

Agenda Item No. 6

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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

May 4, 2011

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

RECOMMENDATION

1. Receive and file status report.

DISCUSSION

This report summarizes the actions, developments, and events related to the Rio Linda Elverta Community Water District that have occurred since March 2, 2011.

On April 19, 2011, a meeting was held with Chris Tooker, Jerry Fox, Courtney Caron, Frank Caron, Roxanne Cargill (CHDP), Nancy Miller, Don Lockhart, and Peter Brundage to discuss the following issues:

I. Status of Hiring General Manager

On April 18, 2011, the RLECWD hired a permanent General Manger. The General Manager will commence part time and will be transitioned to full time status on June 1, 2011. The General Manager has a one-year contract.

II. Peer Review Consideration

Courtney Caron, President RLECWD, has indicated that she will request that the RLECWD Board consider and approve a peer review of the RLECWD to commence and be coordinated by the new General Manager. The peer review may be conducted by local water districts and water agencies and/or the California Rural Water Association. The

purpose of the peer review is to provide assistance to RLECWD to develop a sustainable business plan and provide suggestions for “Best Management Practices”.

III. Progress on Well Construction and CDPH Compliance Orders

A test well for Well Site No. 15 has been constructed and tested for water quality. Construction of the permanent well has commenced. The well will be test pumped this weekend. Initial pumping indicates a productive well. The District is constructing this well prior to finalizing the Funding Agreement with CDPH. However, CDPH has indicated that RLECWD should be eligible for reimbursement for State funding if the District meets the required terms and conditions of the Funding Agreement. The contractor is proceeding with construction and payment to the contractor will be due 90-days after the well is operational.

IV. Status of CDPH State Funding Agreement

Status of the Funding Agreement has been requested from the California Department of Public Health. An update will be provided to the Commission as soon as information is available.

V. Emergency Water and Interconnection with Sacramento Suburban

RLECWD and Sacramento Suburban Water District have finalized and renewed the emergency water interconnection agreement for another year. The agreement provides that Sacramento Suburban will provide water to RLECWD in the event that water pressure in RLECWD is low. The Agreement provides that Sacramento Suburban Water District must have excess capacity in its system. In the event that Sacramento Suburban Water District does not have excess capacity, the Sacramento Suburban Water District can refuse to provide water.

In addition, the Districts continue to negotiate for a permanent interconnection that would allow Sacramento Suburban Water District to wholesale water to RLECWD on a non-emergency basis.

VI. Status of District Operations

On March 30, 2011, the California Department of Public Health issued a citation for RLECWD’s failure to submit Water System Operations and Maintenance Plan Elements as required by March 1, 2011. On February 25, 2011, RLECWD requested an extension of time to submit information related to water main flushing program and valve exercise and maintenance program. CDPH denied this request due to insufficient explanation for the delay. RLECWD has been assessed a fine of \$100 per day for each day for each violation after March 1, 2011. The Citation provides that the fine shall be waived if RLECWD complies in a timely manner. A copy of the Citation is attached to this report.

CDPH has been requested to provide an update of the status of this citation. The Commission will be provided an update as soon as it is available.

VII. Status of Information Request from RLECWD

On February 18, 2011, LAFCo requested additional information from RLECWD on their financial and operational status. On March 1, 2011, RLECWD responded that the District had limited resources to respond to the request but that they would provide LAFCo with the information as quickly as possible. On April 20, 2011, LAFCo sent a follow up letter to the General Manager requesting the status of this update and date by which this information would be provided. As of April 29, 2011, RLECWD has not responded to LAFCo's follow up letter dated April 20, 2011.

VIII. Status of Staffing and Employee Relations

Employee contract negotiations are underway and still pending. There appears to be a decrease in employee complaints filed on behalf of the union during the past several months. The District continues to utilize Affinity Engineering until the new General Manager assumes responsibility for District operations.

