requests budget of **\$9,100** to complete the tasks outlined in the Scope of Services, which is attached along with a breakdown of the anticipated hours, Exhibit B. G Aronow Consulting bills on a time and expense basis, not to exceed the authorized budget amount, so that the total cost will reflect the actual level of effort required.

G Aronow Consulting anticipates that it will take 4 to 6 weeks to complete the rate analysis. However, every effort will be made to meet the scheduling requirements of the District.

I look forward to having the opportunity to discuss this important project with the District in greater detail. If you have any questions regarding this proposal, please do not hesitate to contact me at (530) 263-6165 or via email at garonowconsulting@att.net.

Sincerely,

G ARONOW CONSULTING



Georgette L. Aronow
Principal/Owner

Attachments:
Exhibit A: Scope of Work
Exhibit B: Budget Estimate
Resume

SCOPE OF WORK

Project Understanding

The Rio Linda/Elverta Community Water District (the District) needs to construct 3 wells in order to be in compliance with a State order issued by the Regional Water Control Board. In order to move forward with the project, the District needs to increase its water rates in order to secure a project loan from the drinking water SRF program.

In addition, the District would like to generally update its water rates to ensure that the District is able to continue to provide operations and maintenance of the water system as well as necessary capital improvements and facility replacement. The following describes the proposed scope of work for conducting a streamlined water rate analysis and calculating water rates.

Task 1: Water Rate Study and Rate Calculations

Task 1.1: Review Base Data and Establish Water Usage Characteristics

G Aronow Consulting (GA Con) will prepare water rate model based on data to be provided by the District. Base data necessary to conduct the analysis includes:

- **Customer Accounts:** The number and type (meter size) of water customers will be provided by the District. Customer accounts should be broken out by residential and commercial categories, if possible. It is understood that there are approximately 4,600 active water rate accounts.
- **Water Use Characteristics:** Water usage data for the most recent 12 month period will be necessary to establish water use patterns by customer types. It would be helpful if the underlying water data could be segregated by residential and commercial users. It is assumed that the District will be able to provide the water meter data in electronic format, preferably MS Excel.
- **Revenue and Expense Data:** The model will use 2009-10 as the base year for projecting revenues and costs over a 5-year period. The District will need to provide its most recent budget and audited financial statement. The District will also need to provide information on any specific needs to increase projected costs going forward, such as additional staffing requirements.
- **Capital Improvement Project Information:** The District will need to provide any relevant information on the water capital improvement project, loan or project funding terms, etc.

GA Con will review base data and analyze the water meter data to determine the underlying factors to be used in the water rate model.

Task 1.2: Prepare Water Rate Model and Calculate Rates

Based on the data provided in Task 1.1, GA Con will prepare a water rate model and calculate rates for a 5-year period. The water rate model will be based on the current tiered water rate structure. The focus of the analysis will be to re-establish the District on solid financial ground going forward.

GA Con will review the water enterprise budget revenue and cost information for operations, maintenance, administration, general expenses, short and long term liabilities, as well as capital and reserve expenditures. Projected additional future costs related to capital projects and potential associated financing costs to be borne by existing customers will also be reviewed.

There are two steps to determining the cost to provide service to each customer type:

1. Cost Classification
2. Cost Allocation

Cost classification includes assigning costs to functions such as customer costs, capacity (or demand) costs, and commodity costs. GA Con will review the current cost classification used by the District and may make suggestions to change the methodology, or may recommend continued use of the current methodology.

Cost allocation is based on average and peak demands of customers and will be determined by the customer usage profiles.

The cost allocation analysis leads to a calculation of monthly user rates for the enterprise fund such that the water enterprise fund is adequately funded for existing and projected future costs and that the rates are based on the demand for service for each customer type. By establishing a basis and relationship between the cost of service and the demand for service for each customer type, the requirements of Proposition 218 will be fully met.

Excel Based Model and Alternatives Analysis. G Aronow Consulting will use Microsoft Excel to build the water rate model and calculate the user rates. The water rate model will be designed specifically for the District based on the supplied financial data.

Task 2: Reports and Meetings

The water and sewer rate study assumptions, methodology and recommendations will be summarized in a draft report for the District's review and comment in electronic format (PDF). G Aronow Consulting will produce a final report once all comments and edits have been received from the District. Ten hard bound copies and one electronic copy of the final report will be provided to the District.

As indicated by District legal counsel, only one meeting is anticipated for this project, the Proposition 218 Public Hearing. The scope assumes Ms. Aronow would be present at this public hearing to answer questions or present findings and recommendations. No other meetings with staff or the District Board is anticipated in the scope of work or budget estimate at this time.

B
Elverta Community Water District
Budget Estimate
Water Rate Study

| Task/Description | Georgette Aronow Principal | Project Budget | | Task and Grand Total |
|--|----------------------------------|-------------------|-----------------|----------------------------|
| | | Staff Budget | Direct Costs | |
| Task 1: Water Rate Study and Model | | | | |
| Determine Base Data and Analyze Water Meter Data | 10 | \$1,500.00 | | \$1,500.00 |
| Create Water Rate Model & Calculate Rates | 25 | \$3,750.00 | | \$3,750.00 |
| Task 3: Meetings and Report Preparation | | | | |
| Staff Workshop/Meetings (0) | 0 | \$0.00 | | \$0.00 |
| District Meetings/Public Hearings (1) | 4 | \$600.00 | \$60.00 | \$660.00 |
| Report Preparation | | | | |
| Draft Report | 10 | \$1,500.00 | | \$1,500.00 |
| Final Report | 10 | \$1,500.00 | \$190.00 | \$1,690.00 |
| TOTAL HOURS | 39 | | | |
| Billing Rates | \$150.00 | | | |
| TOTAL PROJECT COSTS | | \$8,850.00 | \$60.00 | \$9,100.00 |



Aronow Consulting

ECONOMICS & PUBLIC FINANCE

Georgette Aronow

Principal/Owner

Education

M.P.P., Public Policy, Harvard University, 1994

B.A., Government, Harvard University

Georgette has a broad background in Public Finance, with experience in the areas of revenue bond issuance, establishment of credit ratings for public entities, urban economics, land use planning and the financing mechanisms used to fund backbone infrastructure, including sewer and water facilities. Georgette was previously a Vice President of Economic & Planning Systems, Inc.

