

**MINUTES OF THE
JUNE 15, 2020
BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

1. CALL TO ORDER, ROLL CALL

The June 15, 2020 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. at the Visitor's Depot Center located at 6730 Front Street, Rio Linda, CA 95673. General Manager Tim Shaw took roll call of the Board of Directors. President Jason Green, Director Chris Gifford, Director Robert Reisig, Director Mary Harris, Director John Ridilla and General Manager Tim Shaw were present. Legal Counsel attended the meeting via Zoom. Director Harris led the pledge of allegiance.

2. PUBLIC COMMENT

No Public Comment

3. CONSENT CALENDAR

3.1 Minutes

May 18, 2020

3.2 Expenditures

3.3 Financial Reports

No public comment.

It was moved by Director Ridilla and seconded by Director Harris to approve the Consent Calendar. Directors Green, Gifford, Reisig, Ridilla, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

REGULAR CALENDAR

4. ITEMS FOR DISCUSSION AND ACTION

4.1 General Manager's Report

GM Shaw provided a written report.

No public comment.

The Board made no action on this item

4.2 District Engineer's Report – Mike Vasquez

Mike Vasquez provided a written report to the Board of projects in the works since the last meeting of the Board. The report highlighted topics of General District Engineering and Well 16 Pumping Station Construction Project.

No public comment on this item.

The Board made no action on this item.

4.3 Consider ratifying a field change order for the Well 16 Pumping Station project to accommodate standard SMUD pull box requirements.

The Well 16 Pump Station construction contractor notified staff that SMUD pull boxes for the Well 16 Pump Station Project would cost more than the allotted amount anticipated and required by the design engineer in the bid documents. The bid documents for the Well 16 Pump Station Project required bidders to allow up to \$5,000 of budget for SMUD pull boxes since SMUD had not formally issued their permit with their design components before the Well 16 Pump Station project was advertised for bid in November 2019, and bids were received in January 2020.

The design engineer claims that there was no reasonable way of knowing exactly what design components SMUD would require until SMUD's design was received, and therefore did not include design of SMUD pull boxes in the bid documents. But, as mentioned above, the design engineer did include a \$5,000 allotment to be included in the bids in anticipation of some type of SMUD pull boxes.

The total cost to purchase and install the pull boxes as required by SMUD is \$15,000, of which \$10,000 is in addition to the budget included in the construction contractor's bid, and would be a contract change order to the construction contractor. Staff authorized the construction contractor to perform the work to avoid any delay charges pursuant to previous direction to do so from the District Board of Directors in amounts under \$25,000.

The construction contractor received SMUDS's design in May 2020, while it was determined that the design engineer received the design from SMUD in February 2020, after bids were received. SMUD claims that their pull box design is standard and it may have been reasonable for the design engineer to assume a design more consistent to SMUD's, therefore adding a larger allotment for budget. While it is debatable that the design engineer should have included a pull box design more consistent to SMUD's final design in the bid documents and thereby allowing the District to receive a fixed cost for the pull boxes at the time of bidding, the District is ultimately responsible to install the pull boxes per SMUD's design. It is reasonable to expect that had the SMUD design been received before bidding was advertised and included in the bid documents, the bid for installation would have been more than the allotted \$5,000.

This \$10,000 change, if ratified by the Board, is a 0.34% increase in the construction contract amount of \$2,691,400, and utilizes 2.3% of the \$428,600 construction contingency.

No public comment.

It was moved by Director Ridilla and seconded by Director Green to approve the change order and necessary documents with the construction contractor Anvil Builders, Inc. to ratify the SMUD pull boxes change order at the Well 16 site. Directors Reisig, Gifford, Harris Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.

4.4 Consider authorizing a preliminary, generally described easement on the Well 16 project necessary to accommodate SMUD facilities Such easement to be legally described and recorded by SMUD subsequent to SMUD facilities completion.

SMUD has requested a preliminary/generally described 5 foot wide easement on the District's Well property for construction, access, and maintenance of SMUD electrical facilities. The grant of easement is attached to this Agenda Item. This is a typical grant of easement request from SMUD, that needs to be approved by the Board of Directors. Approving this preliminary easement is the first phase of SMUD's request and will allow SMUD's facilities to be installed at the Well 16 site with flexibility on location in coordination with the District.

Once the SMUD facilities are installed in their final and approved location, SMUD will then perform a field survey of the facilities and prepare an easement with a formal legal description of their location. This legally described easement will take the place of the initial generally described easement. SMUD is also requesting that the Board approve granting of the legally described easement subsequent to the legal description that will be provided by SMUD in the future.

It has been verified with SMUD Land Agent, Sarah Gentilcore, that Board approval for the preliminary easement and future legally described easement do not need Board approval by resolution. Easement preparation and recordation fees will be SMUD's responsibility.

No public comment.