IX. Status of District Financial Condition

The FY 2009-10 Financial Audit has not yet been completed. The audit is underway, however, the auditor has had difficulty in obtaining some of the financial information necessary to complete the audit. Suggestions were provided to RLECWD Board representatives to identify a means to have the Board authorize the release of bank information and request records and financial information held by the Sacramento Grand Jury and District Attorney's Office needed to complete the audit.

X. Proposition 218 Initiative/Referendum

A referendum process was initiated to repeal the Proposition 218 rate increase approved by RLECWD on March 7, 2011, however, this attempt was not successful. On March 7, 2011 the RLECWD approved a maximum rate increase of approximately \$9.00 per 5/8 inch connection per month. However, the RLECWD initially has only imposed a rate increase of approximately \$6.00 per 5/8 inch connection per month. In the future, the RLECWD may authorize additional rate increases up to the maximum \$9.00 by Resolution and would not be required to conduct another Prop 218 process. The RLECWD Board decided to reduce the rate increase below the maximum authorized until it has more complete financial information.

XI. Sacramento County Department of Water Resources

The Sacramento County Department of Water Resources has indicated that it is proposing to budget \$100,000 for FY 2011-12 to be used for possible water studies

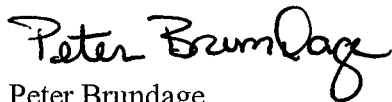
in the event that it becomes necessary to analyze the RLECWD service area. A scope of work for this study has not yet been developed.

XII. Next Steps

The attendees of the April 19th 2 x 2 meeting agreed to schedule a meeting during May to follow up on the status of the RLECWD situation. Staff will continue to monitor the situation and report back to the Commission on June 1, 2011.

Respectfully Submitted;

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage,
Executive Officer

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



April 20, 2011

Ravi Mehta
Interim General Manager
Rio Linda Elverta Community Water District
730 L Street
Rio Linda, CA 95673

Dear Mr. Mehta:

I am following up on your letter dated March 1, 2011 in response to my letter dated February 18, 2011 (copies attached). On February 18, 2011, I sent you a letter requesting additional information for the preparation of the Municipal Service Review for the Rio Linda Elverta Community Water District. Please provide me with an update on this information request and when this response will be provided to Sacramento LAFCo.

Please call me if you have any additional questions.

Sincerely,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage,
Executive Officer

cc: LAFCo Commissioners
Nancy Miller
Courtney Caron, President, RLECWD
RLECWD Board of Directors
Sacramento Grand Jury



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT



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

March 1, 2011

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

RE: Rio Linda Elverta Community Water District (RLECWD)

Dear Mr. Brundage:

We are in receipt of your most recent request, dated February 18, 2011, for additional documents and information to assist you and LAFCo with the Municipal Service Review (MSR) of the RLECWD.

The District wants to assure you and the Commission that we are committed to cooperating fully with all aspects of the MSR process. However, due to our limited resources and a staff of only six employees, coupled with demands made by the Sacramento County Grand Jury, the California Department of Public Health, as well being engaged in the 218 process, commencement of well construction, and other significant issues, we will attempt to provide you with the requested information as quickly as possible.

I plan to personally work with staff to gather this information and will contact you if we are unable to identify or locate any of the requested information. We appreciate your patience and understanding of the District's circumstances and look forward to assisting you in completing the MSR process.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Ravi Mehta
Interim General Manager

DIRECTORS:

Courtney Caron / President
Martin Smith / Vice President
Frank Caron
Mary R. Harris
Vivien Spicer-Johnson

Interim General Manager / Secretary:

Ravi Mehta



February 18, 2011

Honorable Courtney Caron, President
Ravi Mehta, Acting General Manager and General Counsel
Rio Linda/Elverta Community Water District
730 L Street
P.O. Box 400
Rio Linda, CA 95673

RE: *Sacramento Local Agency Formation Commission – Reorganization of Rio Linda/Elverta Community Water District*

Dear Ms. Caron and Mr. Mehta:

Sacramento Local Agency Formation Commission (LAFCo) has conducted a Municipal Service Review (MSR) of the Rio Linda/Elverta Community Water District (RL/ECWD). On October 21, 2010, and November 4, 2010, LAFCo requested that RL/ECWD provide various documents to assist with MSR process. Unfortunately, many of these documents were not provided.