Over the past 7 years, while at ECO:LOGIC Engineering, Georgette focused on water and wastewater rate and fee studies, including facilitating the implementation of revised utility rates via the Proposition 218 process in California.

In 2010, Georgette founded G Aronow Consulting and continues to provide economic and public finance consulting services to public agencies and municipalities in Northern California.

Experience

Utility Rate and Fee Studies. Prepared water and wastewater revenue program analyses for communities in Northern and Central California. User rates or connections fees were calculated based on fair share allocation of capital and/or operations and maintenance costs. Assisted in implementing revised utility rate structures through the Proposition 218 process, including preparing public notices and giving public presentations at public workshops and hearings. Many of the rate studies have facilitated the awarding of state or federal loans or grants to fund necessary public projects.

Grant and Loan Application Assistance. Worked with clients to facilitate the application process and ultimately the awarding of grants and loans through the State Revolving Fund (SRF) loan program and ARRA monies.

Public Finance. Prepared financing plans, development impact fee nexus studies, and fiscal analyses to assist developers and public agencies fully assess the financial or economic impacts of new development on communities and to help ensure that new development adequately funds its share of the public infrastructure.

Financing District Formation. As a special tax consultant, assisted in the formation of Mello-Roos and assessment financing districts to facilitate construction of infrastructure in a timely manner.

Land Use Planning and Demographic Projections. Developed residential

and non-residential land use projections for public jurisdictions' General Plan planning processes. Translated demographic projections into estimated water demand for clients.

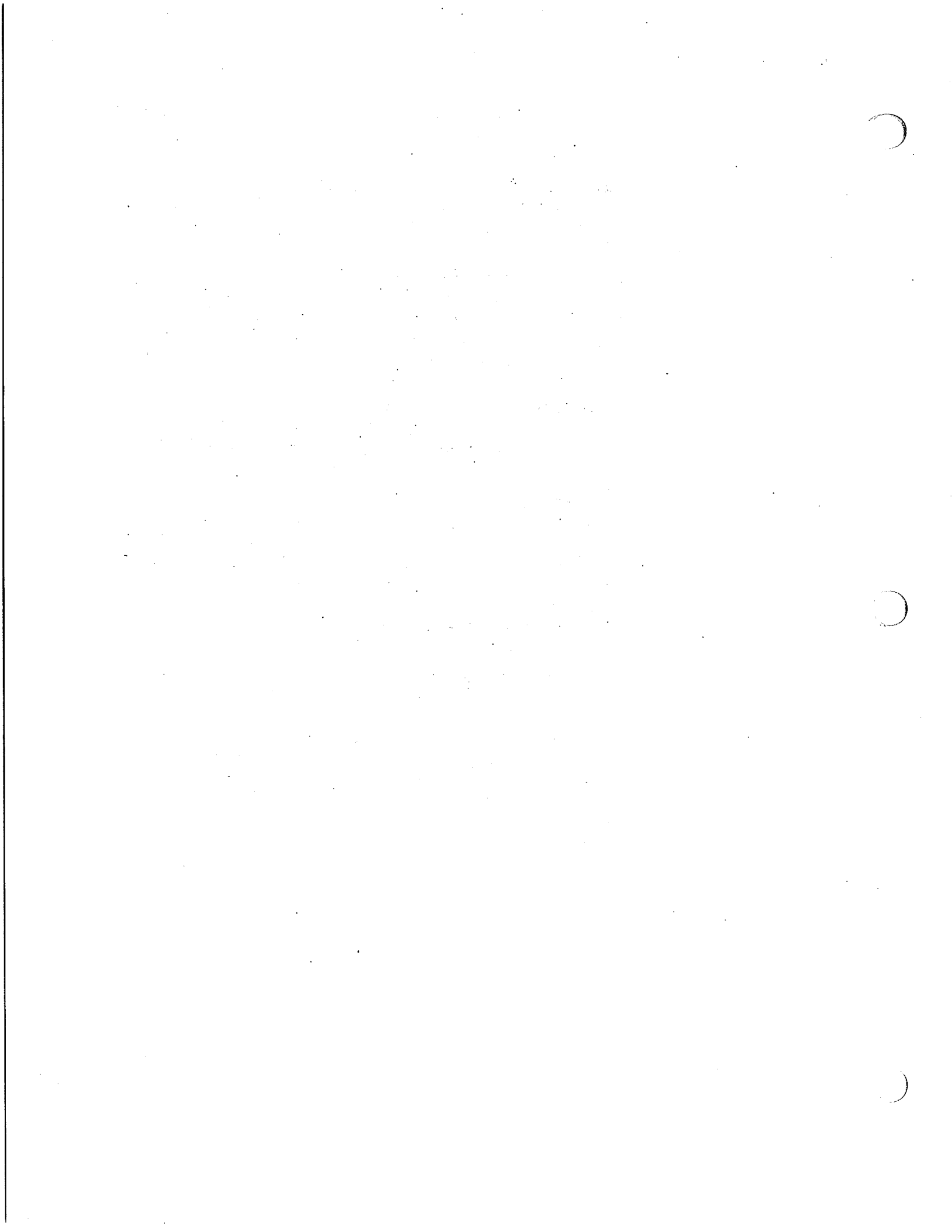
Market Studies. Conducted market research on proposed real estate development projects to assess market feasibility and demand for land use types. Consulted on strategies for economic development in developing jurisdictions.