It was moved by Director Harris and seconded by Director Ridilla to approve the preliminary/generally described easement and approves that SMUD record the future legally described easement, and authorize staff to execute grants of easement and necessary documents to grant the easements to SMUD at the Well 16 site . Directors Reisig, Gifford, Harris, Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.

4.5 Consider authorizing a response to Robin Perry's request that RLECWD relinquish or modify an existing easement on the parcel adjacent to the Well #14 parcel.

The subject request, which is more specifically described in the documents associated with this item, was not discussed at the June Executive Committee. Ms. Perry, apparently affiliated with real estate transactions, expressed the need for an expedient response. I advised Ms. Perry that a natural, reasonably anticipated consequence to a compressed timeframe would likely be a conservative response from the District's perspective, e.g. a no unless and until additional information is available. Nevertheless, Ms. Perry requests a District response.

The subject easement on the parcel adjacent to and east of the Well #14 parcel was recorded in 2006. The need for the easement is to connect a future well (Well #14) to the existing RLECWD water main in West 4th Street. The District acquired the Well #14 parcel asset and associated easement at significant rate-payer expense. The Well #14 project remains a legitimate option for future capacity to this day. It is reasonable to interpret that real estate interest in the adjacent parcel are presuming the 14-years that have lapsed represent a diminishing interest in the project by the District.

Ms. Perry is requesting that the District relinquish the easement. In the absence of relinquishment, Ms. Perry request the District consider a convenient relocation of the easement as the potential purchaser of the parcel indicate an incompatibility of the existing easement location with the planned usage of the parcel. The former would only be appropriate if the District declared the Well #16 parcel to be permanently infeasible, effectively declaring the parcel as an unneeded asset. The later is relatively more feasible, with the stipulation that the District will not be liable for any costs associated with surveying, mapping and recording the alternative easement location.

No public comment.

It was moved by Director Ridilla and seconded by Director Harris to deny the request for relinquish of the Well 14 easement, but would be willing to discuss the realignment of the easement but developer would cover all costs. Directors Reisig, Gifford, Green, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

4.6 Consider adopting a Preliminary Budget for fiscal year 2020/2021.

The June Executive Committee discussed the known and anticipated changes in funding and costs reasonably anticipated for fiscal year 2020/2021. Areas of discussion included a possible decrease in property taxes due to the economic downturn associated with COVID-19 and the transition from an arbitrary/legacy basis for funding capital improvements to a projects-based funding of capital improvements.

This will be the first budget adoption process where the planned transfer of capital improvements funding will not be an arbitrary number. The capital budget is based on anticipated project costs and timing. Because the money for the capital budget is transferred out of the operating budget, the operating budget is directly influenced by this improved practice.

District policy recommends a preliminary budget adoption prior to the beginning of each fiscal year. The essence of this practice is to allow for Board authorized spending after July 1st (beginning of the next fiscal year), but before the prior fiscal year end balances are available due to invoices and revenues received at or near June 30th.

As has been the approach in the past few years, the budgeted amount for active employee medical insurance is based on the maximum cost possible from the current collective bargaining agreement. If the year lapses without experiencing the maximum cost for medical insurance, then there is a budget windfall available for allocating to other District expenses, e.g. additional pipe replacements. Similarly, the budgeted amount for Cost of Living Adjustments (COLA) pursuant to the collective bargaining agreement is the maximum possible. In the current economic conditions, it is unlikely the stipulated Consumer Price Index will yield the maximum (3%) COLA.

It is appropriate for the Board to schedule a public hearing for the adoption of the Final Budget in conjunction with the August 19, 2019 regular Board meeting.

Director Reisig requested money be allocated for a new dump truck.
No public comment.

It was moved by Director Gifford and seconded by Director Ridilla to approve the preliminary Budget for fiscal year 2020/2021. Directors Reisig, Gifford, Ridilla, Harris and Green voted yes. The motion carried with a vote of 5-0-0.

4.7 Consider providing direction to staff in response to requests for clarifications from the rate study consultant.

Staff participated in a kickoff meeting with the rate study consultant. In the kickoff meeting, the consultant requested some general parameters for the study, e.g. the projected start date for the proposed new rate structure. Typically, a new structure is designed and computed for an effective date coinciding with either the start of a fiscal year or the start of a calendar year (July or January). A copy of the typical bi-monthly billing tasks calendar is included with your board

packets to illustrate the complexities and lead time associated with a billing cycle that spans two months. It shows that an effective date for implementing any rate structure changes in January 2021 is impractical because the rate study, prop 218 process and Board adoption of a new rate structure would be needed prior to November 2020 to accommodate such timeline. The 45-day notice period for the prop 218 process would require the rate study to be complete in September, which is unlikely and unnecessarily rushed.