On February 2, 2011, the Commission directed staff to continue working to assess the financial liabilities of the RL/ECWD and to evaluate the possibility of reorganizing RL/ECWD. To assist with this process, please provide the following documents, including all documents that were not provided in response to our previous requests:

1. First and second quarter expenditure reports for FY 2010-2011 (as requested October 21, 2010), including a detailed listing of RL/ECWD's outstanding debts due to (i) contractors, (ii) personnel, (iii) utilities, and (iv) all others, and detailed information regarding RL/ECWD's accounts payable, including the age of all accounts (e.g., 30 days past due, 60 days past due, 90 days past due, longer than 90 days, etc.);
2. Report listing cash on hand at the end of each month during fiscal year (FY) 2009-10 and FY 2010-11 (as requested October 21, 2011);
3. Monthly financial statements showing expenditures for FY 2010-2011 (as requested October 21, 2009);
4. Current number of employees, number of represented employees, organizational chart, and employee salary schedule (as requested October 21, 2010);
5. Copies of all professional service agreements, including Proposition 218 consultant and auditor (as requested October 21, 2010);
6. Personnel policies, contracting procedures, and purchasing procedures (as requested October 21, 2010);
7. Copy of any Routine Inspection and Maintenance Program not included within request 9;
8. Detailed listing of deferred maintenance items, and/or maintenance plan, including estimated cost of each item (as requested November 4, 2011);

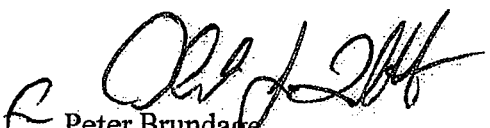


9. A capital improvement plan, including monthly updates regarding ongoing capital improvements, operations and maintenance improvements, and current information regarding the planning, design, and construction of wells 15, 16, and 17 (as requested November 4, 2010);
10. Copy of any Routine Inspection and Maintenance Program not included within the items requested in Item 9, above;
11. Fund balance in RL/ECWD's capital fund for well construction, if separate from the items requested in Item 2 above;
12. Copy of RL/ECWD's contracts for well-drilling (as requested October 21, 2010 and November 4, 2010);
13. Summary of all active and pending litigation involving RL/ECWD (as requested October 21, 2010), including the monetary demand for each claim and estimated litigation costs;
14. Summary of any investigation made public on the issues of credit card use by employees and time sheet irregularities;
15. Copies of all letters sent to rate payers since September 1, 2010;
16. Compliance plan charting the course to satisfy the two outstanding CDPH Compliance Orders in effect, including a five year operational and financial plan that demonstrates that the District can effectively and efficiently operate a safe and sustainable community water system (as requested November 4, 2010);
17. Monthly updates on the currently Proposition 218 process and a status report on the NOAA and CDPH loan (as requested November 4, 2010); and
18. Please provide an audited financial statement for FY 2009-2010 as requested October 21, 2010.

If you have any questions or need additional clarification about the requested categories of documents, please contact us as soon as possible. Please provide copies of all documents requested within 10 days of receiving this letter.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION


 Peter Brundage
 Executive Officer

cc: Nancy Miller, Commission Counsel



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



Howard Backer, MD, MPH
Interim Director



EDMUND G. BROWN JR.
Governor

Certified Mail/Return Receipt Requested
7004-0750-0000-6843-6486

March 30, 2011

PWS No.: 3410018

Ms. Courtney J. Caron, President
Board of Directors
Rio Linda Elverta Community Water District
730 L Street
Rio Linda, CA 95673

RECEIVED

APR 01 2011

Dear Ms. Caron:

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

**CITATION NO. 01-09-11-CIT-001, FOR FAILURE TO SUBMIT WATER SYSTEM
OPERATIONS AND MAINTENANCE PLAN ELEMENTS BY MARCH 1, 2011**

The California Department of Public Health (CDPH) has received the Rio Linda Elverta Community Water District (District) letter, dated February 25, 2011, on February 28, 2011 requesting an extension on the submittal of two Water System Operations and Maintenance Plan (O&M Plan) elements, to April 4, 2011. The CDPH denies this request due to insufficient explanation for the delay for the following submittals:

- Water Main Flushing Program
- Valve Exercise and Maintenance Program

Enclosed is a Citation issued to the District for failure to submit Directives 11(b) and 11(g) of Citation No. 01-09-10-CIT-003 by the deadlines given by CDPH in a letter dated September 22, 2010. Please note the requirement to pay a monetary penalty for this violation is waived if the required documents are submitted by April 15, 2011.

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

Sincerely,

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

Attachments

Cc: Mr. Ravi Mehta
Acting General Manager
Rio Linda Elverta Community Water District
730 L Street
Rio Linda, CA 95673

Carl Lischeske, Chief, Northern California Drinking Water Field Operations Branch

Roxanne Cargill, Sacramento District Engineer

**STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH**

RE: Rio Linda / Elverta Community Water District
P.O. Box 400
Rio Linda, CA 95673

TO: Courtney J. Caron, President
Rio Linda / Elverta Community Water District

CITATION FOR NONCOMPLIANCE – WATER SYSTEM NO. 3410018

RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

CITATION NO. 01-09-11-CIT-001

March 30, 2011

LEGAL AUTHORITY

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

VIOLATION

The California Department of Public Health, Division of Drinking Water and Environmental Management (hereinafter, CDPH) has determined that RLECWD is in violation of directives of Citation No. 01-09-10-CIT-003 and

hereby issues a citation to the Rio Linda / Elverta Community Water District
(hereinafter, RLECWD) for the following violations:

- a. RLECWD failed to submit elements of the Water System Operations and Maintenance Plan (O & M Plan) ordered by Directive 11(b) of Citation No. 01-09-10-CIT-003. Said Directive established a deadline of March 1, 2011 for RLECWD's submission of elements of the O & M Plan addressing the schedule and procedures for flushing dead end mains and the procedures for disposal of the flushed water including dechlorination; and
- b. RLECWD failed to submit elements of the O & M Plan ordered by Directive 11(g) of Citation No. 01-09-10-CIT-003. Said Directive established a deadline of March 1, 2011 for RLECWD's submission of elements of the O & M Plan addressing the schedule and procedures for routine exercising of water main valves.

As of the date of this Citation, RLECWD has failed and continues to fail to comply with Directives 11(b) and 11(g) of Citation No. 01-09-10-CIT-003; and therefore, pursuant to Part 12, Chapter 4, Article 9, Section 116650(e) of the CHSC, the preceding violations are classified as continuing violations.

BACKGROUND

RLECWD submitted its 2009 Annual Report to CDPH, dated March 18, 2010 to CDPH. CDPH noted missing elements of the required Operations and Maintenance Plan (O & M Plan) and other deficiencies. In response, CDPH issued Citation No. 01-09-10-CIT-003, dated May 6, 2010 addressing the deficiencies including missing required elements of RLECWD's O & M Plan. The Citation included a schedule for RLECWD's submission of the O & M Plan to CDPH within 90 days of the date of the Citation.

On August 9, 2010 the RLECWD submitted a letter to CDPH requesting an extension to complete all the directives of Citation No. 01-09-10-CIT-003, to June 1, 2011. CDPH denied said request. CDPH and RLECWD jointly developed an O&M Plan Outline and Schedule, dated September 16, 2010 which includes deadlines for RLECWD to complete various elements of the O & M Plan. In a letter dated September 22, 2010, CDPH approved the revised schedule that established a deadline of March 1, 2011 for RLECWD's submission of elements of the O & M Plan addressing procedures for flushing dead end mains, the procedures for disposal of the flushed water including dechlorination and the schedule and procedures for routine exercising of water main valves.