Economic Benefit Analyses. Analyzed the economic benefits of a variety of projects, for example, expansion of airport cargo facilities, expansion of high-tech manufacturing facilities, benefits of age-restricted communities, development of resort communities and amenities, etc. Analyses focused on fiscal revenue generation, the creation of new jobs, and increased income related to the projects.

Economic and Litigation Consulting. Assisted in the preparation of expert testimony for several litigation cases across multiple industries involving issues such as: transfer pricing, fair market value of natural resource commodities, anti-trust, and price fixing-conduct.

Bond Finance & Debt Issuance. Coordinated over \$150 million in tax-exempt bond transactions issued by the Massachusetts Industrial Finance Agency on behalf of non-profit, environmental, and corporate borrowers for the purposes of capital expansion programs. Prepared RFPs on behalf of borrowers to assist in the selection of underwriter, bond counsel, and trustee. Developed financial models to assist borrowers in evaluating cost-effectiveness of tax-exempt financings versus conventional sources of funding.

Public Finance - Ratings Analyst. While at Standard and Poor's credit rating agency, Georgette analyzed the credit worthiness of municipal issuers in the area of special revenue bonds, such as port revenue, airport, sales tax, public service tax and gas tax bonds. Prepared and presented credit analyses to rating committees comprised of associate directors and directors. Participated in meetings with municipal issuers. Authored weekly credit analysis write-ups for publication in *Creditweek Municipal*.



Richardson & Company

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

November 4, 2010

Board of Directors
Rio Linda/Elverta Community Water District
C/O Cathy Nelson-Hood, President
248 Chisum Avenue
Rio Linda, California 95673

We are pleased to confirm our understanding of the services we are to provide the Rio Linda/Elverta Community Water District (the District). We will audit the basic financial statements of the District as of and for the years ended June 30, 2010, 2011, 2012, 2013 and 2014.

Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of the District's management regarding the methods of preparing the information and comparing the information for consistency with management's responses to the inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Schedule of Funding Progress – Postemployment Healthcare Plan, as applicable.

Audit Objectives

The objective of our audit is the expression of opinions as to whether the District's basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to

express such opinions. If the opinions on the financial statements are other than unqualified, we will fully discuss the reasons with the District's management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports as a result of this engagement.

Management Responsibilities

The District's management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of the financial statements and related notes. The District's management is responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. The District's management will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that management has reviewed and approved the financial statements and related notes prior to their issuance and has accepted responsibility for them. Further, management will designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the financial position and the respective changes in financial position in conformity with the U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. These responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud, affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. These responsibilities include informing us of any knowledge of any allegations of fraud or suspected fraud, affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contract agreements and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the Board of Directors and management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the periods covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of revenue, receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will request certain written representations from management about the financial statements and related matters. Because of the importance of oral and written management representations to an effective audit, the District releases and indemnifies Richardson & Company and its personnel from any and all claims, liabilities, costs and expenses attributable to any active negligence on the part of the District.

Audit Procedures-Internal Control

The audits will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the results of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures -Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts, agreements and grants. However, the objective of

the audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Administration and Other

We understand that the District employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The workpapers for this engagement are the property of Richardson & Company and constitute confidential information. The workpapers for this or any engagement for you will be retained for a minimum of seven years after the date the auditor's report is issued, or longer if required by generally accepted auditing standards. The firm will make available its workpapers and respond to all reasonable inquiries of successor auditors and others to review workpapers of the District, upon the District's written request or consent. Access to such workpapers will be provided under the supervision of Richardson & Company personnel at a location designated by our Firm. Furthermore, upon your request or consent, we may provide photocopies of selected workpapers to the successor auditors or others. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the District.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

If the District intends to publish or otherwise reproduce in any document our report on the District's financial statements, or otherwise make reference to our Firm in a document that contains other information in addition to the audited financial statements (e.g., in a debt offering circular for example), the District agrees that prior to making any such use of our report, or reference to our Firm, management will provide us with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our report, or the reference to our Firm, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report and any request by the District to reissue our report or to consent to its inclusion or incorporation by reference in an offering or other document will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request to make use of our report, or reference to our Firm; fees for such services would be based upon the rates for additional services as described in the Professional Fees section of this letter.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, if applicable, you understand that electronic sites are a means to distributed information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

Ingrid Sheipline is the engagement director and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Professional Fees

Our fees for the year ended June 30, 2010, 2011, 2012, 2013 and 2014 will be \$16,250, \$17,000, \$17,750, \$18,500 and \$19,250, respectively. These fees are based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit and include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, printing and travel.