Other feedback requested by the consultant is staffing needs and timing. Staff advised that licensed water treatment operator personnel would be required when the state re-implements the Hexavalent Chromium Maximum Contaminant Level (MCL). Accordingly, RLECWD may not need licensed treatment operators until 2022. Continuing future staffing, organizational structure changes, the District contracted CPS-HR in 2017 to prepare a new position description, Administration Manager. The new position description was completed in May 2018. The change has been parked since 2018 for lack of funding

No public comment.

It was moved by Director Ridilla and seconded by Director Gifford to advise the rate consultant for the new rate structure beginning July 2021 to include water treatment in the Summer of 2022 and the position possibility of Administrative Manager 2024 as part of their rate calculations. Directors Gifford, Green, Ridilla, and Reisig voted yes. Director Harris voted no. The motion carried with a vote of 4-1-0.

4.8 Receive staff report on the Governor's Executive Orders relevant to District operations and consider providing direction to staff as may be deemed necessary and appropriate.

Two of the Governor's Executive Orders issued during the COVID-19 declared emergency have direct, substantial impact on RLECWD operations. One of the orders, N-25-20, waives the limits that temporary employees can work as a temporary employee. Without the waiver, CalPERS limits the employment of temps to 1000-hours in a fiscal year. Similarly, the current collective bargaining agreement with Teamsters Local 150 limits temporary employees to 100-days (equivalent to 800-hours. The District currently employs one temporary employee, who has been extremely valuable in the District's success in resolving the meter replacement backlog.

Executive Order N-42-20 precludes termination of service for non-payment. The amount owed is not waived, but the cash flow and ability of the District to continue paying the bills for operating costs can be impacted if the delinquency rate and duration of delinquencies extends.

Staff has reached out to CSDA, and SGA legislative advocacy contacts to request information on any legislative dialog which may lead to plans, dates on revoking and/or modifying these executive orders. CSDA responded essentially that there is nothing being discussed now, but they will keep us posted. We received no response from the RWA/SGA legislative advocate.

Staff continues to monitor news sources for any dialog. The recent dialog on suspending the moratorium on evictions has been the closest content to date.

The Board took no action on this item.

4.9 Consider adopting Resolution 2020-03 authorizing an Administrative Services Agreement with Empower for the District's IRS, Section 457 Deferred Compensation Plan.

In March 2020, the Board of Directors adopted Resolution 2020-01 approving the Administrative Services for IRS 457 Deferred Compensation Plan with VALIC, which authorized staff to execute all appurtenant documents associated with the VALIC 457 plan. Unfortunately, the VALIC personnel did not perform the administration and execution of documents in a timely manner. Additionally, some of the responses to staffs repeated requests for status of the overdue documents were causes for concern.

In response to these concerns, staff reached out to a trusted retirement investment planning professional, Brett Meyer of Ameriprise Financial Services. Mr. Meyer evaluated the plan documents of VALIC, Nationwide, Mass Mutual and other similar services as well as the District's particulars. Mr. Meyer recommends the District use the nation's 2nd largest IRS 457 plan administrator for government agency employers, Empower Retirement Services.

As previously described, the transfer of funds from Nationwide to VALIC did not transpire. Accordingly, Resolution 2020-03 authorizes the transfer of employee funds from Nationwide to Empower.

No public comment.

It was moved by Director Ridilla and seconded by Director Harris to adopt Resolution No. 2020-03 authorizing Administrative Services Agreement with Empower for the District's IRS, Section 457 Deferred Compensation Plan and removal from VALIC 457 Plan. Directors Reisig, Gifford, Green, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

4.10 Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.

Director Reisig and Director Harris is requesting to part of the 3x3 SGA committee.

No public comment on this item.

It was moved by Director Green and seconded by Director Ridilla to authorize Directors Harris and Reisig to attend the 3x3 SGA committee. Directors Reisig, Gifford, Green, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

It was moved by Director Reisig and seconded by Director Ridilla to authorize Directors Harris and Gifford form an Ad Hoc committee for the General Managers Performance Review. Directors Reisig, Gifford, Green, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0

5. INFORMATION ITEMS

5.1. DISTRICT ACTIVITY REPORT

5.1.1. Water Operations Report

5.1.2. Conservation Report

5.1.3 GM Minor Budget Revision # 3 for Fiscal Year 2019/2020.

5.1.4 Completed and Pending Items Report

5.2. BOARD REPORTS

5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065

5.2.2. Regional Water Authority –Gifford, Shaw – The District withdrew from RWA.

5.2.3. Sacramento Groundwater Authority – Harris, Reisig. Agenda provided. Director Harris gave a verbal report.

5.2.4. Executive Committee – Green, Reisig - Minutes provided.

5.2.5. ACWA/JPIA – Ridilla - No Report

5.2.6. Ad Hoc Committee –None

6. DIRECTORS' AND GENERAL MANAGER COMMENTS – None.

7. ADJOURNMENT

Director Robert Reisig adjourned the meeting at 7:38 p.m. in memory of Jane Lee Smith.

Respectfully submitted,

Timothy R. Shaw, Secretary

Jason Green, President of the Board