On February 28, 2011 the RLECWD sent a written request, dated February 25, 2011, to CDPH to extend the deadline for submission of the two elements of the O&M Plan until April 4, 2011. These elements of the O&M Plan are the water main flushing program and valve exercise and maintenance program addressed by Directives 11(b) and 11(g) of Citation No. 01-09-10-CIT-003. Said request was denied.

RLECWD failed to timely comply with Citation No. 01-09-10-CIT-003; Directive 11(b) and Directive 11(g) and continues to fail to submit these required elements of the O & M Plan.

CIVIL PENALTIES PURSUANT TO HEALTH AND SAFETY CODE

SECTION 116650

The Department hereby assesses upon RLECWD a penalty of one hundred dollars (\$100) per day for each day that the violation of Directive 11(b) of Citation No. 01-09-10-CIT-003 continues beyond March 1, 2010 (the "First Penalty"); and

The Department hereby assesses upon RLECWD a penalty of one hundred dollars (\$100) per day for each day that the violation of Directive 11(g) of Citation No. 01-09-10-CIT-003 continues beyond March 1, 2010 (the "Second Penalty").

DIRECTIVES

- 1) On or before April 15, 2011, RLECWD shall submit a copy of the O&M Plan's Water Main Flushing Program required in Citation No. 01-09-10-CIT-003, Directive 11(b)

- 2) On or before April 15, 2011, RLECWD shall submit a copy of the O&M Plan's Valve Exercise and Maintenance Program required in Citation No. 01-09-10-CIT-003, Directive 11(g).

- 3) Upon the date of its receipt of this Citation, RLECWD is directed to pay the total amount due, as of such date, as and for the First Penalty and the Second Penalty; and is further directed to pay each and every thirty (30) days thereafter, the total amount then due as and for the First Penalty and the Second Penalty (together "the Penalty"). All payment shall be made by check made payable to California Department of Public Health Safe Drinking Water Account, with the number of the Citation written on the check.

Notwithstanding the provisions of Directive # 3, the requirement to pay the Penalty shall be suspended until April 15, 2011 and is waived if RLECWD timely complies with Directives 1 and 2 of this Citation.

AMENDMENTS

The CDPH reserves the right to make such modifications to this citation, as it may deem necessary to protect public health and safety. Such modifications may be issued as amendments to this citation and shall be effective upon issuance.

SUBMITTALS

All submittals, except payment of penalties, required pursuant to this Citation shall be addressed to:

Kim Wilhelm, P.E., Chief
Northern California Drinking Water Section
Field Operations Branch
California Department of Public Health
1616 Capitol Avenue, MS 7407
P.O. Box 997377
Sacramento, California 95899-7377

Payment of penalties required pursuant to this Citation shall be address to:

California Department of Public Health
Drinking Water Program – Fee Billing Unit
MS 7406
P.O. Box 997379
Sacramento. CA 95899-7379

PARTIES BOUND

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

SEVERABILITY

The directives of this Citation are severable, and the RLECWD shall comply with each and every provision thereof notwithstanding the effectiveness of any other provision.

FURTHER ENFORCEMENT ACTION

Division 104, Part 12, Chapter 4, (commencing with section 116270) of the California Health and Safety Code authorizes the Department to: take additional enforcement action, including but not limited to additional citations with assessment of penalties if RLECWD remains in violation. . The CDPH does not waive any further enforcement action by issuance of this citation.