These fees assume the following:

- We will prepare the audited financial statements on behalf of the District, but the District will prepare the Management Discussion and Analysis section of the document.
- The District will have all of the items our audit preparation list pulled and available on the mutually agreed-upon start-date of the audit. Any items requested during the course of the audit will be provided on a timely basis.
- We will not prepare the Special District Audit Report to the State Controller's Office. If the District requires this service, there will be an additional charge.
- These fees do not take into consideration significant changes in operations (such as new debt issuance and related capital expenditures), changes in the internal control environment, changes in accounting or auditing standards, and changes in the condition of the accounting records that would warrant a large number of audit adjustments. We will discuss the situation with the District to determine a new fee estimate in these situations.
- The District will implement the internal control findings that were discussed in the June 30, 2008 audit report.
- We plan to review the workpapers of the prior auditor to verify the beginning of the year balance sheet balances. If we are unable to review the workpapers of the predecessor auditor, additional time would be incurred that is not included in this fee estimate.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Balances outstanding beyond 30 days will a service charge added at the rate of 1.5% per month or part thereof. All costs relating to collection of these fees will also be the responsibility of the undersigned including, but not limited to, attorney fees and collection

agency fees. Reasonable attorney fees will be considered to be up to 33 percent of the outstanding balance. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We require a retainer before starting work. The retainer is applied to the final billing. If the retainer exceeds the final billing, we will provide you with a refund. A retainer in the amount of \$8,000 is necessary to begin work on this engagement. Your retainer will not earn interest while held by our firm. When the retainer is exhausted during the engagement, we will require one or more additional advance retainer fee deposits. There will be no obligation on our part to continue with this engagement until additional retainer fee deposits have been received.

Nothing shall prohibit Richardson & Company from terminating this agreement for reasonable cause or for reasons otherwise consistent with applicable professional standards. In addition, if the District terminates said agreement after the first year of the engagement, absent reasonable cause related specifically to Richardson & Company's performance hereunder, the District shall reimburse Richardson & Company for start-up costs based on actual time incurred, in an amount not less than \$5,000. If the District terminates said agreement after the second year of the engagement, absent reasonable cause related specifically to Richardson & Company's performance hereunder, the District shall reimburse Richardson & Company for start-up costs in an amount not less than \$2,500.

Additional Services: The fee for additional services provided under this engagement letter or otherwise requested by the District, if any, will be based on a rate per hour by staff classification as follows:

| | <u>Hourly Rates</u> |
|-----------------------------------|---------------------|
| <u>Principal / Audit Director</u> | \$140 |
| Tax Director | 180 |
| Senior Manager | 130 |
| Managers | 120 |
| Supervisors | 110 |
| Seniors | 100 |
| Semi-Senior | 90 |
| Staff | 80 |
| Administrative or Clerical | 50 |

To the extent we are required to respond to a subpoena, court order or other legal process related to legal matters involving The District and/or pursuant to which records and/or information regarding The District are sought, The District hereby agrees to reimburse us for our professional fees and costs incurred as well as those charged and/or incurred by legal counsel and/or third parties on our behalf in responding to the same.

If any dispute arises between Richardson & Company and The District each of us as parties to this engagement agreement hereby agree to attempt, in good faith, to settle disputes by mediation administered by the American Arbitration Association (AAA) under its Professional Accounting and Related Services Dispute Rules. Fees charged by any mediators, arbitrators or the AAA shall be shared equally by both parties. In all other disputes where mediation fails, either party may file an action in the Sacramento County Superior Court. The prevailing party in any such action will be entitled to its reasonable attorney's and expert witness fees and litigation costs.

If a dispute arises between Richardson & Company and the District regarding fees charged by Richardson & Company to the District both parties hereby agree that such fee related dispute only will be submitted to arbitration for resolution in accordance with the Professional Accounting and Related Services Dispute Rules of the AAA. Any hearing shall be before one arbitrator in accordance with the Professional Accounting and Related Services Dispute Rules and such arbitration shall be binding and final. BY AGREEING TO ARBITRATION AS PROVIDED HEREIN, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY RICHARDSON & COMPANY EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR FINAL RESOLUTION. In all other disputes where mediation fails, either party may file an action in the Sacramento County Superior Court. The prevailing party in any such action will be entitled to its reasonable attorney's and expert witness fees and litigation costs.

If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

* * * * *

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

RICHARDSON & COMPANY



Joe R. Richardson, CPA

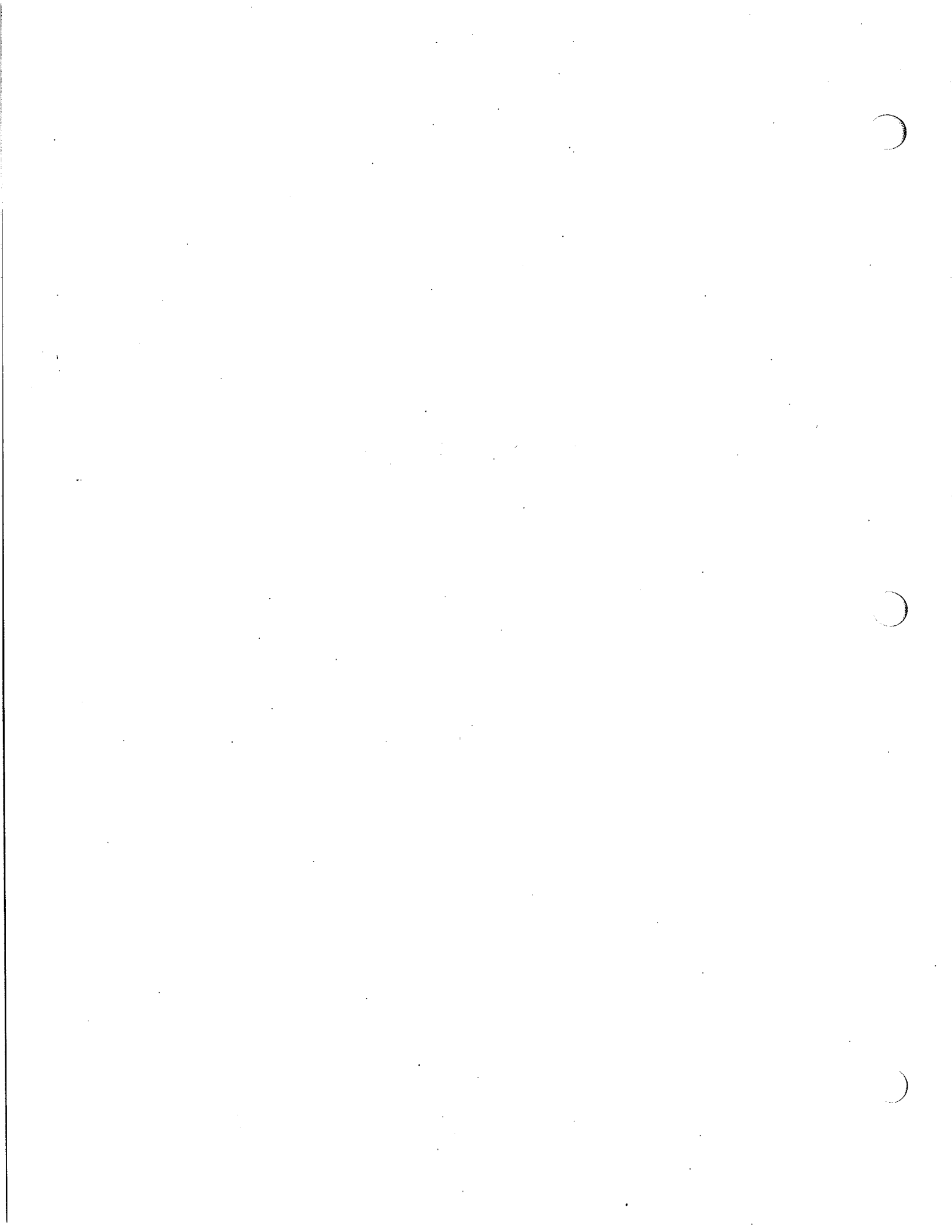
Response:

This letter correctly sets forth the understanding of the Rio Linda/Elverta Community Water District and is signed by the officer authorized by the Board of Directors to enter into this agreement on the District's behalf.

By: _____ Title: _____

Date: _____

EXHIBIT NO. 18



Brundage. Peter

From: Joseph Sherrill [JSherrill@rlecwd.com]
Sent: Wednesday, November 17, 2010 9:13 AM
To: Brundage. Peter
Subject: RE: RE:

I have been informed that the RLECWD have No agreements with anyone for finder's fees or other compensation beyond services actually performed. Please let me know if you require a response other than this email.

Thank You
Joseph

From: Brundage. Peter [mailto:BrundageP@saccounty.net]
Sent: Wednesday, November 17, 2010 7:39 AM
To: Joseph Sherrill
Subject: RE:

Thanks

From: Joseph Sherrill [mailto:JSherrill@rlecwd.com]
Sent: Tuesday, November 16, 2010 4:29 PM
To: Brundage. Peter
Subject: RE:

I will work to confirm this in the morning.

Joseph

From: Brundage. Peter [mailto:BrundageP@saccounty.net]
Sent: Tuesday, November 16, 2010 4:05 PM
To: Joseph Sherrill
Subject:

Joe, I need to confirm that the RLECWD does not have any agreements with anyone for finder's fees or other compensation beyond services actually performed. This issue is in reference to LAFCo's letter dated October 31, 2010. It is Item No. 18. The District response did not respond to this issue.

Thanks

Peter

COUNTY OF SACRAMENTO EMAIL DISCLAIMER:

This email and any attachments thereto may contain private, confidential, and privileged material for the sole use of the intended recipient. Any review, copying, or distribution of this email (or any attachments thereto) by other than the County of Sacramento or the intended recipient is strictly prohibited.

If you are not the intended recipient, please contact the sender immediately and permanently delete the original and any copies of this email and any attachments thereto.