3/29/11

Date



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

CERTIFIED MAIL NUMBER 7004-0750-0000-6843-6486

ORDINANCE NO. 2011-01

**AN ORDINANCE OF THE RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT ADOPTING
INCREASED RATES FOR WATER SERVICE**

The Rio Linda/Elverta Community Water District (“District”) ordains as follows:

Section 1. This ordinance is adopted with reference to the following background recitals:

A. The Board of Directors of the Rio Linda/Elverta Community Water District (“District”) finds it necessary to adopt increases to existing rates for water service within the District, as required by California Water Code section 31007; and

B. Section 31007 of the California Water Code requires that said rates and charges shall be so fixed as to yield an amount sufficient to do each of the following: (1) pay the operating expenses of the District; (2) provide for repairs and depreciation of works owned or operated by the District; (3) pay the interest on any debt; and (4) so far as possible, provide a fund for the payment of the principal of the debt as it becomes due; and

C. The State of California Department of Public Health issued to the Rio Linda/Elverta Community Water District Compliance Order 01-09-07-CO-004 on November 19, 2007 to come into compliance with Health & Safety Code section 11655(a), and the California Waterworks Standards, Title 22, California Code of Regulations (CCR), Chapter 16, Articles 1-5; and

D. The District on February 29, 2008 submitted an Application for Construction funds 2007/2008 to the California Department of Public Health Safe Drinking Water State Revolving Fund (“SDWSRF”) for capital improvement projects and the District’s Board of Directors at the March 4, 2009 and March 9, 2009 Board of Director’s meetings prioritized capital improvement projects to come into compliance with the November 19, 2007 State of California Department of Public Health Compliance Order 01-09-07-CO-004; and

E. The State of California Department of Public Health on November 23, 2010, issued a Notice of Acceptance of Application (“NOAA”) conditionally approving the District’s February 29, 2008 application for construction funds; and

F. The State of California Department of Public Health’s conditions in the NOAA included, among other items, the requirement that the District shall adopt an increase in water rates of not less than \$5.46 per month per connection to meet the coverage ratio requirements and Safe Drinking Water State Revolving Fund loan debt service; and

G. The District caused to be prepared a *Rio Linda/Elverta Community Water District*

Long-Range Financial Plan and Water Rate/Capacity Charge Study – Final Report dated May 22, 2002 by Reed Consulting Group, and a *Rate Study Final Report* dated January 13, 2010 by Aronow Consulting Economics & Public Finance that recommended adjustments to water rate schedules and recommended adjustment to water; and

H. The Rio Linda/Elverta Community Water District undertook a master planning effort to identify water system improvements to correct existing deficiencies and to serve future growth and prepared a *Water Master Plan Capital Improvement Program (CIP)* and a *Water Master Plan – 2003 Revision* showing the estimated costs of the recommended improvements to be undertaken by the District; and

I. The Board of Directors adopted the *2010/2011 Fiscal Year Budget* on June 21, 2010 indicating the projected revenues and expenditures for the fiscal year; and

J. The basis for the Board of Directors' findings is contained in the following documents: *Rio Linda/Elverta Community Water District Long-Range Financial Plan and Water Rate/Capacity Charge Study – Final Report* dated May 22, 2002 by Reed Consulting Group, the *Water Maser Plan Capital Improvement Program*, the *Water Master Plan – 2003 Revision*, adopted August 18, 2003; the staff report entitled *Workshop – Water Rates, Operating Costs, Capital Improvements and other District Costs*, dated November 5, 2003; RLECWD Application for Construction funds 2007/2008 to the California Department of Public Health Safe Drinking Water State Revolving Fund; the California Department of Public Health Compliance Order No. 01-09-07-CO-004; the California Department of Public Health NOAA, dated November 23, 2010; the *2010/2011 Fiscal Year Budget*; and the *Rio Linda Community Water District Water Rate Study* by G. Aronow Consulting dated January 13, 2011; and

K. The Board of Directors conducted a noticed public hearing on the proposed rate increase to its water service fees on March 7, 2011. After considering public comment and other information presented at the March 7, 2011 hearing, the Board of Directors determines that (1) the District has not received a majority written protest against the proposed water rate increase pursuant to California Government Code sections 53753, 53753.5, and 53753(a).