11/17/2010

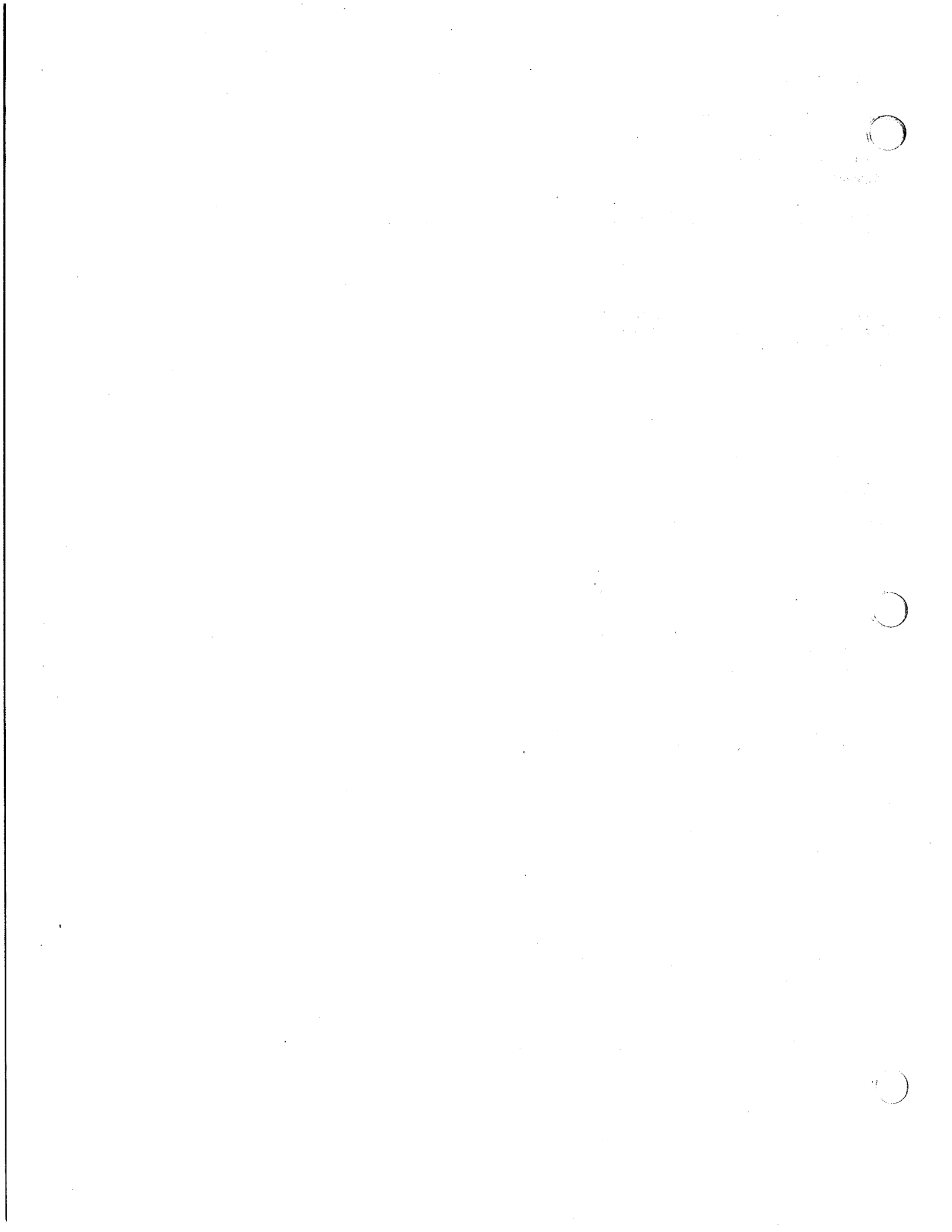
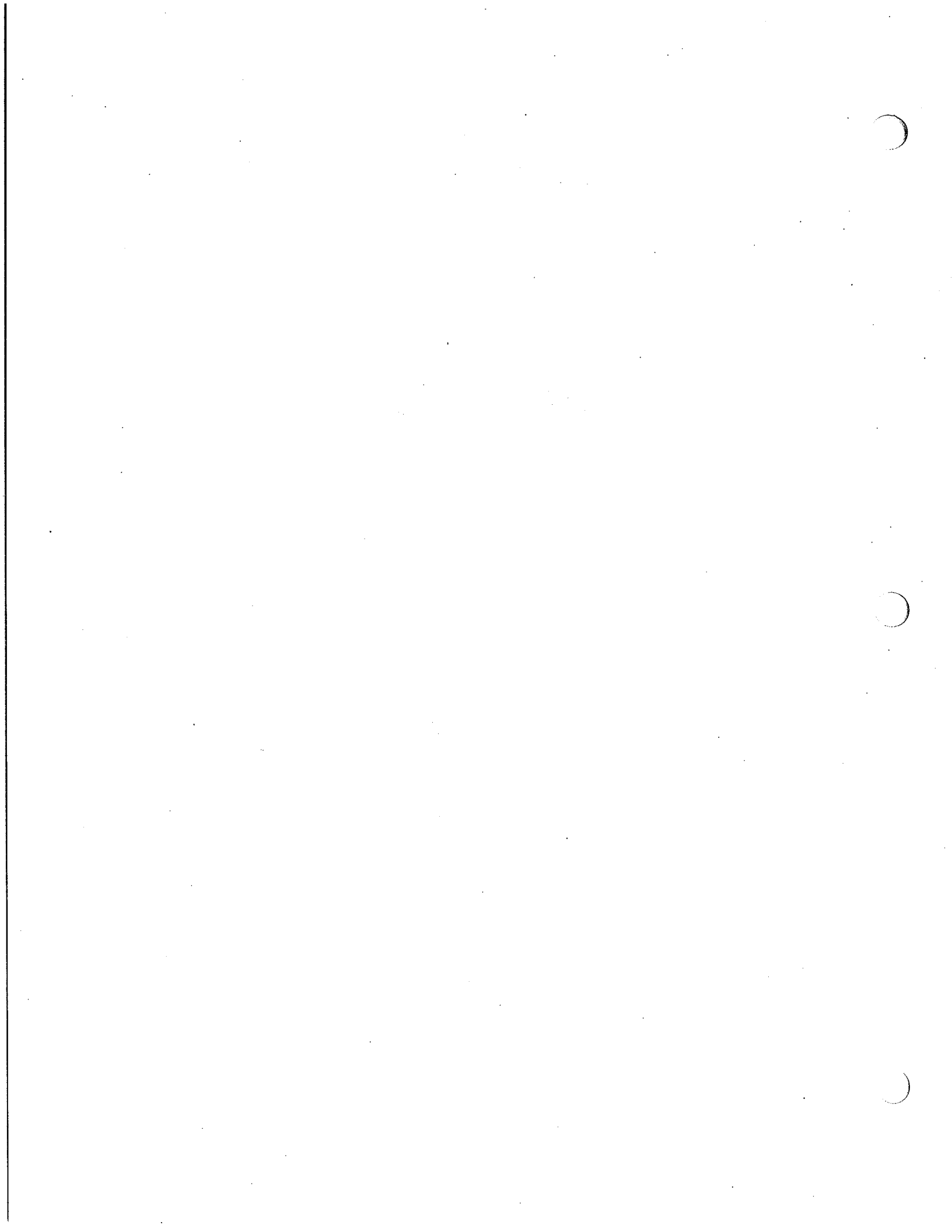


EXHIBIT 19



Guardian Resource Management

Proactive Management of Your Computer & Network Resources

Business Information

Business Name: Rio Linda/Elverta Community Water District
 Street Address: 730 L Street
 City: Rio Linda State: CA Zip: 95673
 Primary Contact: Michael Carbons Telephone: 916 991-1000
 Website: _____ E-Mail: _____
 Service Locations: _____

Proactive Maintenance Plans

| | Sr. Engineer/Architect | Field Service Technician |
|-----------------------|------------------------|--------------------------|
| Regular Rates: | \$225/hour | \$150/hour |
| Prepaid Rates: | \$190/hour | \$140/hour |
| Remote/Managed Rates: | \$150/hour | \$125/hour |

- Sentinel Pre-Paid: Prepay 2-10 hours at reduced rate, one time or monthly.
- Sentinel Remote: Full Remote Management & Support as outlined on back. \$300 plus \$35/network device
- Sentinel Managed: Full Management & Support, Remote & On-site as outlined on back. \$100/managed device

Service Calculator

| | | |
|--|------------------------------------|------------------|
| Managed Network Devices: | Terms | <u>one year</u> |
| <input type="checkbox"/> Workstations <u>3</u> | Effective Date | <u>Aug 1st</u> |
| <input type="checkbox"/> Laptops <u>1</u> | Termination Date | <u>July 31st</u> |
| <input type="checkbox"/> Servers <u>1</u> | Setup Fee | \$ <u>0</u> |
| <input type="checkbox"/> Network Devices _____ | Misc/Other | \$ <u>NA</u> |
| Total Covered Devices <u>10</u> | Deposit Required: | \$ _____ |
| Sentinel Pre-Paid Maintenance* | Contract Value | \$ <u>10,800</u> |
| <input type="checkbox"/> 2 hrs @ _____/hour (FST rate) | Mo. 1 st Qtr. Payments: | \$ <u>900.00</u> |
| <input type="checkbox"/> 4 hrs @ _____/hour (FST rate) | | |

*rate depends on plan.

Acknowledgment

I have read the "Terms and Conditions" on the back of this agreement and agree to these terms:

Customer
 By: [Signature]
 Printed: WILLIAM M. CARBONS
 Title: GENERAL MANAGER
 Date: 8/24/2010

Sentinel Technology Solutions, Inc.
 By: [Signature]
 Janet Pickel, President & CEO
 Date: 8/24/2010



Sentinel Technology Solutions, Inc.
 Guardians of Your Computer & Network Resources
 11230 Gold Express Drive #310-287
 Gold River, CA 95670
 (916) 671-5616

www.sentineltechsolutions.com

We partner with you to help you manage all your technology resources. We also assist you in building your bottom line by ensuring that you keep up with the IT demands of today's competitive business climate.

"I have been working with Janet Pickel for a number of years. I am very impressed with her knowledge and her dedication to keeping my entire computer system running and my business functioning. Like many businesses, I communicate with my clients more and more by e-mail. If my computer system develops a problem, it costs me both time and money - Janet gets our system back up and running in a very short period of time, thereby saving me headaches and money. I would recommend Janet and Sentinel Tech highly for any of your computer technology needs."

-Mary J. Griffin, President
 Griffin & Associates
 Legislative & Governmental
 Advocacy

Service Department
 Tel: 916-671-5616
 support@sentinel.com

Customer Portal
 www.sentineltechsolutions.com
 (sign in at top of page)

Terms & Conditions for Guardian Resource Management

Sentinel Remote

*All services, when handled remotely, are covered as outlined:

Support

- Unlimited Phone/HelpDesk Support
- Unlimited Remote Assistance and Support
- Unlimited Microsoft Application Support

Management and Administration

- User Account Administration
- File Sharing/Permission Administration
- Printer Sharing/Permission Administration
- Asset Lifecycle Management
- Office Technology Vendor Management
- Software License Management
- Vendor Management
- Router and Switch Management*
- Physical Layer Management*

Security

- Vulnerability Assessment
- Acceptable Usage Policies and Contract Templates
- Remote Server and Desktop operating System Patch Management
- Remote Microsoft Office Patch Management
- Virus & Spyware signature updates
- Firewall Management (low end apparatus)*

Monitoring

- 24/7/365 Remote Service Availability Monitoring
- Log Monitoring (Event, Backup, Drive Space, Critical Services)

Additional Benefits

- Online Case Management Portal
- Network Documentation and Baseline Reports
- Executive Summary Monthly Reports
- Technology Plans and Recommendations

On-site services provided will be at Sentinel Tech's discretion for issues not remotely remedied. Adds, moves, changes requiring on-site visits to re-configure networks will be billed in accordance with our preferential hourly rate for existing clients.

Sentinel Managed

All of the above services are included plus unlimited On-Site Support (including travel and expenses). All adds, moves and changes are also included except major changes that will require engineering and time-consuming, labor-intensive deployments.