Section 2. Purpose. The purpose of this ordinance is to implement an increase in rates for water service to fund capital improvement projects in order to: (1) comply with the November 19, 2007 State of California Department of Public Health Compliance Order 01-09-07-CO-004; (2) fund capital improvement projects to correct existing deficiencies and future growth to ensure a water supply system that provides a reliable and adequate supply of pure, wholesome, healthful, and potable water; (3) fund increases in the cost of providing water-related services including, but not limited to, maintenance, materials, supplies, utilities, fixed assets, operations, professional and specialized services, and improvements to the water supply system.

Section 3. Findings. The Board of Directors finds and determines as follows:

A. The increased water-related service rates implemented by this ordinance have been fixed as to yield an amount sufficient to: (1) pay the operating expenses of the District; (2) provide for repairs to and replacement of certain water system facilities, and depreciation of works owned or operated by

the District; (3) pay the principal and interest on existing District debt; and, (4) provide additional revenue for reserves, existing debt payment coverage ratio requirements; and (5) the future financing of certain capital improvements identified in the *Water Master Plan – 2003 Revision, the Rio Linda/Elverta Community Water District Water Rate Study* by G. Aronow Consulting, dated January 13, 2011, and by the *State of California Department of Public Health*. The increased water rates and charges are reasonably related to, and do not exceed, the District's cost of providing water-related services, and do not exceed the reasonable cost of the proportional special benefit conferred on each parcel of real property within the District's service boundary.

B. The revenues derived from the water rates and charges do not exceed the funds required to provide water-related services, and are not used for any other purpose than the provision of water service.

C. The amount of the base rate for water service imposed on each water service customer does not exceed the proportional cost of the water service actually delivered or made available to every identified parcel of real property and/or customer within the District's service boundary.

D. The District conducted a duly noticed public hearing on March 7, 2011 concerning the proposed rate increase at which the public had the opportunity to comment, provide input, and lodge written protests to the Board of Directors regarding the proposed rate increase.

E. The following documents form the basis of the above findings: the *Rio Linda/Elverta Community Water District Long-Range Financial Plan and Water Rate/Capacity Charge Study – Final Report* dated May 22, 2002 by Reed Consulting Group; the *Rio Linda / Elverta Community Water District Water Master Plan – Final Report, November 2000* by Camp Dresser & McKee; the *Water Master Plan – 2003 Revision*, adopted August 18, 2003; the staff report entitled *Workshop – Water Rates, Operating Costs, Capital Improvements and other District Costs* dated November 5, 2003; Rio Linda/Elverta Community Water District February 29, 2008 Application for Construction funds 2007/2008 to the California Department of Public Health Safe Drinking Water State Revolving Fund; the December 19, 2008 California Department of Public Health Compliance Order No. 01-09-07-CO-004; the Department of Public Health NOAA, dated November 23, 2010, the *2010/2011 Fiscal Year Budget* adopted on June 21, 2010; and the *Rio Linda/Elverta Community Water District Water Rate Study* by G. Aronow Consulting, dated January 13, 2011.

Section 3. The usage rates for water service, as set forth in Exhibit 1, attached hereto and incorporated herein by this reference, are hereby adopted and established effective immediately.

Section 4. Any provision of any ordinance, resolution, fee, charge and/or other policy of the District in conflict with this Ordinance 2011-01 is hereby superseded by the provisions herein. If any existing fees, charges and/or regulations in effect on the date of adoption of this ordinance are not in conflict herewith, said existing fees, charges and/or regulations shall remain in effect.

Section 5. The General Manager is hereby authorized and directed to enforce all the provisions of these regulations. The General Manager shall have the power to render interpretations of these regulations and establish rules and supplemental regulations in order to clarify the application of its provisions.