All Service Plans

- Costs, if any, will be agreed upon between Customer and Sentinel Tech prior to work performed.
- All labor will be billed in increments of .25/hour, with a minimum of one hour for on-site visits not covered under the Sentinel Managed plan.
- Travel, parking fees, mileage and other expenses will also be billed for all on-site visits not covered under the Sentinel Managed plan.
- Prepaid services do not roll over and must be used each month. It is up to the Customer to schedule appropriate time with Sentinel Tech.

This agreement does not include: parts, equipment or software not covered by vendor/manufacturer warranty or support; cost of any parts, equipment or shipping charges of any kind; cost of any software, licensing, software renewal or upgrade fees; 3rd party vendor or manufacturer support or incident fees; cost to bring customer's environment up to minimum standards required for services; failure due to acts of god; building modifications, power failures or other adverse environmental conditions or factors; service and repair made necessary by the alteration or modification of equipment other than that authorized by Sentinel Tech, including alterations, software installation or modifications of equipment made by customer's employees or anyone other than Sentinel Tech or guided by Sentinel Tech; training services; travel and other out-of-scope expenses incurred; disposal of any hazardous waste found in California Code of Regulations, section 66262.11 of title 22.

Response and Resolution Times. Table below is a guideline. Critical issues will be worked on continuously until completely resolved or solution found. (1) Sentinel Managed, (2) Sentinel Remote, (3) Prepaid are all given preference in that order.

| Priority | Description | Acknowledgment | Response |
|----------|--|-----------------|---------------------------|
| 1 | Services not available for entire company (and/or all users and functions unavailable) | Within 1 hour | Maximum 8 business hours |
| 2 | Significant degradation of service (large number of users or business critical functions affected) | Within 4 hours | Maximum 12 business hours |
| 3 | Limited degradations of service (limited number of users or functions affected, business process can continue) | Within 24 hours | Maximum 48 business hours |
| 4 | Small service degradation (business process can continue, one user affected) | Within 48 hours | Maximum 72 business hours |

RENEWAL. This Agreement shall be renewed automatically for a period of twelve (12) months from the termination date of this Agreement unless Customer or Sentinel Tech provides the other with a notice indicating that the Agreement shall not be renewed automatically. Sentinel Tech shall have the right to revise the per user fee at the expiration of this Agreement, by providing a written notice to Customer thirty (30) days prior to the Termination Date.

INTELLECTUAL AND PROPERTY RIGHTS. Sentinel Tech or its suppliers maintain all Intellectual and Property rights to the Services that it sells to the Customer. Sentinel Tech reserves the right to change and enhance the Services at any time.

CONFIDENTIALITY. Sentinel Tech and Customer both acknowledge that in the course of this Agreement, either party may obtain certain confidential and/or proprietary information. Each party hereby agrees that all such information communicated to it by the other party, its affiliates, or customers, whether before or after the Effective Date, shall be used only for the purpose of this Agreement, and shall not be disclosed without the prior written consent of the other party, except as may be necessary by reason of legal, accounting, or regulatory requirements beyond either party's reasonable control. Customer grants Sentinel Tech the right to publicly disclose Customer's use of Sentinel Tech services. In no case shall such disclosure include the Terms and Conditions of this Agreement.

DISCLAIMER. Except as set forth in this Agreement, Sentinel Tech disclaims all warranties with regard to the Service, including all implied warranties of fitness for a particular use. Sentinel Tech does not endorse any tool or software as being ideal for a particular use. In addition, Sentinel Tech offers no guarantees or warranties with regard to the results of using its Services.

SERVICE SUPPORT. Support services are limited to support of Customer's use of Sentinel Tech managed service products, and do not include support of any third party products and/or services. Services provided are described in the Terms & Conditions of this document and Customer acknowledges that it has read and understands what services are provided. Sentinel Tech will assist with vendor management, i.e., communication with internet service provider, web hosting company, original equipment manufacturers, line of business software developers, in order to ease technology resource management and assist with building customer's bottom line. Sentinel Tech does not design or develop systems and limits its service to customer support of existing Customer's products, software solutions, and systems.

RESPONSIBILITY. Customer is responsible for providing access for maintenance included in this plan. If Customer does not comply with any of these responsibilities, Sentinel Tech reserves the right to cancel this contract.

DAMAGES AND LIMITATION OF LIABILITY. Sentinel Tech assumes no responsibility for any problems or damages that may occur on Customer's hardware. Sentinel Tech also assumes no responsibility for problems or damages that may occur to other software that resides on the Customer's hardware. In no event under any circumstances shall Sentinel Tech's damages for any reason exceed the total service fees paid by Customer to Sentinel Tech for the past twelve (12) calendar months. In no event shall Sentinel Tech be held liable for indirect, special, incidental or consequential damages or lost profits arising out of service provided hereunder, including but not limited to, loss of profits of revenue, loss of business, loss of use of equipment, lost data, costs of substitute equipment, or other costs.

FORCE MAJEURE. Sentinel Tech shall not be liable to the Customer for any delay or failure to provide access to the Service due to causes beyond its reasonable control.

NO WAIVER. The waiver or failure of either party to exercise any right in any respect provided for herein shall not be deemed a waiver of any further right hereunder.

ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

GOVERNING LAW. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California without giving effect to principles of conflicts of law. Subject to the Section titled "Arbitration", the parties hereto consent to the jurisdiction of the state and federal courts located in Sacramento County, California.

ARBITRATION. Any controversies arising out of the terms of this Agreement or its interpretation shall be settled through a mediation-arbitration approach in Sacramento County, California. The parties agree to first try to resolve the dispute informally with the help of a mutually agreed-upon mediator.

ENFORCEABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of this Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of this Agreement shall be enforceable in accordance with its terms.