ADOPTED on this 7th day of March 2011, after a noticed public hearing, by the following vote:

AYES, in favor hereof: Director Courtney Caron, Director Frank Caron, and Director Martin Smith

NOES: Director Cathy Nelson-Hood, Director Vivien Spicer-Johnson

ABSTAIN: None

ABSENT: None

Courtney Caron, President
Board of Directors

ATTEST:

Ravi Mehta, Secretary/Clerk of the Board

Signatures on file

EXHIBIT 1

Title 4, Water System Regulations, Chapter 4.31 FEES, CHARGES AND BILLING of the Rio Linda/Elverta Community Water District's Policy Manual Water shall be amended with Section 4.31.205 California Department of Public Health Compliance Order 01-09-07-CO-004 Capital Projects Surcharge effective for all bills rendered by the District on, or after, March 7, 2011:

Rate Increase Schedule

Summary of Current and Calculated Water Rates (Bi-Monthly)

	Base/Fixed Bi-Monthly Charge							Flow/Commodity Charge (1)		
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	Tier 1	Tier 2	Tier 3
Current								***Per HCF***		
Service Charge	\$29.00	\$34.80	\$52.20	\$101.00	\$162.00	\$304.00	\$507.00			
Capital Surcharge	\$19.00	\$19.00	\$19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00			
TOTAL	\$48.00	\$53.80	\$71.20	\$120.00	\$181.00	\$323.00	\$526.00			
Flow Charge								\$0.43	\$0.54	\$0.68
<u>2010-11</u>	Effective March 7, 2011									
Service Charge	\$46.80	\$56.12	\$84.07	\$163.27	\$261.11	\$489.40	\$815.53			
Capital Surcharge	\$19.00	\$19.00	\$19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00			
TOTAL	\$65.80	\$75.12	\$103.07	\$182.27	\$280.11	\$508.40	\$834.53			
Flow Charge								\$0.54	\$0.68	\$0.86
<u>2011-12</u>	Effective January 1, 2012									
Service Charge	\$48.17	\$57.76	\$ 86.53	\$168.04	\$268.74	\$503.70	\$839.35			
Capital Surcharge	\$19.00	\$19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00			
TOTAL	\$67.17	\$76.76	\$105.53	\$187.04	\$287.74	\$522.70	\$858.35			
Flow Charge								\$0.56	\$0.70	\$0.88
<u>2012-13</u>	Effective January 1, 2013									
Service Charge	\$49.79	\$59.70	\$ 89.45	\$173.71	\$277.81	\$520.70	\$867.68			
Capital Surcharge	\$19.00	\$19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00			
TOTAL	\$68.79	\$78.70	\$108.45	\$192.71	\$296.81	\$539.70	\$886.68			

Flow Charge \$0.58 \$ 0.73 \$ 0.91

2013-14

Effective January 1, 2014

Service Charge	\$51.47	\$61.72	\$ 92.47	\$179.47	\$287.20	\$538.30	\$897.01
Capital Surcharge	<u>\$19.00</u>	<u>\$19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>
TOTAL	\$70.47	\$80.72	\$111.47	\$198.47	\$306.20	\$557.30	\$916.01

Flow Charge \$0.60 \$ 0.75 \$ 0.94

2014-15

Effective January 1, 2015

Service Charge	\$53.22	\$63.82	\$ 95.62	\$185.69	\$296.97	\$556.61	\$927.52
Capital Surcharge	<u>\$19.00</u>	<u>\$19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>
TOTAL	\$72.22	\$82.82	\$114.62	\$204.69	\$315.97	\$575.61	\$946.52

Flow Charge \$0.62 \$ 0.78 \$ 0.98

2015-16

Effective January 1, 2016

Service Charge	\$55.04	\$66.00	\$98.88	\$192.03	\$307.11	\$575.61	\$959.18
Capital Surcharge	<u>\$19.00</u>	<u>\$19.00</u>	<u>\$19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>	<u>\$ 19.00</u>
TOTAL	\$74.04	\$85.00	\$117.88	\$211.03	\$326.11	\$594.61	\$978.18

Flow Charge \$0.64 \$ 0.80 \$ 1.01